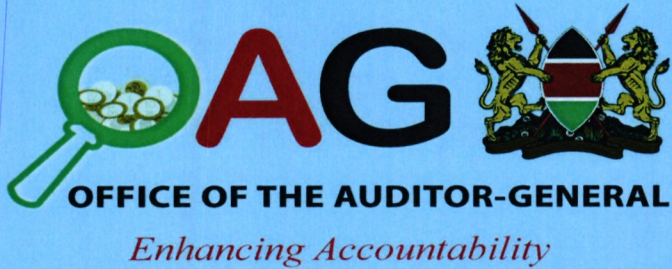


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REPORT

OF

THE AUDITOR-GENERAL

ON

WOMEN ENTERPRISE FUND

FOR THE YEAR ENDED
30 JUNE, 2019

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 11 FEB 2021 DAY: Thursday

TABLED BY: Leader of Majority

CLERK-AT-THE-TABLE: Halima Ahmed





WOMEN ENTERPRISE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019

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

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I. KEY INFORMATION AND MANAGEMENT

(a) Background information

The Women Enterprise Fund was incorporated/ established under the Legal Notice No.147 of 2007. The Fund is domiciled in Kenya and has branches in sixteen regions, namely; Nairobi, Nyeri, Embu, Rumuruti, Isiolo, Garissa, Nakuru, Kakamega, Kisumu, Eldoret, Kapenguria, Kisii, Malindi, Wajir, Machakos, and Mombasa.

The Fund is a Semi-Autonomous Government Agency under the Ministry of Public Service, Youth and Gender established primarily to provide accessible and affordable credit and business support services to women entrepreneurs to start and/or expand business for wealth and employment creation.

(b) Principal Activities

The Fund's Vision is 'A transformed Kenyan woman contributing to sustainable socioeconomic development.'

While the Mission is 'To mobilize resources for sustainable access to affordable financial and business support services to empower Kenyan women.'

The mandates are:

- i. Provision of affordable and accessible credit to women for enterprise development.
- ii. Capacity building of women beneficiaries and their institutions.
- iii. Facilitate and support local and international marketing of goods produced by women
- iv. Promotion of linkages between micro, small and medium enterprises owned by women with larger enterprises.
- v. Facilitate and support investments in infrastructure that support women enterprises e.g. decent market spaces or business incubators.

(c) Key Management

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

- i. Principal Secretary, Ministry of Public Service, Youth & Gender State Department of Gender
- ii. Advisory Board
- iii. A Secretariat headed by a Chief Executive Officer

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No	Designation	Name
i.	Chief Executive/Director	Charles Mwirigi
ii.	Manager, Finance & Administration	Paul Wangai
iii.	Manager, Credit	Raphael Kimolo
iv.	Manager, Audit & Risk	Patrick Kirui
v.	Manager, Marketing, Research & Communication	Ruth Randa
vi.	Deputy Manager – ICT	Virginia Ndungu
vii.	Dep. Manager-HRM & T	Sammy Maiyo
viii.	Asst. Manager-Legal	Mary Anne Ngoima
ix.	Ag. Manager, M&E	Carilus Okoth
x.	Solomon Cheboi	Ag. Assistant Manager Supply Chain Management

(e) Fiduciary Oversight Arrangements

Note – The term of the Advisory Board expired in April 2018. Replacement for the board was not done owing to the Head of Public Service Circular no. OP.CAB/14/21A dated 27th December, 2017 on the Merger of the Uwezo Fund, Youth Enterprise Development Fund and Women Enterprise Fund.

The Fund is however structured to be governed through the following oversight committees:

i. Partnership Engagement Committee activities

Their principle responsibilities include:

- Approval of Corporate Social Responsibility (CSR) funding proposals.
- Consider, vet, approve and monitor the performance of potential partners for ratification by the Board.
- Continuously review the partnership guidelines and if necessary recommend amendments to the Board.

The committee holds meetings every quarter or on a need basis.

ii. Loans Committee activities

- Formulate and periodically review the rules, regulations and procedures for the granting and repayment of loans to women entrepreneurs and financial intermediary partners and make such recommendations as necessary to the Board.
- Formulate new loan policies and recommend changes to existing ones when necessary to the Board.

- Receive, review and approve loan applications from the approved channels.
- Receive and analyze proposals from management on new loan products and make appropriate recommendations to the Board.
- Assess and monitor loan repayments from existing channels and make appropriate recommendations to the Board.

The committee holds meetings every month.

iii. Finance Staff and Administration Committee activities

The committee's principle responsibilities include:

- Review the financial performance of the Fund including annual budgets and quarterly management reports and make appropriate recommendations.
- Formulate and review human resources policies on recruitment, remuneration, performance, retention and discipline and recommend to the Board for approval.
- Review policies on capacity building of the institution and women beneficiaries of the Fund services.
- Monitor and evaluate the implementation of aforementioned policies and make appropriate recommendations to the Board.
- Monitor the execution of the strategic plan.
- Review staff performance on an annual basis and make appropriate recommendations.

iv. Monitor staff development and succession planning.

The committee holds meetings every quarter or as need arises.

v. Audit and Risk Committee activities

The committee's principle responsibilities include::

- Review and assess effectiveness and adequacy on internal controls, financial control accounting systems and reporting structures.
- Review of internal and external audit reports and recommendations to ensure prompt remedial actions are taken by management.
- Enhance oversight and governance therefore contributing to the fight against corruption & prevention of frauds
- Provide means of gaining assurance about what is going on in the organization and further assurance about the robustness of the assurance mechanisms that are in place; a key tool for enhancing public accountability

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- Enhance efficiency and effectiveness in operations and service delivery

The committee holds meetings every quarter.

(f) Fund Headquarters

P.O. Box 17126 - 00100
NSSF Building/ Block A Eastern Wing 14th Floor
Bishops Road
Nairobi, KENYA

(g) Fund Contacts

Telephone: (254) 714 606 845-7
E-mail: info@wef.co.ke
Website: www.wef.co.ke
Twitter: [wef_kenya](https://twitter.com/wef_kenya)
Face book: women enterprise fund
YouTube: wef kenya

(h) Fund Bankers

Kenya Commercial Bank Ltd
P. O. Box 30081-00100
Moi Avenue
Nairobi, Kenya

(i) Independent Auditors

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



(j) Principal Legal Adviser

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

II. THE BOARD OF DIRECTORS

Note – The term of the Advisory Board expired in April 2018. Replacement for the board was not done owing to the Head of Public Service Circular no. OP.CAB/14/21A dated 27th December, 2017 on the Merger of the Uwezo Fund, Youth Enterprise Development Fund and Women Enterprise Fund Advisory functions and policy issues are referred to The Fund’s Administrator who is the Principal Secretary State Department of Gender.

