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THE AUDITOR-GENERAL

ON

WOMEN ENTERPRISE FUND

**FOR THE YEAR ENDED
30 JUNE, 2020**

OFFICE OF THE AUDITOR GENERAL
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WOMEN ENTERPRISE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2020**

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



Table of Content	Page
I. KEY INFORMATION AND MANAGEMENT	1
II. THE BOARD OF DIRECTORS.....	6
III. MANAGEMENT TEAM.....	9
IV. CHAIRPERSON’S STATEMENT	13
V. REPORT OF THE CHIEF EXECUTIVE OFFICER.....	15
VI. REVIEW OF WOMEN ENTERPRISE FUND’S PERFORMACE FOR FY 2019/2020 AGAINST SET OBJECTIVES	16
VII. CORPORATE GOVERNANCE STATEMENT	18
VIII. MANAGEMENT DISCUSSION AND ANALYSIS.....	21
IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	22
X. REPORT OF THE DIRECTORS	29
XI. STATEMENT OF DIRECTORS’ RESPONSIBILITIES	30
XII. REPORT OF THE INDEPENDENT AUDITORS ON THE WOMEN ENTERPRISE FUND.....	31
XIII. STATEMENT OF FINANCIAL PERFORMANCE.....	32
XII. STATEMENT OF FINANCIAL POSITION.....	33
XIII. STATEMENT OF CHANGES IN NET ASSETS	34
XIV. STATEMENT OF CASH FLOWS.....	35
XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	36
XVI. NOTES TO THE FINANCIAL STATEMENTS	38
XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	53
XVIII. Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY.....	53
XIX. Appendix 2: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	54

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;

- Eldoret, Embu, Garissa, Isiolo, Kakamega, Kapenguria, Kisii, Kisumu, Machakos, Malindi, Mombasa, Nairobi, Nakuru, Nyeri, Rumuruti and Wajir.

The Fund is a Semi-Autonomous Government Agency under the Ministry of Public Service and Gender established primarily to provide accessible and affordable credit and business support services to women entrepreneurs to start and/or expand businesses 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 and Gender in the 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 2020 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

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

i. Board Partnership Engagement Committee

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. Board Loans Committee

- 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 quarter or as need arises.

Board Finance Staff and Administration Committee

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.
- Monitor staff development and succession planning.

The committee holds meetings every quarter or as need arises.

iii. Board Audit and Risk Committee

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
- Enhance efficiency and effectiveness in operations and service delivery



Board Committee Composition

The Various committees' are constituted as tabulated below;

<p>Loans Committee</p> <ol style="list-style-type: none"> 1. Julius Mugo (Chairperson) 2. Selina Loitareng 3. Lucy Njenga 4. Tendai Mtana 5. Eliud Mutwiri 	<p>Partnership Engagement Committee</p> <ol style="list-style-type: none"> 1. Hellen Ajiambo (Chairperson) 2. Catherine Waweru 3. Joseph Kiarii 4. Eliana Shiroko 5. Fridah Njue
<p>Finance, Staff & Administration Committee</p> <ol style="list-style-type: none"> 1. Tendai Mtana (Chairperson) 2. Joseph Kiarii 3. Lucy Njenga 4. Fridah Njue 5. Julius Mugo 	<p>Audit Committee</p> <ol style="list-style-type: none"> 1. Selina Loitareng (Chairperson) 2. Eliud Mutwiri 3. Eliana Shiroko 4. Hellen Ajiambo 5. Catherine Waweru

(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](#)
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

Photo and Name of Board Member	Board Member's Key qualifications and work experience
 <p>Commissioner Njoki Kahiga (OGW)</p>	<ul style="list-style-type: none"> • Qualifications: Master of Science – Human Resource Management, Postgraduate Qualification in Advanced Management, Bachelor of Education, Member KIM, Honorary Fellow of the Institute of Certified Public Secretaries of Kenya (ICPSK), Committee Member of the Association of Professional Societies of East Africa (APSEA), Certified Professional Mediator. <p>Experience: Over 30 years as a civil servant.</p> <p>Responsible for providing overall leadership to the Board in areas of policy development and direction.</p>
 <p>Hellen Ajiambo Mukanda</p>	<ul style="list-style-type: none"> • Qualifications: BSc. Environmental Health • Independent Member and Chair of Board Partnership Engagement Committee
 <p>Fridah Nyawira Njue</p>	<ul style="list-style-type: none"> • Qualifications: Bachelor of Psychology (Counselling) • Independent Member

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020**



Julius Mugo Njagi

- **Qualifications:** Masters in Human Rights, B.A Political Science and Linguistics, Member of Catholic Church Development Committee – Kerugoya.
Experience: Over 20 years in credit management and banking practices.
- Independent Member and Chair of Board Loans Committee



Tendai Lewa Mtana

- **Qualifications:** Graduate Certificate, B.A Politics and International Relations
- Independent Member and Chair of Finance, Staff & Administration Committee



Selina Loitareng Chemasach

- **Qualifications:** Postgraduate Diploma Kenya School of Law, Bachelor's Degree in Law
- Independent Member and Chair of Board Audit and Risk Committee



Lucy Njenga

- **Qualifications:** MSc in Agricultural Resource Management, University of Nairobi
- BSc in Agriculture, (University of Nairobi)
- Representative PS, Crop Development and Agricultural Research