III. MANAGEMENT TEAM

Name, and key profession/academic qualifications	Main area of responsibility
 <p>Eng. Charles Mwirigi Chief Executive/ Director Experience: Over 25 years in both the private and public sector. Qualifications: MBA - Strategic Management, BSc. Mechanical Engineering, PGD - Entrepreneurship, Certified Credit Analyst (CCA), Member IEK, Member KIM, Fellow of the American Academy of Financial Management (FAAM)</p>	<ul style="list-style-type: none"> • Responsible for the day to day running of the Fund under the direction and guidance of the Advisory Board. • Facilitate the preparation and implementation of annual work plans, procurement plans, budgets, Performance contract, goals and objectives. • Ensure maintenance of effective internal / external controls so as to safeguard the Fund’s assets and oversee financial audit processes as required. • Responsible for providing leadership in the development, execution and achievement of the Fund’s strategic objectives. • Build effective relationships with the Board, government, regulators, partners and other stakeholders.
 <p>CPA Paul Wangai Finance & Administration Manager Over 15 years’ experience in both the private and public sector MBA (Finance); B.Com (Accounting); Certified Public Accountant, CPA (K), Certified Financial and Investment Analyst, (CIFA). Member: ICPA(K), ICIFA</p>	<ul style="list-style-type: none"> • Providing strategic leadership on all matters pertaining to financial management in the Fund • Formulation and interpretation of financial policies, strategies and programmes • Prioritization of projects and activities for the purpose of financial and reporting; oversight of commitment of funds and expenditure trends; • Coordination and management of office accommodation and equipment, customer care services, registry services, transport services, security and records management;

 <p>Raphael Ndambuki Kimolo Credit Manager Over 12 years' experience in Credit Management. Master of Science in Entrepreneurship and Innovations Management, Bachelor of Science degree in Applied Statistics, Certificate in Auditing Risk Management, Certificate in Sustainable Finance Initiatives.</p>	<ul style="list-style-type: none"> • Formulation and implementation of lend policies, procedures and practices to minimize credit risks, prevent losses and maximize recoveries. • Development and implementation of control systems to ensure that loans are given in accordance with the lending policy guidelines approved by the Fund's Advisory Board. • Growth of high quality loan portfolio. • Staff management including target setting, performance evaluation, mentoring, training and development of staff in the department.
 <p>CPA Patrick K. Kurui Audit & Risk Manager Over 12 years' experience in Internal Audit both in the private and public sector, MBA (Finance); B.A (Econs); Certified Public Accountant, CPA (K) Member: IIA,ICPA(K)</p>	<ul style="list-style-type: none"> • Review of evidence for purpose of providing an independent assessment on Risk Management, Control and Governance process. • Special Assignments including investigations and recommending controls to mitigate risks. • Keep the Board and Risk Committee informed on emerging trends and successful practices in Internal Auditing and Risk Management.
 <p>Virginia Ndungu Deputy Manager, ICT M.Sc (Information Systems), B.Sc (Mathematics), (MCSE,MCT) Member –Computer Society of Kenya</p>	<ul style="list-style-type: none"> • Formulate, implement and monitor ICT policies, strategies, standards and programmes in the Fund. • Implement, maintain and enhance ICT systems. • Management and coordination of the ICT department and supervision of ICT staff • Safeguard the integrity of the organization's data. • Manage usage of ICT resources to ensure effectiveness and efficiency
 <p>Ruth Randa Marketing, Research & Communication Manager</p>	<ul style="list-style-type: none"> • Marketing & communication capacity building across the organization, • Market support & linkages, Partnership and Resource mobilization, • Brand & Reputation management, Media liaison & monitoring, Event management

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<p>MBA (Strategic Management), BCOM (Marketing), IHRM. Member – MSK and PRSK</p>	
 <p>Mary Anne Ngoima Assistant Manager-Legal Bachelor of Laws (LLB), Post Graduate Diploma in Law (Dip-KSL), Certified Public Secretary (CPS-K) Member – LSK and ICPSK</p>	<ul style="list-style-type: none"> • Fund secretarial services • Contract management • Dispute resolution and management • Ensuring legal compliance by the Fund
 <p>Sammy Maiyo Deputy Manager, Human Resource Management & Training Over 11 years' experience in managing human capital Master's Degree in Commerce (International Business), Bachelor of Commerce in Human Resource Management, Higher Diploma in Human Resources and a Diploma in Industrial Relations. Member - Institute of Human Resources Management, Kenya.</p>	<ul style="list-style-type: none"> • Custodian of approved human resource documents including the Organization Structure, Career Progression Guidelines, Staff Allowances, Establishment & Human Resources Policy Manual. • Leads in the Development of staff benefits and rewards framework for the Fund to attract and retain talent. • Manages the recruitment and Selection process in the organization to ensure timely filling of vacant positions within the approved establishment. • Maintains Employee relations within the Fund for harmonious work relations
 <p>Carilus Okoth Ag. Manager, Monitoring & Evaluation Manager, Monitoring & Evaluation Over 12 years experience in both private and public sectors. MBA (Strategic Management), BSc. (Appropriate Technology), CCA, M&E Certificate, Member- ESK, SLDP, ERM, Fellow-AAFM, EPC/JICA/USIAD (ToT) ITC/ILO (ToT)</p>	<ul style="list-style-type: none"> • Monitoring and evaluation of the Fund's interventions. • Responsible for capacity building activities for the women entrepreneurs. • Responsible for coordinating the formulation, implementation, and evaluation of the Fund's Strategic Plan. • Conduct regular surveys to test effectiveness and quality of interventions/results

IV. REPORT OF THE CHIEF EXECUTIVE OFFICER

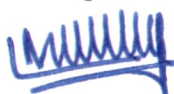
I am delighted to present to you a review of the Women Enterprise Fund's performance and operations for 2018/2019 Financial Year. The Highlights of the Financial Performance are:

- i. Total income generated (Revenue from Exchange transactions) **Ksh 206,252,442** compared to **Ksh 204,678,155** reported the previous year. The revenue is composed of the following;

a) Administration fee on CWES loan	151,160,000
b) Finance Income	44,225,537
c) Training Fee for C-WES borrowers	7,257,800
d) Income from sale of Loan Tracker	1,317,000
e) Income from LPO financing	609,418
f) Other Incomes- (Sacco lending Interest, FI interest & bid bond income)	1,682,687

Total **206,252,442**

- ii. Recurrent Exchequer (income from non-exchange transactions) received of **Ksh 206,018,050** against a printed estimate of **Ksh 210,222,500**.
- iii. **Ksh 328.5 Million** was received in respect of Development Exchequer (Funds for Lending) against a printed estimate of **Ksh 438 million**.
- iv. The Expenses charged to the Fund stood at **Ksh 441,989,853** composed of Personnel emoluments **Ksh 207,802,643**, mandate costs of **Ksh 161,068,825**, operational & maintenance of **Ksh 51,754,314** and depreciation & provisions of **Ksh 21,364,071**
- v. Disbursement of Loans through the Constituency Women Enterprise Scheme (C-WES) worth **Kshs.3,023,200,000** were disbursed benefiting 13,482 Self Help Groups/151,146 beneficiaries. The disbursement amount represents a growth of 40% compared to **Ksh Kshs.2,165,950,000 in 2017/18 FY**.
- vi. The operational deficit for the period stood at **Ksh 29,719,361** down from **Ksh 56,659,973** reported the previous period. The deficit is largely as a result of depreciation and increase in provision for doubtful debts at **Ksh 18 million** and **Ksh 3.2 million** respectively.
- vii. The Fund value stood at **Ksh 4,393,234,378** compared to **Ksh 4,094,453,739** as at June, 2018. The growth in value is attributable to the Development Exchequer received during the period.