 <p>Catherine Wairimu Waweru</p>	<ul style="list-style-type: none"> • Qualifications: PHD, Business Administration, MBA Entrepreneurship, BED Business studies, Economics and Education • Representative PS Trade
 <p>Eliana Nekulu Ongulu Shiroko</p>	<ul style="list-style-type: none"> • Qualifications: Masters in Economics, B.A Economics • Experience: Over 29 years in the civil service. • Representative PS, Planning
 <p>Eliud Mutwiri Festus</p>	<ul style="list-style-type: none"> • Qualifications: PHD, Community Resource Management, MSC Community studies and extension, B.A Sociology and Religious studies • Representative PS, Gender
 <p>Joseph Kiarie</p>	<ul style="list-style-type: none"> • Representative CS, National Treasury

III. MANAGEMENT TEAM

Name, and key profession/academic qualifications	Main area of responsibility
 <p>Eng. Charles Mwirigi Chief Executive/ Director</p> <p>Experience: Over 27 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 Manager, Finance & Administration</p> <p>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 financing 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 Manager, Credit</p> <p>Over 12 years' experience in Credit Management.</p> <p>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 lending policies, procedures and practices to minimize credit risks, prevent losses and maximize recoveries. • Development and implementation of control systems in compliance with the approved lending policy guidelines • Growth of quality loan portfolio. • Staff development & performance management



 <p>Daniel Muringe Rucha Manager, Audit & Risk</p> <p>Over 15 year experience in Internal Audit & Risk Management. MBA, B.Com, CPA-K), Certified Information Systems Auditor (CISA), Certified Internal Auditor (CIA), Certification in Risk Management & Assurance (CRMA), Finalist (CSIA), Certified ISO 9001:2015 Internal Quality Auditor. Member (ISACA); ICPAK, Institute of Internal Auditors (IIA).</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>Ruth Randa Manager, Marketing, Research & Communication</p> <p>MBA (Strategic Management), BCOM (Marketing), IHRM. Member – MSK and PRSK</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
 <p>Carilus Okoth Manager, Monitoring & Evaluation</p> <p>Over 12 years experience in both private and public sectors. MBA(Strategic Management), BSc. (Appropriate Technology), CCA, M&E Certificate, Member- ESK</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

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020**

 <p>Virginia Ndungu Deputy Manager, ICT</p> <p>M.Sc (Information Systems), (Mathematics), (MCSE,MCT) B.Sc 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>Sammy Maiyo Deputy Manager, Human Resource Management & Training</p> <p>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 - Organization Structure, Career Progression Guidelines, Staff 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>Mary Anne Ngoima Assistant Manager-Legal</p> <p>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



Mrs. Catherine N. Otido
Assistant Manager, Supply Chain

Over 15 years' cumulative experience, 9 years in Supply Chain

Master's in Business Administration, Bachelor of Education, Diploma in Purchasing & Supplies Management (KIM) and Diploma from Chartered Institute of procurement and Supplies

Member: KISM, CIPS

- Formulate Supply Chain management procedures in compliance with the procurement laws
- Prepare the annual procurement plan in consultation with the heads of department
- Manage the procurement life cycle

IV. CHAIRPERSON'S STATEMENT

Introduction

It is my pleasure to present to you 2019/2020 Financial Statements. Expectations have remained high with increased interest among our target market in the Funds products offering and I am positive and confident about the future of the Fund.

Overall performance

The Fund has cumulatively disbursed **Ksh 18,479,590,580** loans to **109,263** Self Help Groups benefiting **1,758,269** women with **Ksh 3.07** billion disbursed, with an overall repayment rate of **95%** FY 2019/20. Cumulatively **1,353,727** have been trained on entrepreneurship across the country with last year numbers standing at **118,235** trained FY 2019/2020. The Fund also targets different value chains and trains funded groups and groups who want to venture into new businesses. Value addition trainings are carried out in collaboration with the Ministry of Agriculture, Livestock, and Fisheries; **19,298** women have been trained in the last two years, with last year's numbers standing at **6,160**. To support groups to access markets and create critical linkages WEF has supported **36,054** globally. In the last Financial year **13,202** women were sensitized on product certification, business clubs/exchange programmes, exhibitions skills, online marketing and AGPO (Access to Government Procurement Opportunities).

In the third quarter, the invasion of COVID-19 had tremendous effect on our operations. Most of our borrower's ability to pay their loans both in the short term and in the medium term was affected resulting in reduced loan collections and increased arrearage. Monthly collections reduced by an average of **Ksh80 million**. This is from a monthly average of **Ksh 250 million** to below **Ksh170 million**. Also, the monthly disbursement has reduced by an average of **Ksh 75 million** from a monthly average of **Ksh 250 million to Ksh 175 million**.

To address the challenges posed by the pandemic, loan restructuring guidelines were developed to cushion women borrowers from adverse effects of the Covid-91 pandemic which include but not limited to loan rescheduling such as payment holidays, prolonged grace period etc. We also embraced technology by allowing virtual trainings to ensure less physical contact/meeting with borrowers but also ensuring the needs of their businesses are addressed noting that our core customers are based in the rural areas and have a heavier responsibility of ensuring food is on the tables for their families.

We commit to put all our efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Constitution, Kenya Vision 2030 and MTP III. We will implement strategies aimed at addressing Post COVID recovery.

Governance & Board Performance

In October 2019, the Advisory Board was appointed to discharge Fund's duties through various committees. All the members were new appointees since the Fund had remained without a Board since April, 2018. The directors include: Commissioner Njoki Kahiga, Tendai Mtana, Hellen Ajiambo, Julius Mugo, Fridah Njue, Catherine Waweru, Elian Shiroko, Joseph Kiarrii, Selina Loitareng, Lucy Njenga and Eliud Mutwiri. They bring in additional skills and wealth of experience that will further strengthen the Fund.