**Eng. Charles Mwirigi
Chief Executive/Director**

V. CORPORATE GOVERNANCE STATEMENT

The Administrator of Women Enterprise Fund is committed to ensure that the Fund operates with integrity and ethics maintaining high standards of Corporate Governance in the interest of its stakeholders. The Board believes that the Fund has complied with the guidelines on Corporate Governance Practices as is required of Public officers.

In the 2018-2019 FY, the Fund achieved high levels of corporate governance by continuing to adhere to the following principles amongst others:

- i. Adoption of appropriate strategies aimed at enabling and promoting the long term prosperity of the Fund;
- ii. Timely and relevant disclosures and transparency to provide stakeholders with a clear understanding of the Fund and its products;
- iii. Implementation of strong audit procedures through ensuring audit independence, maintaining strong internationally recognized accounting principles, ensuring the undertaking of a well scoped annual audit and maintenance of robust internal controls;
- iv. Employee participation in enhancing stakeholders' interests;
- v. Compliance with laws and disclosure of policies to all relevant stakeholders; and
- vi. Upholding the highest levels of integrity in the Fund's culture and practices through a well-defined and implemented code of conduct and ethics.

Advisory Board

The term of the Advisory board expired during the 2017-18 financial year in April 2018.

Renewal of the board term was not done owing to the planned merger of affirmative action Funds. Advisory functions and policy issues are referred to The Fund's Administrator - The Principal Secretary State Department of Gender.

Communication with stakeholders

The Fund maintains a website, www.wef.co.ke which gives general information about the Fund and various activities undertaken. Further, requests for information are considered as they are received and appropriate disclosure provided.

Board expenses

The board expenses are as disclosed in the Financial Statements. The allowances paid are as per existing Government circulars and net of tax where applicable. The members are not entitled to loans from the Fund. The employment terms of the Chief Executive are as defined in the employment contract.

Accountability, audit and stakeholder relations

The Fund Administrator recognizes her responsibility to present a balanced and understandable assessment of the Fund's financial position and prospects. The Funds financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Public Finance Management Act- 2012 and audited in accordance with International Auditing Standards (IAS). The board members recognize and have confirmed their responsibility over the Financial Statements and have provided information in this report that they consider useful to stakeholders.

Key management staff

The Fund Secretariat is headed by the Chief Executive and has eight departments namely: Finance & Administration, Credit, Human Resource & Training, ICT, Marketing, Research & Communication, Supply Chain Management, Legal and Audit & Risk and Monitoring & Evaluation.

VI. MANAGEMENT DISCUSSION AND ANALYSIS

The analysis below highlights performance of the Fund for the financial year ended 30th June 2019 in respect of the mandates.

On Provision of Affordable & Accessible Credit to Women for Enterprise Development, which addresses the historical financial exclusion and marginalization of our target clients by the conventional lenders the Fund achieved the following:

- i. CWES loans worth Kshs.3,023,200,000 were disbursed for 13,482 Self Help Groups to benefit 151,146 beneficiaries; translating to 121% approved budget absorption and 137% achievement against the Performance Contract of Kshs.2.2Billion. This is so far the highest level of disbursement of CWES loans in a financial year due to demand on group loans.
- ii. CWES loan repayment rate stands at 96%. A total of Kshs. 2.7 Billion was received as repayments under the CWES channel against an annual target of Kshs.2.0 Billion.
- iii. Kshs.12,188,350 was disbursed under the LPO financing product while Kshs.12,635,324 was paid back from LPO lending.
- iv. Performance under the SACCO financing product was:
 - a. Kshs. 44.5Million was disbursed to 7SACCOs within the period against a target of Kshs. 150Million representing 30% absorption of the approved budget.
 - b. Kshs. 11, 614,706 was paid back from SACCO lending.
- v. Kshs. 11.5Million was collected as principal payments by defaulting Financial Intermediaries
- vi. Bid bonds security was given for tenders worth Kshs. 1,962,000. This was in favour of sixteen (16) clients.
- vii. Earned income during the period under review totalled Kshs. 162,026,905 made of:
 - a. 5% administration fee on CWES loan yielded Kshs.151,160,000

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- b. 5% administration fee on LPOs disbursements yielded Kshs.609,418.
 - c. 1% commission on Bid bonds issued yielded Kshs.21,220.
 - d. Training Fee on approved CWES loans was Kshs.7,257,800.
 - e. Loan Tracker/Booklet Fee on approved CWES loans was Kshs.1,317,000.
 - f. 2% SACCO processing fee on SACCO disbursed loans was Kshs. 890,000
 - g. Other Income-FI Interest/Penalty, SACCO Interest/Penalty was Kshs. 771,467
- viii. Awarded kes.30, 291,137 (37.21%) worth's of tenders to AGPO group against a total procurement budget of kes.81, 400,000.
- ix. Awarded tenders worth's 80,561,598 under 'Promotion of local content'..
- x. Implementation of presidential directives- the fund successfully uploaded awarded tenders on to the public procurement information portal.

On Capacity Building of Women Beneficiaries & their Institutions; Promotion of local and international marketing and Promotion of linkages between micro, small and medium enterprises owned by women with larger enterprises, the Fund has achieved the following:

- i. Trained (Capacity building of) 174,434 beneficiaries across the 290 Constituencies on entrepreneurship based on the revised training manual.
- ii. Trained 5,274 women entrepreneurs in collaboration with the Ministry of Agriculture, Livestock and Fisheries on value addition targeting three of the Big Four agenda i.e. food security and nutrition, manufacturing, and affordable housing (the focus was on agro processing) in all the 47 Counties.
- iii. Trained **2,750** women on online marketing, product certification, and formation of Business Clubs. As a result, **14** products are undergoing the certification process to assist the groups access markets, **9** business were formed and **11** exchange programs facilitated for networking in various parts of the country.
- iv. Participated in **7** trade fairs and other public forums: Mombasa & Nairobi International ASK shows, Kisumu, Nyeri, Kitale, Meru & Embu National ASK Shows and **56** women groups were facilitated to exhibit at the shows. Also **30** women groups have been facilitated to participate in various exhibitions; 16 Days of Activism, Day of the Girl Child, International Women's Day, and CSW in New York, as well International Widows Day.
- v. Facilitated public awareness campaigns through **15** regional radio stations targeting **22** counties to sensitize the public on the Funds products and services, eligibility criteria and loan repayment procedures. The Fund's social media platform was continuously updated leading to increased interaction between the Fund and the Public

On enhancement of Management Information Systems by ICT the following was achieved:

- i. Support for the Loans Management System – BR.Net
 - Redistribution of loan portfolio was done so as to reflect the new regions in BR.Net system. This has enabled each region to better manage their individual loan portfolio.

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- Application of automated SMSs alerts sent to customers to remind them of due date to repay their loan instalments, as well as prompting borrowers whose loans are in arrears. This has led to a better loan book for the Fund.
- a) An ICT Helpdesk system was commissioned to help track user requests. This has greatly helped to improve Turn-Around-Time of ICT user requests.
- b) Towards ensuring cyber security within the Fund, Kaspersky Anti-virus was procured and installed in all the Fund devices. The task was completed in May 2019.
- c) In order to ensure better connectivity and less communication breakdowns in the regional offices, repair of Local Area Networks in 8 regional offices was conducted during the months of Feb – April 2019.
- d) In order to better support the Fund ICT Infrastructure, the department procured a new server and configuration of the same is ongoing. A new functional heavy duty printer was also procured for the CEO's office.
- e) Towards achievement of Information Security Management System (ISMS), which is an ISO 27000 process, Kenya Bureau of Standards was contracted to brief management on the process. This was done in Dec 2018. ISMS Leader and Champions were also appointed. Preparations for training of ISMS champions are underway.

On Institutional Strengthening the following was achieved;

- i. Conducted an Impact assessment jointly with the National Treasury (State Department of Planning).
- ii. Impact assessment jointly with Ministry of Public Service, Youth and Gender.
- iii. Impact assessment on KEBs partnerships concluded.
- iv. Compiled the Training Needs Analysis and implemented the training calendar for 2018/2019 for the Fund. A total of 78 training programs were undertaken. Nine managers also attended Senior Leadership Development Program and Senior Management Courses respectively.
- v. Trained 304 field staffs on Basic Excel, Report Writing and Customer undertaken by the Kenya School of Government.
- vi. Coordinated annual and half year regional performance reviews in July 2018 and January & February 2019 to discuss progress of regions performance and mitigating measures and close the gaps.
- vii. Coordinated performance appraisals exercise for the FY in liaison with HODs and Regional Heads.
- viii. Facilitated Team Building exercise for all staff (secretariat & field staff) in March and April 2019 respectively.
- ix. Facilitated recruitment of 21 constituency field officers during the year under review.
- x. Collaborated with NACC and NCPWD to sensitize staff on HIV/AIDs and issues touching on persons living with disabilities in December 2018.
- xi. Recruited and onboarded 25 interns for various departments within the FY 2018/2019.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Women Enterprise Fund plays a critical role in promoting the realization of 1st and 5th Sustainable Development Goals on poverty reduction, gender equality and women empowerment respectively. The Fund is a Vision 2030 flagship project under the social pillar that seeks to make fundamental changes in four areas namely; Opportunities, Empowerment, Capabilities and Vulnerabilities.

The Fund has implemented CSR activities across the country for a period of about 4 years from 2012 to 2015. The engagement was guided by the Fund's approved "CSR Policy 2011" which focused on areas of girl child education, environmental protection, reproductive health, social welfare among others. These activities were implemented through the support of credible organizations working in the selected areas e.g. Community Based Organizations (CBOs), NGOs, relevant government agencies, faith-based organizations etc.

In FY 2018/2019, the Fund focused on environmental protection in collaboration with the other Affirmative Funds and Huduma Kenya. The International Day of Forests is held annually on 21 March to raise awareness of the importance of forests to people and their vital role in poverty eradication, environmental sustainability and food security. Sustainable management of all types of forests are at the heart of unlocking challenges of conflict-affected, developing and developed countries, for the benefit of current and future generations.

In Kenya, the Government has purposed to create 10% forest cover and this is in line with presidential directive. This year's celebration was held on 21st March, 2019 in Siaya County at Bondo Teachers College. This occasion was graced by Cabinet Secretary in charge of Environment and Forestry. The function was also attended by Siaya County Governor, senior ministry officials and area political leadership among other dignitaries.

Government agencies among them Women Enterprise Fund, Kenya Forestry Services, Kenya Water Towers, National Environmental Management Authority and Kenya Forest Research Institute among others showcased their products and services during this function.

The Cabinet Secretary, Ministry of Environment and Forestry led the dignitaries and other members of the public in tree planting exercise at Bondo Teachers College. During his key note address the minister lay more emphasis on the need to protect environmental and plant more trees. The key message was;

- **Understanding our forests and keeping them healthy is crucial for our future.** Forests will be more important than ever as the world population climbs to 8.5 billion by 2030.
- **You're never too young to start learning about trees.** Helping children connect with nature creates future generations conscious of the benefits of trees and forests and the need to manage them sustainably.
- **Both modern and traditional knowledge are key to keeping forests healthy.** While foresters should know and understand nature well, they should also learn to use cutting-edge technology to ensure that our forests are monitored and managed sustainably.
- **Investing in forestry education can change the world for the better.** Countries can help ensure there are scientists, policy makers, foresters and local communities working to halt deforestation and restore degraded landscapes.
- **Women and men should have equal access to forest education.** Gender parity in forest education empowers rural women to sustainably manage forests.



WEF Staff and beneficiaries during the tree planting activity in Siaya County.

VIII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Legal Notice No.147 of August 2007 require the Directors to prepare financial statements in respect of that Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year/period and the operating results of the Fund for that year/period. 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 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, 2019. 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 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 Legal Notice No.147 of August 2007. 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, 2019, and of the Fund's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

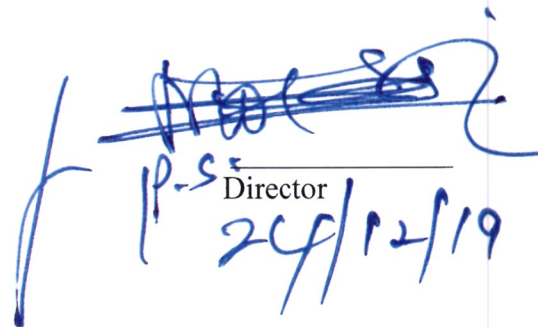
Nothing has come to the attention of the Directors to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Accounting officer in the absence of the Board on 26th September, 2019 and signed on its behalf by:

Director

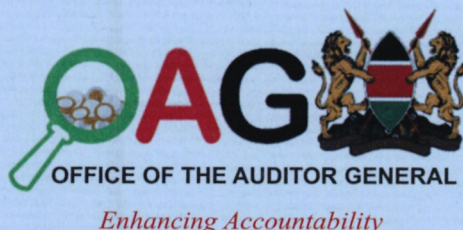
Director


P-S
Director
26/9/19

**IX. REPORT OF THE INDEPENDENT AUDITORS ON THE WOMEN ENTERPRIS
FUND**

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON WOMEN ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Women Enterprise Fund set out on pages 17 to 40, which comprise of the statement of financial position as at 30 June, 2019, and the statement of financial performance, the statement of changes in net assets, the 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 audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Women Enterprise Fund as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Legal Notice No.147 of 2004.

Basis for Qualified Opinion

1. Receivables from Exchange Transactions

The statement of financial position as at 30 June, 2019 reflects a balance of Kshs.3,167,100,168 in respect of receivables from exchange transactions. Examination of records revealed the following anomalies:

1.1 Non-Performing Loans to Financial Partners

The balance of Kshs.3,167,100,168 in respect of receivables from exchange transactions includes non-performing loans totalling to Kshs.71,062,200 due from eight (8) financial intermediary partners. However, Management has not made any provision for bad debts as recovery is doubtful.