In March 2020, the Board launched the Fund's Strategic Plan 2019-2024, that provides a roadmap for the Fund's operations over the next 5 years. It has been the result of considerable effort and honest retrospection. The plan recognizes the critical success factors and identifies issues that have in the past impeded performance. More importantly, the plan charts out a path for achieving the mandates of WEF and the aspirations of Kenyans in this arena of Gender Equality and Women Economic Empowerment.

Prospects and Strategy

Conscious of the imperative of inclusivity, we will implement the following Strategic Intentions during the Financial Year:

- To ensure affordable credit is available to every Kenyan woman.
- To ensure women entrepreneurs receive appropriate business support services.

The main focus will be to develop efficient and effective service delivery systems for wider reach and increased product uptake; restructure the business model for cost effectiveness and greater impact; reinforce the legal and policy framework of the Fund and to ensure its long-term impact and sustainability

In addressing the effects of COVID-19 on service delivery the Fund shall implement initiatives that will heighten application of Information Communication Technology (ICT) in service delivery. Specifically, we will achieve this by operationalizing the USSD mobile application that will allow customers to interact with our loans management system, BR.NET. The customers will be subscribed to the application which will allow them to get loan balances, obtain a mini statement, and do M-pesa loan repayments to the loan account linked to their mobile phone. The application will also include a menu for loan application to enhance uptake and improve turnaround time.

The Fund will also implement initiatives that support virtual training through the application of ICT in capacity building. The trainings are critical to develop resilience and develop key skills necessary to navigate the Covid-19 challenges as well as pursue strategic alliances to enhance financial inclusion and long-term sustainability.

Appreciation

I celebrate the fact that the Kenyan Government through the Ministry of Public Service and Gender, and the National Treasury recognized the potential of women for economic development of the nation and has continued to support the Fund to realize her mandates through provision of grants for loans. I also extend my gratitude to my fellow directors for their continued support and wise counsel, our customers for being faithful and paying their loans on time, our partners for supporting us, the management and staff and all other stakeholders who played a part in one way or another in enabling us to fulfil our mandates.



Commissioner Njoki Kahiga HSC, OGW

V. 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 2019/2020 Financial Year. The Highlights of the Financial Performance are:

1. A total of Ksh173,302,732 was generated from exchange transactions. The breakdown is as under:

Administration fee on CWEs loan	135,645,000
Interest on call deposits/Current account	28,932,386
Training Fee for C-WES borrowers	4,760,700
Income from sale of Loan Tracker	868,000
SACCO p/fee	2,685,496

2. Revenues from non-exchange transactions include a total of Ksh175.2 million received in respect of recurrent exchequer and Ksh9,650,000 grant from Coca Cola targeting enhanced capacity building for women entrepreneurs.

3. Development funding amounting to Ksh200 million was received during the year. This was 50% of the approved development estimates of Ksh400 million.

4. Total recurrent expenditure charge for the Fund as at 30th June, 2020 stood at Ksh 429,522,851 Composed of:

a) Staff Costs	260,915,158
b) Mandate costs	105,485,986
C) Governance costs	8,574,015
b) Operations and Maintenance	54,547,692

5. The operational deficit for the year amounted to Ksh 71,370,119

6. The Fund value stood at Ksh 4,521,864,259 compared to Ksh 4,393,234,378 as at 30th June, 2019.

**Eng. Charles Mwirigi
CHIEF EXECUTIVE OFFICER**

VI. REVIEW OF WOMEN ENTERPRISE FUND'S PERFORMANCE FOR FY 2019/2020 AGAINST SET OBJECTIVES

The Fund has three strategic pillars within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: Access to Credit

Pillar 2: Business Development Services

Pillar 3: Strengthen Strategic Operations

The Fund develops its annual work plans based on the above three pillars. Assessment of the Fund's performance against its annual work plan is done on a quarterly basis. The Fund achieved its performance targets set for the FY 2019/2020 period for its three strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Access to Credit by women entrepreneur	-To grow the loan portfolio and uptake -To sustain the Fund's high loan repayment rate	-CWES loans disbursed -LPO loans disbursed -SACCO loans disbursed -CWES Repayment rate	-Regular information sharing with key stakeholders -Conduct strategic marketing campaigns guided by a plan -Conduct need driven promos -Rationalize workload (define portfolio size per officer) -Engage FIs/SACCOS	Ksh 2,712,900,000 Ksh8,237,000 Ksh66,500,000 96%
Pillar 2: Business Development Services to women entrepreneur	-To enhance capacity for women and their enterprises -To develop linkage for women owned enterprises to large enterprises -To facilitate marketing of women products and services in local and international markets	Beneficiaries trained on entrepreneurship Women linked to large enterprises Women facilitated through exhibitions, trade fairs, and WEF SOKO	-Capacity building of trainers -Develop digital content with partners. -Sign MOUs with partners -Undertake trainings -Awareness and sensitizations -List all large companies and women enterprises -Facilitate small enterprise to reach agreements with big companies -Facilitate insurance of businesses	Number 118,235 Number 2,454 Two MOUs Products uploaded online

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020**

	-To facilitate and support investment in infrastructure that support women enterprises.	Women provided decent workspaces	-Participate in international and domestic exhibitions, and trade fairs -Secure market space in the established markets -Develop business incubation framework	
Pillar 3: Strengthen Strategic Operations	-To Adopt a robust System to drive business growth -To improve physical infrastructure and work environment -To ensure prudent financial management -To enhance Brand Image and Brand Visibility -To promote innovation and culture change -To strengthen Human Resource Management -Governance and Management	Status of automation Status of the work environment Compliance with financial management standards Level of brand visibility Level/rate of innovation Status of human resource Status of risk management practices	-Leverage ICT -Implement ISMS (Information Security Management System). -Implement ERP for the Fund -Implement an ICT incident reporting system -Implement workplace safety -Provide vehicles, working tools, equipment, and furniture -Acquire spacious office -Implement customer service charter -Brand all the offices -Train staff on customer care and complains handling -Implement a PR/ Communication policy -Reward innovations -Conduct regular team building events -Conduct TNAs -Train staff on key skills -Review HR policy and procedures -Entrench a succession plan -Employee satisfaction surveys and implement recommendations -Review organization structure -Form a taskforce to spearhead ISO certification -Undertake risk mapping and identify appropriate mitigations	-ERP procurement commenced -ISMS ISO certification ongoing -99% score on Resolution of Public Complaints -100% score on Implementation of Citizens' Service Delivery Charter -100% score on Application of Service Delivery Innovations -100% score on settlement of bills -100% score on asset management -55% score on corruption prevention

VII. 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 2019-2020 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.

Governance & Board Performance

Advisory Board

The Board is composed a chairperson appointed by the H.E the President and of 10 members - 5 independent members and 5 members representing key Government Ministries appointed by the Cabinet Secretary, Public Service & Gender. The Advisory Board was constituted in October, 2019 and the members' attended a Board Induction on Mwongozo in November, 2019.

The directors include: Commissioner Njoki Kahiga, Tendai Mtana, Hellen Ajiambo, Julius Mugo, Fridah Njue, Catherine Waweru, Elian Shiroko, Joseph Kiarii, Selina Loitareng, Lucy Njenga and Eliud Mutwiri. The directors bring in additional skills and wealth of experience that will further strengthen the Fund.

In March 2020, the Board launched the Fund's Strategic Plan 2019-2024, that provides a roadmap for the Fund's operations over the next 5 years. It has been the result of considerable effort and honest retrospection. The plan recognizes the critical success factors and identifies issues that have in the past impeded performance. More importantly, the plan charts out a path for achieving the mandates of WEF and the aspirations of Kenyans in this arena of Gender Equality and Women Economic Empowerment.

Roles and Functions of the Board

The Board derives its roles and functions from Legal Notice No. 147/2007 and Mwongozo. Key among its duties and functions are:

- i. Overseeing the management of the Fund and advising the CS generally on the operations of the Fund.
- ii. Determining the Fund's mission, vision, purpose and core values;
- iii. Setting and overseeing the overall strategy and approve significant policies of the Fund;
- iv. Ensuring that the strategy is aligned with the purpose of the Fund and the legitimate interests and expectations of her stakeholders;
- v. Ensuring that the strategy of the Fund is aligned to the long-term goals of the Fund on sustainability so as not to compromise the ability of future generations to meet their own needs;
- vi. Approving the organizational structure of the Fund;
- vii. Approving the annual budget of the Fund;
- viii. Monitoring the Fund's performance and ensuring sustainability;
- ix. Enhancing the corporate image of the Fund;
- x. Ensuring availability of adequate resources for the achievement of the Fund's objectives
- xi. Hiring the CEO, on such terms and conditions of service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff; and
- xii. Ensuring effective communication with stakeholders.

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.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The analysis below highlights performance of the Fund for the financial year ended 30th June 2020 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 **Ksh 2,712,900,000** disbursed for **10,954 Self Help Groups** benefiting **121,842 individuals**; this was driven by high demand for loans.
- ii. CWES loan repayment rate stood at **95%**. A total of **Ksh 2,670,731,381** has been received as repayments under the CWES channel against an annual target of **Ksh 2.2 Billion**.
- iii. **Ksh 8,237,000** disbursed under the LPO financing product while **Ksh 7,603,213** was paid back from LPO lending. The annual lending target is **Ksh 12.5 million** while the repayment target is **Ksh 17.5 million**.
- iv. Performance under the SACCO financing product was:
 - a. **Ksh 66.5 Million** disbursed to 8 SACCOs within the period against an annual target of **Ksh 150 Million**.
 - b. **Ksh 25,322,021** was paid back from SACCO lending. The annual target is **Ksh 100 million**.

Ksh 450,000 collected as principal payments by defaulting Financial Intermediaries from a total outstanding amount of **Ksh 71 million**.

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) 118,235 beneficiaries across the 291 Constituencies on entrepreneurship based on the revised training manual.
- ii. Trained 6,160 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. Signed two Memorandum of Understanding with Hand in Hand Eastern Africa (HiH EA) and Coca cola to support in entrepreneurship training and market linkages.
- iv. **13,202** women were sensitized on product certification, business clubs/exchange programmes, exhibitions skills, online marketing and AGPO (Access to Government Procurement Opportunities).
- v. **43 women groups** were facilitated to participate in various regional and international celebrations: **28 youth groups** in 10 Counties to celebrate the International Youth Day, **6 groups** for International Day for Zero Tolerance to FGM, **5 groups** in the Lamu Cultural festival, **3 groups** in Central KNCCI Business Expo.