1.2 Doubtful Recovery of LPO Financing and CWEs Loans

The receivables from exchange transactions balance of Kshs.3,167,100,168 further includes loans relating to LPO Financing of Kshs.8,130,960 which were due but not paid as at 30 June, 2019 while an amount of Kshs.732,649,283 was due from the Constituency Women Enterprise Scheme (CWEs) and had been outstanding for more than one year. The balance of Kshs.732,649,283 includes an amount of Kshs.50,370,500 which has remained dormant during the year under review.

Recoverability of these loans is doubtful since they had been in arrears beyond their respective repayment periods stipulated in the loan agreements and the 1% provision for bad debt is inadequate to cover potential defaulters contrary to the Women Enterprise Fund (WEF) Credit Policy and Guidelines.

1.3 Unsupported Receivable Balance

The receivables from exchange transactions balance of Kshs.3,167,150,168 includes Pikipiki Loan Financing balance of Kshs.1,049,239 which has no detailed supporting analysis of the opening balance. The loan schedule provided shows the outstanding loan balance as at 30 June, 2018 of Kshs.949,500 which differs with the reported balance in the certified statements of Kshs.1,391,604. The variance has not been explained or reconciled. Further, the opening loans are indicated as having been issued on 30 June, 2018 and repayments done for thirteen (13) months in the year under review. This also has not been explained.

It has, therefore, not been possible to verify and confirm the accuracy and recoverability of the receivables from exchange transactions of Kshs.3,167,100,168 reflected in the financial statements as at 30 June, 2019.

2 Accuracy of the Cash and Cash Equivalents Balance

As disclosed in Note 17 to the financial statements, the statement of financial position reflects cash and cash equivalents of Kshs.1,249,736,527 which includes an amount of Kshs.151,308,747 held under Mpesa Account. However, verification of the Mpesa balance disclosed that an amount of Kshs.6,235,982 under the Utility Account balance has been excluded in the total balance. Management has not given any explanation or reconciliation for the omission.

Under the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.1,249,736,527 as at 30 June, 2019 could not be confirmed.

3. Ineligible Rental Expense

As disclosed in Note 14 to the financial statements, the statement of financial performance reflects a balance of Kshs.9,173,046 in respect of rental expenses. However, this expenditure includes an amount of Kshs.542,880 paid to the National Social Security Fund (NSSF) in two equal instalments on 21 January, 2019 and 18 April, 2019 for parking space. These payments were however, not made based on any valid lease agreement as the agreement in place was entered into on

1 January, 2017 and was valid for a period of twenty-four (24) months, thus rendering it invalid after 31 December, 2018.

Consequently, the validity of the rental expenses totalling Kshs.9,173,046 for the year ended 30 June, 2019 could not be confirmed.

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

Key Audit Matters

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

Other Matters

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised based on various matters affecting the running of the Fund. The matters have remained unresolved and have not been deliberated on by the Public Accounts Committee.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Un-Procedural Procurements

The statement of financial performance reflects an amount of Kshs.39,158,565 in respect of travel, conferences and accommodation. Examination of records revealed that the Fund procured conference services at a total cost of Kshs.3,588,780 for a two-days regional review meetings across the Country. The procurements were awarded without signed professional opinions from the Head of Procurement outlining the basis for recommendations for award as required by law. Management is therefore in breach of the law.

2. Employee Costs – Compliance with the Human Resource Policies

The statement of financial performance reflects an amount of Kshs.207,802,643 in respect of employee costs. This includes an expenditure on acting allowances amounting to Kshs.1,461,580 paid to ten (10) officers who were appointed on acting capacities during the year. The Officers, however acted for more than six months contrary to Public Service Commission (PSC) Human Resource Policies and Procedures Manual and Women Enterprise Fund Human Resource Policy. Further, acting allowances totalling Kshs.1,272,388 were paid to fourteen (14) ineligible staff who were not within the allowable Job Grades 2 to 5, that is eligible for acting allowance but were in Job Grades between 6 and 8 which is not eligible for acting allowance in line with Women Enterprise Fund Human Resource Policy.

The Management is therefore in breach of the law.

3. Compliance with the Income Tax Regulations

As disclosed under Note 10 to the financial statements, the Fund incurred communication, electricity, water, and other supplies and services, expenditure amounting to Kshs.18,776,868 which includes staff airtime allowances amounting to Kshs.6,224,923 comprising of monies paid to staff on a monthly basis during the year. This amount was not, however, subjected to tax in line with the Income Tax Act and no explanation has been provided for the non-compliance.

Consequently, Management is in breach of the law.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of internal control, risk management and governance section of my report, I confirm that, nothing else 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

Lack of a Functional Board of Directors

The term for the previous Board of Directors expired on 28 April, 2018 and the Fund operated throughout the year without a functional Board. This therefore, meant that the stewardship of the Fund lacked strategic guidance while some of the decisions made by the Management lacked approvals which could lead to lack of checks and balances critical for proper corporate governance.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Fund 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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

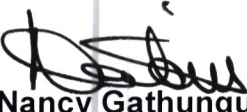
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. 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 as a going concern.

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

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

20 January, 2021

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2019**

**X. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2018-2019	2017-2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	6 (a)	206,018,050	115,222,500
		206,018,050	115,222,500
Revenue from exchange transactions			
Rendering of services	7	162,005,685	114,214,939
Finance income – Interest on Call deposits	8	44,225,537	90,448,578
Other income	9	21,220	14,638
		206,252,442	204,678,155
Total revenue		412,270,492	319,900,655
Expenses			
Use of goods and services	10	35,922,129	22,662,742
Employee costs	11	207,802,643	182,443,959
Remuneration of directors	12	40,000	3,631,730
Repairs and maintenance	13	15,792,185	15,083,642
General expenses	14	161,068,825	124,349,797
Depreciation and amortization expense	15	18,079,073	22,504,221
Increase/ (Decrease) in provision for bad & Doubtful Debts		3,284,998	4,525,316
Total expenses		441,989,853	375,201,407
Other gains/(losses)			
Impairment loss	16	-	1,253,591
Deficit for the period		(29,719,361)	(56,554,343)
Attributable to:			
Deficit attributable to owners of the controlling entity		(29,719,361)	(56,554,343)

The notes set out on pages 23 to 46 form an integral part of these Financial Statements

**XII. STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019**

	Note	2018-2019	2017-2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	1,249,736,527	1,257,935,912
Receivables from exchange transactions	18	3,167,100,168	2,832,405,516
Sub-Total Current assets		4,416,836,695	4,090,341,428
Non-current assets			
Property, plant and equipment	19	18,338,097	32,538,107
Intangible assets	20	-	-
Sub-Total Non-current assets		18,338,097	32,538,107
Total assets		4,435,174,792	4,122,879,535
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21 (a)	-	3,673,923
Employee benefit obligation/Gratuity	21 (b)	41,940,414	24,751,873
Total liabilities		41,940,414	28,425,796
Net assets		4,393,234,378	4,094,453,739
Reserves		3,971,274,393	3,642,774,393
Accumulated surplus		421,959,985	451,573,716
Total net assets and liabilities		4,393,234,378	4,094,453,739

The Financial Statements set out on pages 17 to 21 were signed on behalf of the Board of Directors by:



Chief Executive/Director
Name: Eng. Charles Mwirigi



Head of Finance
Name: Paul Wangai
ICPAK Member No. R/5935

Chairperson of the Board
Name:

Date: 24/12/2019

Date: 24.12.2019

Date:-----

**XIII. STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED 30 JUNE 2019**

Attributable to the owners of the controlling entity					
		Reserves			
		Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	Total
	Note	Kshs	Kshs	Kshs	Kshs
Balance as at 1st July 2017		3,057,800,000	27,224,393	508,233,689	3,593,258,082
Surplus(Deficit) for the period		-	-	(56,554,343)	(56,554,343)
Grants received during the year	6 (b)	557,750,000			557,750,000
Revaluation gain		-	-	-	-
Balance as at 30th JUNE 2018		3,615,550,000	27,224,393	451,679,346	4,094,453,739
Balance as at 1st July 2018		3,615,550,000	27,224,393	451,679,346	4,094,453,739
Surplus(Deficit) for the period		-	-	(29,719,361)	(29,719,361)
Grants received during the year	6 (b)	328,500,000			328,500,000
Balance as at 30th JUNE 2019		3,944,050,000	27,224,393	421,959,985	4,393,234,378

**XIV. STATEMENT OF CASH FLOWS
AS AT 30th JUNE 2018**

		2018-2019	2017-2018
		Kshs	Kshs
Cash flows from operating activities			
Surplus / (deficit) for the year/period		(29,719,361)	(56,554,343)
Adjustments for:			
Depreciation & Provision for Doubtful Debts	19	18,079,073	22,504,221
Provision for Doubtful Debts		3,284,998	4,525,316
Impairment	16	-	1,253,591
Operating profit before working capital changes		(8,355,290)	(28,271,215)
(Increase)/ Decrease in trade and other receivables		(341,653,570)	(475,676,637)
Increase/ (Decrease) in trade and other payables		17,188,541	(26,221,438)
Net cash flows from operating activities		(332,820,319)	(558,440,505)
Cash flows from investing activities			
Purchase of Property, Plant, Equipments and intangible assets	19	(3,879,066)	(26,966,975)
Net cash flows used in investing activities		(3,879,066)	(26,966,975)
Cash flows from financing activities			
Capitalization from exchequer receipts	6 (b)	328,500,000	557,750,000
Net cash flows used in financing activities		328,500,000	557,750,000
Net increase/(decrease) in cash and cash equivalents		(8,199,385)	(27,657,480)
Cash and cash equivalents at 1 July, 2018	17	1,257,935,912	1,285,593,392
Cash and cash equivalents at 30 June, 2019	17	1,249,736,527	1,257,935,912

IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2019**

**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2019**

	Original budget	Adjustments	Final budget	Actual on	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Government grants/Exchequer receipts	210,222,500	-	210,222,500	206,018,050	(4,204,450)
Rendering of services	142,550,000	-	142,550,000	162,005,685	19,455,685
Finance Income	42,500,000	-	42,500,000	44,225,537	1,725,537
Other Income	500,000	-	500,000	21,220	(478,780)
Total income	395,772,500	-	395,772,500	412,270,492	16,497,992
Expenses					
Compensation of employees	208,258,398	-	208,258,398	207,802,643	455,755
Goods and services	36,234,420	-	36,234,420	35,922,129	312,291
Remuneration of directors	10,800,000	-	10,800,000	40,000	10,760,000
Depreciation and amortization expense	20,000,000	-	20,000,000	18,079,073	1,920,927
Repairs and maintenance	16,744,240	-	16,744,240	15,792,185	952,055
General expenses	162,833,573	-	162,833,573	161,068,825	1,764,748
Increase in provision for bad & Doubtful Debts	4,000,000	-	4,000,000	3,284,998	715,002
Total expenditure	458,870,631	-	458,870,631	441,989,853	16,880,778
Surplus/(Deficit) for the period	(63,098,131)		(63,098,131)	(29,719,361)	

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2019**

Budget notes

1. On the differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

Government grants/Exchequer receipts The difference between budgeted amount and actuals is attributable to reduction in allocation due to budgetary cuts by The National Treasury within the financial year.

Rendering of services- Revenue from Rendering of services was attained due to increased lending as a result administrative fee increased

Finance Income- Revenue from this source was realized as per budgeted amount owing to Prudent Investment of Funds awaiting loans disbursement. Increment of finance income is also attributable to increased interest on bank balances arising from increase allocation from the exchequer.

Overall budget on revenue collection was realized.

Compensation of Employees-The expenditure was incurred as per budget

Use of Goods and Services- Actual expenditure was lower than budgeted for attributable to Government circulars freezing procurement of communication and advertisement merchandise and also restricting advertisement to be done through the Government Advertising Agency.

Remuneration of Directors – Actual expenditure was lower than budgeted for attributable to the expiry of the term of the directors and there was no replacement of the Board.

Repairs and Maintenance costs- expenditure was largely as per budget

Depreciation and Amortization expense- This represents a non-cash outflow item. The item resulted to the reported deficit for the year.

2. On changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

There was no revision of the budget or re-allocation of Fund in the financial year under review

3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual).

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

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Women Enterprise Fund is a Semi-Autonomous Government Agency under the Ministry of Public Service Youth and Gender established by and derives its authority and accountability under Legal notice No. 147 of 2007. The Public Finance Management Act of 2012, Categories WEF as a Public Fund. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is to provide accessible and affordable credit and business support services to women entrepreneurs to start and/or expand business for wealth and employment creation.

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 Women Enterprise Fund's accounting policies.

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

There were no new standards or amendments published and applicable to the Fund in year 2019.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

There were no new or amended standards and interpretations applicable to the Fund in year 2019.

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

Transfers from other government entities

Revenues from non-exchange transactions relating to exchequer receipts is measured at fair value and recognized upon transfer of the Cash to the Fund's account

Revenue from exchange transactions

The interest income from loans to financial partners and interest income from investments in short term/Call deposits in banks shall be recognized when earned respectively. Administrative fee of 5% on gross amount on loans under the Constituency Women Enterprise Scheme (C- WES) shall be recognized upon the actual disbursement of the loans. Generally, Income and expenses shall be recognized on an accrual basis.

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other

non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

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

b) Budget information

The original budget for the Fund for the FY 2018-2019 was approved by the Advisory Board. The Budgetary reallocation is amended on the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget.

The Fund's 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 Fund. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Fund 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.

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2019**

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax

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

Sales tax

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

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- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year 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 Fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated to write off the cost over the estimated useful life of the assets on a straight line basis. Full year depreciation shall be recognized in the first year of acquisition irrespective of the month of purchase. The annual rates adopted for the various asset categories are as follows:

i.	Motor vehicles	–	25%
ii.	Computers & Software	–	33.3%
iii.	Furniture and fittings	–	12.5%
iv.	Office Equipment	–	12.5%

f) 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

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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.

Impairment shall be provided on intangible assets at the rate of 33.3% on cost on a straight line basis.

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

g) Research and development costs

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

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

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

h) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and advances shall be stated net of provision for bad and doubtful debts.