- vi. Participated in **9** targeted trade fairs: Nakuru, Kisumu, Mombasa, Nyeri, Kabarnet Kitale, Bungoma, Migori, and Eldoret ASK shows **56 exhibitors** show cased their products during their events.
- vii. **628 women** facilitated to participate in exchange programmes across 19 counties with the aim peer networking and learning best practices.
- viii. The Fund's social media platform is continuously updated leading to increased interaction between the Fund, the target audience and the general public.
- ix. Facilitated marketing of **426 products** for women through the WEF SOKO platform.

On Institutional Strengthening the following was achieved;

- i. The Fund continued to ensure availability of ICT tools and systems, as well as to offer user support & training towards achieving staff productivity on all Fund ICT platforms.
- ii. Support for the various user requests emanating from Loans Management System – BR.Net key amongst this is rescheduling of loans for clients affected by Covid 19 pandemic.
- iii. Implementation of Office 365 was completed in the month of June 2020.
- iv. Implementation of the USSD Shortcode, that will enable WEF clients to query their loan information e.g. balances, mini-statement, commenced in Jan 2020. Safaricom allocated WEF the shortcode *601#. The service is now ready for launch to WEF beneficiaries.
- v. Upgrade of the internal telephone system (VoIP) was completed in March 2020.
- vi. The Fund has engaged a consultant to steer the Fund towards Information Security Management System (ISMS) certification. The consultant has already performed a gap assessment of the Fund and has also training the ISMS Champions.
- vii. Conducted an Impact assessment jointly with the National Treasury (State Department of Planning).
- viii. Impact assessment jointly with Ministry of Public Service, Youth and Gender.
- ix. Impact assessment on KEBs partnerships concluded.

Procurement

- x. Awarded Ksh 30,31,080,963 (36.64%) worth's of tenders to AGPO group against a total procurement budget of Ksh84, 910,942.
- xi. Awarded tenders worth's 53,029,916 under 'Promotion of local content'.
- xii. Implementation of presidential directives- the fund successfully uploaded awarded tenders on to the public procurement information portal.

IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

WEF exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on WEF pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Environmental performance

The Fund has implemented CSR activities across the country for a period of 7 years between 2012 to 2015 and 2017 to 2019. The engagements are guided by the Fund's approved "CSR Policy Guidelines of 2011 and Revised Corporate Investment Policy Guidelines of 2019; which focused on areas of girl child education, environmental protection, reproductive health, social welfare among others. These activities are 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 2019/2020, the Fund focused on environmental protection in collaboration with The Ministry of Public Service and Gender, Ministry of Environment, Kenya Forest Services, and other Affirmative Funds. The Fund participated in tree planting activities in various parts of country, with the highlight being during the African Service Day Celebration held on 23rd June 2020 at Ngong Forest. 5,000 tree seedlings were planted in Ngong and Kibiku forest.

The collaboration with likeminded stakeholders has seen the Fund venture into spaces that are beyond the mandate of the Fund. Thus, in the next Financial Year, we plan to adopt a forest for 3 year to enhance sustainability of the project as well as partner with Coca Cola on a proposed project on World without Waste, where WEF beneficiaries will be trained and given opportunity to participate in the Waste Value Chain.

2. Market place practices-

- The Fund has embraced a collaborative approach in addressing matters competition. With other Affirmative Funds, WEF participates in a joint sensitization program dubbed Huduma Mashinani where all parties leverage on the strength of each other to achieve their mandates.
- On anti-corruption, the Fund undertakes Corruption Risk Assessment and updates the Corruption Risk Mitigation Plan through publication of awarded contracts and "First Come First Served" in payment to suppliers as well as submitting quarterly performance reports to EACC using the prescribed reporting format.
- The Fund works with National and County administrators to execute her mandate. This has enhanced a spirit of togetherness with the political elites who are our strong brand ambassadors.
- From time to time, we meet with the officials from other financial institutions to compare best practices as well as come up with strategies to complement each other's mandate.

3. Employee welfare

The Fund has in place a recruitment procedure that guides the way it attracts talent that ensures that the talent being recruited to the Fund has the right skills, knowledge, and abilities. The hiring process considers fairness by ensuring the Fund adheres to regional balance and consideration for marginalized communities and person with disabilities.

A review organizations structure, career progression guidelines, and HR Policy and Procedures Manual is currently been undertaken to keep abreast of the dynamic nature of managing organizations. The review will afford the Fund an opportunity to improve its processes and keep up the pace of change in the market.

A key people deliverable for the Fund is improving skills for its staff and the Fund ensures adequate budgetary allocations on annual basis towards training its staff. A career progression guideline is in place to allow to guide staff on the process of upward mobility.

Performance management is carried out on an annual and semi-annual basis focussing on continual improvements. The products of annual performance appraisals feeds to reward and sanction mechanisms.

The Fund also is guided by the policy on Occupational Safety and Health Act of 2007, (OSHA) and we have put all out staff on WIBA/GPA cover to mitigate them against risks associated with work.

Responsible Supply chain and supplier relations

- The Fund has sets aside 30% of each financial year's budget to cater for the AGPO category.
- Supplier are given an equal opportunity to bid for tenders, thus ensuring that all those who were listed in the prequalified list are considered with the financial period.
- The Fund also shares the list of awarded tenders with National Treasury through Public Procurement Information Portal to enhance transparency.
- Evaluation of Tenders is carried out as outlined in the Procurement ACT 2015 and Regulation 2020
- Payment to suppliers is honoured promptly as stipulated in th Service Charter. (30 days after invoicing)

Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

- Working together with various media houses to create visibility on the Fund.
- Participation on Corporate Social responsibility activities as guided by the Fund's CSR Policy Guidelines
- Ensuring that all advertisements are truthful in the sense that all information given are factual and can be defended by availing authentic evidence

Product stewardship

- WEF works with producers and retailers on educating the public about the stewardship programs.
- WEF sets goals and performance standards following consultation with stakeholders. All programs within a product category are accountable to the same goals and performance standards.

4. Community Engagements-



WEF provides a marketing umbrella to fish mongers in Gikomba Market,



WEF officer in Turkana North Constituency sensitizing the public in a Chief's Baraza at the Katiko Chief's Camp

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. We have implemented CSR activities across the country for a period of 7 years between 2012 to 2015 and 2017-2019. The engagement was guided by the Fund's approved "CSR Policy Guidelines of 2011 and revised guidelines of 2019; 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 2019/2020, the Fund focused on environmental protection in collaboration with The Ministry of Public Service and Gender, Ministry of Environment, Kenya Forest Services, and other Affirmative Funds. The Fund participated in tree planting activities in various parts of country, with the highlight being during the African Service Day Celebration held on 23rd June 2020 at Ngong Forest.

This occasion was graced by Cabinet Secretaries in charge of Public Service and Gender, Prof. Margarete Kobia and Environment and Forestry, Hon. Keriako Tobiko. During his key note address CS Tobiko lay more emphasis on the need to protect environmental and plant more trees.

Key messages highlighted included:

- **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.
- **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.



CS.Kobia being assisted by CS Tobiko to plant a ceremonial tree at Ngong Forest



WEF Staff planting trees in Kibuko Forest



WEF Staff planting trees in Kibuko Forest



WEF team was not left behind during the 5th Edition of the Beyond Zero Marathon on 8th March, 2020 in support of efforts to End Female Genital Mutilation.

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020**

X. REPORT OF THE DIRECTORS

The Directors of the Advisory Board submit their report together with the unaudited financial statements for the year ended June 30, 2020 which show the state of the Fund's affairs.

Principal activities

The Fund's mandates as stipulated in the Legal Notice No.147 of August 2007 are:

1. Provision of affordable and accessible credit to women for enterprise development.
2. Capacity building of women beneficiaries and their institutions.
3. Facilitate and support local and international marketing of goods produced by women
4. Promotion of linkages between micro, small and medium enterprises owned by women with larger enterprises.
5. Facilitate and support investments in infrastructure that support women enterprises e.g. markets or business incubators etc.

Results

The results of the Fund for the year ended June 30, 2020 are set out on page 32-60

Advisory Board

The members of the Advisory Board who served during the year are shown on page 6-8. They are appointed as per guidelines provided in the Legal notice No.147 of 2007.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with the Section 84 of the Public Finance Management (PFM) Act, 2012 and the Public Audit Act, 2015 which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board



Chairperson, Advisory Board

Date: 03/02/2021

XI. 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, 2020. 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, 2020, 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.

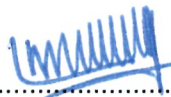
Approval of the financial statements

The Fund's financial statements were approved by the Board on 29.09.2020 2020 and signed on its behalf by:



.....

Chairperson of the Board



.....

Accounting Officer/MD/CEO

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



OFFICE OF THE AUDITOR GENERAL

Enhancing Accountability

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Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON WOMEN ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Women Enterprise Fund set out on pages 32 to 53, which comprise the statement of financial position as at 30 June, 2020, 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 Women Enterprise Fund as at 30 June, 2020, 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 Legal Notice No. 147 of 2004.

Basis for Qualified Opinion

1.0 Receivables from Exchange Transactions

As disclosed in Note 18 to the financial statements, the statement of financial position reflects a balance of Kshs.3,374,822,384 in respect of receivables from exchange transactions. Examination of records relating to the expenditure revealed the following anomalies:

1.1. Doubtful Receivables - LPO Loans / Financing

Included in the balance of Kshs.3,374,822,384 are loans relating to LPO financing of Kshs.15,157,590 that were due but not paid as at 30 June, 2020. Out of the latter balance, an amount of Kshs.8,072,303 has been outstanding for more than one (1) year contrary to the loans policy of the Fund. Recoverability of these loans is doubtful since they have been in arrears beyond their respective repayment periods as stipulated in the loan agreements.

1.2. Doubtful Receivables - Constituency Women Enterprise Schemes Loans

Included in the balance of Kshs.3,374,822,384 is an amount due from Constituency Women Enterprise Schemes of Kshs.785,844,387 which has been outstanding for more than one (1) year. Out of the latter balance of Kshs.785,844,387, no repayments were made in respect of receivables of Kshs.47,530,500 during the year under review. Although the Fund made a general provision for doubtful debts of 1% in line with its credit policy and guidelines, its adequacy cannot be confirmed.

1.3. Non-Performing Loans to Financial Intermediaries Partners

The receivables from exchange transactions balance also includes amounts due from eight (8) financial intermediaries partners with non-performing loans totalling to Kshs.71,330,000 (2019-Kshs.71,062,200). There are ongoing court cases between the Fund and the Intermediaries which is indicative that the loans may not be recoverable in full. Further, there are no collaterals to support an advance of Kshs.60,000,000 to two (2) financial intermediaries who did not make any repayments during the year. No specific provisions by way of bad debts adjustments have been made in the financial statements to recognize the impairment.