A general provision of at least 1% shall be made for all performing loans to recognize inherent portfolio risk.

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.

Impairment of financial assets

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

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financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

i) Inventories

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

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

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

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

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

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

j) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Fund expects some or all of a provision to be

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reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

A general provision of at least 1% shall be made for all loans to recognize inherent portfolio risk.

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements. The reserves maintained are in respect of Revaluation Reserve.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Fund provides retirement benefits for its employees in the form of gratuity under which the Fund pays fixed contributions into a separate Fund (Gratuity Fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of gratuity are charged against income in the year in which they become payable.

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

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting

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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.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Fund'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

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.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

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. A general provision of at least 1% shall be made for all loans to recognize inherent portfolio risk.

u) 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, 2019.

6. (a) Transfers from other governments

Description	2018-2019	2017-2018
	KShs	KShs
Unconditional grants		
Operational grant	206,018,050	115,222,500
Total government grants and subsidies	206,018,050	115,222,500

6. (b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2017-2018 FY	
				Operational grant	Capital fund.
				KShs	KShs
State Department of Public Service, Youth and Gender	206,018,050	328,500,000	534,518,050	115,222,500	557,750,000
Total	206,018,050	328,500,000	534,518,050	115,222,500	557,750,000

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7. Rendering of services

Description	2018-2019	2017-2018
	KShs	KShs
Administration fee on CWEs loan	151,160,000	108,297,500
Training Fee for C-WES borrowers	7,257,800	4,345,400
Income from sale of Loan Tracker booklets	1,317,000	794,700
Income from LPO financing	609,418	777,339
Sacco Processing fee & Bid bonds income	1,661,467	-
Total revenue from the rendering of services	162,005,685	114,214,939

8. Finance income - external investments

Description	2018-2019	2017-2018
	KShs	KShs
Interest on Call and fixed deposits Investments	44,225,537	90,448,578
Total finance income – external investments	44,225,537	90,448,578

9. Other income

Description	2018-2019	2017-2018
	KShs	KShs
Income from Bid Bond , tender documents	21,220	14,638
Total other income	21,220	14,638

10. Use of Goods and Services

Description	2018-2019	2017-2018
	KShs	KShs
Communication, Electricity, water other Supplies and Services	18,776,868	11,507,139
Hospitality Supplies & Services	3,899,638	1,936,339
Office & General Supplies & Services	8,235,968	5,346,863
Refined Fuels and Lubricants	5,009,655	3,872,402
Total good and services	35,922,129	22,662,742

11. Employee costs

	2018-2019	2017-2018
	KShs	KShs
Salaries and wages	187,538,164	174,921,658
Employee related costs - Gratuity	19,323,079	6,670,301
Social contributions	941,400	852,000
Employee costs	207,802,643	182,443,959

12. Remuneration of directors

Description	2018-2019	2017-2018
	KShs	KShs

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Chairman's Honoraria & Board allowances, Conference expenditure	40,000	3,631,730
Total director emoluments	40,000	3,631,730

13. Repairs and maintenance

Description	2018-2019	2017-2018
	KShs	KShs
Furniture and Fittings	13,600	1,337,498
Vehicles	7,376,823	4,609,056
Computers and accessories	8,401,762	9,137,088
Total repairs and maintenance	15,792,185	15,083,642

14. General expenses

Description	2018-2019	2017-2018
	KShs	KShs
Advertising	27,446,500	15,485,945
Travel , Conferences and accommodation	39,158,565	27,117,902
Insurance	19,480,073	14,723,187
Rental	9,173,046	15,305,228
Training	62,313,603	45,869,159
Other general Operating Expenses	3,497,038	5,848,376
Total General Expenses	161,068,825	124,349,797

15. Depreciation expense

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	17,952,897	22,504,221
Total depreciation	17,952,897	22,504,221

16. Impairment loss

Description	2018-2019	2017-2018
	KShs	KShs
Intangible assets	-	1,253,591
Total Impairment loss	-	1,253,591

17. (a) Cash and cash equivalents

Description	2018-2019	2017-2018
	KShs	KShs
Current account	196,347,662	172,580,664
On - call deposits	902,080,118	1,077,155,524
Others-Safaricom M-pesa	151,308,747	8,199,724
Total cash and cash equivalents	1,249,736,527	1,257,935,912

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17. (b) Detailed analysis of the cash and cash equivalents

		2018-2019	2017-2018
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank			
• Main Account	1109218818	491,706	3,582,317
• Collection Account	1111394423	5,452,570	3,564,226
• Loan Disbursement Account	1157880533	140,337,733	163,873,530
• Staff Gratuity Account	1150260386	50,065,653	1,560,591
Sub- total		196,347,662	172,580,664
b) On - call deposits			
Kenya Commercial bank		902,080,118	1,077,155,524
Sub- total		902,080,118	1,077,155,524
c) Others			
M pesa		151,308,747	8,199,724
Sub- total		151,308,747	8,199,724
Grand total		1,249,736,527	1,257,935,912

18. Receivables from exchange transactions

Description	2018-2019	2017-2018
	KShs	KShs
Current receivables		
Loans to FI partners	71,062,200	82,451,663
Loans to CWES's	2,945,722,015	2,637,857,456
Interest receivable from FI,s	280,700	244,450
Sacco Loans	38,315,706	5,500,000
LPO Loans/Financing	14,378,565	14,829,979
PikiPiki Loan Financing	1,049,239	1,391,604
Interest receivable -Fixed deposit	-	783,749
Car & Mortgage Scheme	94,317,140	87,593,941
Imprests & Advances	1,974,603	1,752,674
Total receivables	3,167,100,168	2,832,405,516

19. Property, plant and equipment

	Motor vehicles	Furniture and fittings	Computers	Office equipment	Total
Cost	Shs	Shs	Shs	Shs	Shs
At 30 th June 2018	61,132,264	10,817,605	25,518,786	3,426,193	100,894,848
Additions	-	1,009,400	2,869,666	-	3,879,066
At 30th June , 2019	61,132,264	11,827,005	28,388,452	3,426,193	104,773,914
Depreciation					
At 1st July 2018	33,620,899	7,135,953	24,329,812	3,270,080	68,356,744
Depreciation Charge for the period	15,283,066	1,478,376	1,183,461	134,170	18,079,073

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At 30 th June 2019	48,903,965	8,614,329	25,513,273	3,404,250	86,435,817
Net book values					
At 30 th June 2019	12,228,299	3,212,676	2,875,179	21,943	18,338,097
At 30 th June 2018	27,511,365	3,681,652	1,188,974	156,113	32,538,104

20. Intangible assets-software

Description	2018-2019	2017-2018
	KShs	KShs
Cost		
At beginning of the year	25,547,750	25,547,750
Additions	-	-
At end of the year	25,547,750	25,547,750
Amortization and impairment		
At beginning of the year	25,547,750	24,294,159
Amortization	-	1,253,591
At end of the year	25,547,750	25,547,750
NBV	-	-

21. Trade and other payables from exchange transactions

(a) Trade & Other Payables

Description	2018-2019	2017-2018
	KShs	KShs
Trade payables	-	3,673,923
Total	-	3,673,923