1.4. Pikipiki Loan Financing

Included in the receivables from exchange transactions balance of Kshs.3,374,822,384 is pikipiki loan amount of Kshs.1,297,916 which represents loan advanced to field officers. The amount includes outstanding loans totalling Kshs.150,000 from two (2) staff members for whom no recoveries have been effected over the last one (1) year.

1.5. Imprests and Advances

Further, included in the receivables from exchange transactions account balance are imprests and advances of Kshs.1,697,024. This amount includes salary advances of Kshs.184,581 owed by staff who have exited the service. The recoverability of the balance is therefore doubtful.

In view of the foregoing, the accuracy and fair statement of receivables from exchange transactions balance of Kshs.3,374,822,384 as at 30 June, 2020 could not be confirmed.

2.0 Accuracy of the Financial Statements

2.1 Unreconciled Training Expense Ledger

The statement of financial performance reflects an expenditure of Kshs.108,460,546 under general expenses. Included in the amount are training expenses totalling to Kshs.32,308,404 which was at variance with the supporting schedule figure of Kshs.32,979,908, resulting to an unexplained and unreconciled difference of Kshs.671,504.

2.2 Unsupported CWEs Loans Adjustment

Note 18 to the financial statements discloses loans due from Constituency Women Enterprise Schemes amounting to Kshs.3,060,508,449. However, the ledger

presented in support of the amount includes an adjustment of Kshs.11,388,465 which has not been explained.

Consequently, the accuracy of the financial statements could not be confirmed.

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

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

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. Imprests Management and Control

During the year under review, the Fund did not maintain a complete imprest management record to aid in the issuance and the control of the imprests. This resulted in multiple imprests issuance to staff before clearing the previous ones totalling to Kshs.1,142,285 and imprests due but unsurrendered amounting to Kshs.470,637 as at 30 June, 2020.

Consequently, it was not possible to confirm whether the imprests issued were managed lawfully and in an effective manner.

2. Staff Appointments Not Meeting the Requisite Criteria

The Fund placed an advertisement in the Government website on 12 November, 2019, to fill eight (8) vacant positions of Assistant Credit Managers. The minimum requirements for appointment to this position amongst others were membership to a relevant professional body and in good standing status. However, review of employment records and documentation revealed that three (3) of the eight (8) staff appointed to this position did not meet the requisite criteria or qualifications of being members of a relevant professional body at the time of application. No justification was rendered for this inconsistency.

Under the circumstances, the legality of the appointment of the three (3) officers not meeting the requisite criteria could not be confirmed.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and 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

30 April, 2021

Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020

**XIII. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2020**

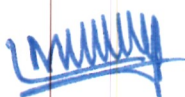
	Note	2019-2020	2018-2019
		Ksh	Ksh
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	6(a)	175,200,000	206,018,050
Resource Mobilization from partners	6(c)	9,650,000	-
		184,850,000	206,018,050
Revenue from exchange transactions			
Rendering of services	7	144,370,346	162,005,685
Finance income – Interest on Call deposits	8	28,932,386	44,225,537
Other income	9	-	21,220
		173,302,732	206,252,442
Total revenue		358,152,732	412,270,492
Expenses			
Use of goods and services	10	32,777,522	35,922,129
Employee costs	11	260,915,158	207,802,643
Remuneration of directors	12	8,574,015	40,000
Repairs and maintenance	13	10,853,129	15,792,185
General expenses	14	108,460,546	161,068,825
Depreciation and amortization expense	15	6,460,085	18,079,073
Increase/ (Decrease) in provision for bad & Doubtful Debts		1,482,397	3,284,998
Total expenses		429,522,851	441,989,853
Other gains/(losses)			
Impairment loss		-	-
Deficit for the period		(71,370,119)	(29,719,361)
Attributable to:			
Deficit attributable to owners of the controlling entity		(71,370,119)	(29,719,361)

The notes set out on pages 37 to 58 form an integral part of these Financial Statements

**XII. STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2020**

	Note	2019-2020	2018-2019
		Ksh	Ksh
Assets			
Current assets			
Cash and cash equivalents	17	1,157,495,396	1,249,736,527
Receivables from exchange transactions	18	3,374,822,384	3,167,100,168
Sub-Total Current assets		4,532,317,779	4,416,836,695
Non-current assets			
Property, plant and equipment	19	22,662,173	18,338,097
Intangible assets	20	-	-
Sub-Total Non-current assets		22,662,173	18,338,097
Total assets		4,554,979,952	4,435,174,792
Liabilities			
Current liabilities			
Trade and Other Payables from exchange transactions	21 (a)	790,586	-
Employee benefit obligation/Gratuity	21(b)	32,325,107	41,940,414
Total liabilities		33,115,693	41,940,414
Net assets		4,521,864,259	4,393,234,378
Reserves		4,171,274,393	3,971,274,393
Accumulated surplus		350,589,866	421,959,985
Total net assets and liabilities		4,521,864,259	4,393,234,378

The Financial Statements set out on pages 10 to 35 were signed on behalf of the Board of Directors by:



Chief Executive/Director
Eng. Charles Mwirigi



Head of Finance
Paul Wangai
ICPAK Member No. 5935



Chairperson of the Board
Comm. Njoki Kahiga (OGW)

Date

03/02/2021

Date

03.02.2021

Date

03/02/2021

Women Enterprise Fund
 Reports and Financial Statements
 For the year ended June 30, 2020