(b) Staff Gratuity

Staff accrued gratuity	41,940,414	24,751,873
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22. Financial Risk Management

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

Given that risk taking is an inherent activity in our business, responsibility and accountability for risk management dwells at all levels within the organization, from the Advisory Board down through the organisation to each staff member. The company's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of

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financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

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

The entity has significant concentration of credit risk on amounts due from 2010

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	-	-	-	-
Total	-	-	-	-
At 30 June 2018				
Trade payables	3,673,923	-	-	3,673,923
Total	3,673,923	-	-	3,673,923

(iii) Market risk

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

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

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

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

Capital Risk Management

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

	2018-2019		2017-2018
	Kshs		Kshs
Revaluation reserve	27,224,393		27,224,393
Retained earnings	421,959,985		451,573,716
Capital reserve	3,944,050,000		3,615,550,000
Total funds	4,393,234,378		4,094,348,109

23. Related Party Balances

a) Nature of related party relationships

The Fund has related parties which include the County and National governments. The Fund falls under the State Department of Gender within the Ministry of Public Service, Youth and Gender. The Fund receives Exchequer from the National Treasury for her operations (Current Expenditure) and for lending (development Expenditure). The lending unit is the constituency and the County. The Fund interacts and collaborates with the county government in her operations in reaching out to her target clients. The Fund is related to

- i) The National Government;
- ii) The Parent Ministry;
- iii) County Governments
- iv) Key management;
- v) Board of directors;

b) Related party transactions

	2019	2018
	Kshs	Kshs
Transfers from related parties'	534,518,050	672,972,500
Transfers to related parties	-	-

24. Contingent assets and contingent liabilities

Contingent liabilities	2018-2019	2017-2018
	Kshs	Kshs
Industrial Court case no. 967 of 2016 Faustine Egesa against the Fund	8,221,764	8,221,764
Industrial Case no. 526 of 2016 Isaac Gakua Mwangi against the Fund	1,329,500	653,000
Total	9,551,264	8,874,764

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25. Events after the reporting period

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

26. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Public Service Youth and Gender. Its ultimate parent is the Government of Kenya.

27. Currency

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

XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Loss of Funds	An amount of Kshs. 24,625,450 due from nineteen (19) constituencies but claimed to have been misappropriated by the employees. No provision had however, been made in the financial statements in respect of the above losses nor any recoveries made as at 30 June 2018.	The Fund has taken action against the implicated staff by terminating their services, recovering the amounts due from their terminal dues. Further management has engaged the Directorate of Criminal Investigations for investigations to be carried out and recoveries done for the misappropriated funds. Arising from these actions, Ksh 1,072,116 has been recovered leaving a balance of Ksh 23,553,334. The Fund's accounting policy provides for a general provision of 1%. The review of the accounting policy is yet to be done due to unavailability of the Board.	CEO/Advisory Board	Partly Resolved/ Ongoing	30.06.2019
Receivables from Exchange	Non-performing loans from financial intermediary partners	Of the 14 Financial Intermediaries with outstanding balance of	Raphael Kimolo-Credit	Partly Resolved/ Ongoing	30.06.2019

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Transactions	<p>totaling Kshs. 83,248,508 Due from 14 Financial Intermediaries</p>	<p>Kshs. 83,284,508, Six (6) of them have fully paid their loans amounting to Kshs. 11,469,214 as at 30th June, 2019, leaving eight (8) Financial Intermediaries with loan balances totaling to Kshs. 71,815,294. The Fund has instituted legal proceedings against the three defaulters which process is underway. Further, the Fund engaged 4 auctioneers to facilitate disposal of the properties secured by the other defaulting Intermediaries</p>	Manager		
	<p>Loans relating to LPO Financing of Kshs. 11,386,677 which were due but not paid as at 30 June 2018</p>	<p>Since the roll out of the LPO Financing product in 2015, the The defaulters have been issued with demand letters as well as listed with Credit Reference Bureau (CRB). As a result of these efforts, fourteen (14) clients in liaison with the respective procuring entities have responded and paid a total of Kshs.5,503,874 in FY 2018/2019 leaving a balance of Kshs.5,882,803. Further, the Fund has instituted legal suits to recover the outstanding amounts and has also engaged auctioneers to repossess and dispose the securities provided.</p>		Partly Resolved/ Ongoing	30.06.2019
	<p>An amount of Kshs. 855,933,915 due from Constituency Women Enterprise Scheme (CWES) which had been outstanding for more than one year and out</p>	<p>The Fund is engaged in aggressive recovery strategies deploying recovery teams strategically in low repayment areas, working closely with key stakeholders like the chiefs and Ward administrators. A</p>	Raphael Kimolo-Credit Manager	Partly Resolved/ Ongoing	30.06.2019

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	of which an amount of Kshs. 61,796,082 had zero repayments amounts during the year under review	dedicated debt recovery unit has also been created within the credit department. These efforts have resulted in the reduction of the Zero repayment amount from Kshs.61,796,082 to Kshs. 50,370,500 as at 30th June, 2019			
Other Matter - Financial Performance	Reported operational deficit of Kshs. 56,554,343 leaving the accumulated surplus for the Fund at Kshs. 451,679,346.	The Fund has continuously engaged the parent Ministry and The National Treasury for increased recurrent allocation, as a result the recurrent allocation was increased from Ksh115,222,500 in 2017/18 FY to Ksh 206,222,500 in the 2018/2019 FY. This allocation has reduced the deficit to Ksh 25,902,185 in the 2018/2019 FY	Paul wangai-Finance & admin Manager	Partly Resolved/ Ongoing	30.06.2019



.....
Director/Chief Executive

Date 24/12/2019

.....
Chairman of the Board

Date.....

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XVIII. Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY

Projects


There were no projects implemented by the SAGA Funded by development partners

XIX. Appendix 2: INTER-ENTITY TRANSFERS

ENTITY NAME:			
Break down of Transfers from the State Department of Gender			
FY 18/19			
a.	Recurrent Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>FY to which the amounts relate</u>
		06-Sep-18	52,555,625.00
		16-Oct-18	52,555,625.00
		14-May-19	49,402,287.50
		13-Jun-19	51,504,512.00
		Total	206,018,049.50
b.	Development Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>FY to which the amounts relate</u>
		10-Jan-19	109,500,000.00
		10-Jan-19	109,500,000.00
		28-Jun-19	109,500,000.00
		Total	328,500,000.00
		Grand Total	534,518,049.50

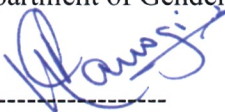
The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager
Women Enterprise Fund

Sign 

Date 24.12.2019

Head of Accounting Unit
Ministry of Public Service, Youth & Gender
State Department of Gender

Sign 

Date 20.12.19

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XX. Appendix 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Other	Total Amount - KES	Statement of Financial Performance	Capital Statement of Changes in Net Assets	Total Transfers during the Year
Ministry of Public Service Youth and Gender	Various –see appendix ii above	Recurrent	206,018,050	206,018,050	-	206,018,050
Ministry of Public Service Youth and Gender	Various –see appendix ii above	Development	328,500,000		328,500,000	328,500,000
Total			534,518,050	206,018,050	328,500,000	534,518,050