**XIII. STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED 30 JUNE 2020**

Attributable to the owners of the controlling entity					
	Note	Reserves			Total
		Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	
		Ksh	Ksh	Ksh	Ksh
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
Revaluation gain					
Balance as at 30th June 2019		3,944,050,000	27,224,393	421,959,985	4,393,234,378
Balance as at 1st July 2019		3,944,050,000	27,224,393	421,959,985	4,393,234,378
Surplus(Deficit) for the period		-	-	(71,370,119)	(71,370,119)
Grants received during the year	6 (b)	200,000,000	-	-	200,000,000
Balance as at 30th June 2020		4,144,050,000	27,224,393	350,589,866	4,521,864,259

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020**

**XIV. STATEMENT OF CASH FLOWS
AS AT 30th JUNE 2020**

		2019-2020	2018-2019
		Ksh	Ksh
Cash flows from operating activities			
Surplus / (deficit) for the year/period		(71,370,119)	(29,719,361)
Adjustments for:			
Depreciation & Provision for Doubtful Debts	19	6,460,085	18,079,073
Provision for Doubtful Debts		1,482,397	3,284,998
Impairment	16	-	-
Operating profit before working capital changes		(63,427,637)	(8,355,290)
(Increase)/ Decrease in trade and other receivables	18	(209,204,611)	(341,653,570)
Increase/ (Decrease) in trade and other payables	21	(8,824,722)	17,188,541
Net cash flows from operating activities		(281,456,970)	(332,820,319)
Cash flows from investing activities			
Purchase of Property, Plant, Equipment and intangible assets	19	(10,784,161)	(3,879,066)
Net cash flows used in investing activities		(10,784,161)	(3,879,066)
Cash flows from financing activities			
Capitalization from exchequer receipts	6 (b)	200,000,000	328,500,000
Net cash flows used in financing activities		200,000,000	328,500,000
Net increase/(decrease) in cash and cash equivalents		92,241,131	(8,199,385)
Cash and cash equivalents at 1 July, 2019	17	1,249,736,527	1,257,935,912
Cash and cash equivalents at 30 June, 2020	17	1,157,495,396	1,249,736,527

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, 2020

**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 FOR THE PERIOD ENDED 30 JUNE 2020**

	Original budget	Adjustments	Final budget	Actual	Performance difference
	2019/20	2019/20	2019/20	2019/20	2019/20
Revenue	Ksh	Ksh	Ksh	Ksh	Ksh
Government grants/Exchequer receipts	75,200,000	100,000,000	175,200,000	175,200,000	0
Rendering of services	153,300,000	-	153,300,000	141,684,850	(11,615,150)
Finance Income	51,000,000	-	51,000,000	28,932,386	(22,067,614)
Resource Mobilization	1,000,000	-	1,000,000	9,650,000	8,650,000
Other Income	500,000	-	500,000	2,685,496	2,185,496
Total income	281,000,000	100,000,000	381,000,000	358,152,732	(22,847,268)
Expenses					
Compensation of employees	270,354,918	-	270,354,918	260,915,158	9,439,760
Goods and services	38,496,918	-	38,496,918	32,777,522	5,719,396
Remuneration of directors	11,180,000	-	11,180,000	8,574,015	2,605,985
Depreciation and amortization expense	21,079,073	-	21,079,073	6,460,085	14,618,988
Repairs and maintenance	15,711,549	-	15,711,549	10,853,129	4,858,420
General expenses	135,349,670	-	135,349,670	108,460,546	26,889,124
Increase in provision for bad & Doubtful Debts	4,825,316	-	4,825,316	1,482,397	3,342,919
Total expenditure	496,997,444	0	496,997,444	429,522,851	68,265,179
Surplus/(Deficit) for the period	(215,997,444)	100,000,000	(115,997,444)	70,579,533	

Budget notes

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

Government grants/Exchequer receipts. The adjustment on budgeted amount is attributable to supplementary budgetary allocation by The National Treasury within the financial year to bridge the deficit on operational expenditure.

Rendering of services- Revenue from Rendering of services was reduced as resultant of an overall deep in revenue streams generated from core mandate functions of lending and training owing to effects of the covid-19 pandemic specifically within the fourth quarter of the financial year

Finance Income- Decline in revenues from finance income is also attributable to reduction in Interest rates by banks and also as a result of reduction in collection of loan repayments.

Resource Mobilization – Increased resources realized from Partnership with Coca-Cola EA Ltd

Compensation of Employees-The expenditure was incurred as per budget

Use of Goods and Services- Actual expenditure was lower than budgeted for attributable to reduction in operational activities specifically in the fourth Quarter of the FY as a result of Covid-19.

Remuneration of Directors – Actual expenditure was lower than budgeted for attributable to appointment of the new Board much later in the FY while the budget catered for Total expenditure for the entire FY.

Repairs and Maintenance costs- expenditure was 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 the only adjustment being for supplementary budget addition of Ksh100 Million from the exchequer.

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 2020**

There were no new standards or amendments published and applicable to the Fund in year 2020.

b) **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020**

There were no new or amended standards and interpretations applicable to the Fund in year 2020.

c) **Early adoption of standards**

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

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

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020**

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.

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.

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020**

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:

- 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 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 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 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 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. 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

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020**

- 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	2019/20	2018/19
	KSh	KSh
Unconditional grants		
Operational grant	175,200,000	206,018,050
Total government grants and subsidies	175,200,000	206,018,050

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

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KSh	Amount recognised in capital fund.	Total grant income during the year	2018-2019 FY	
				Operational grant	Capital fund.
				KSh	KSh
State Department of Public Service , Youth and Gender	175,200,000	200,000,000	375,200,000	206,018,050	328,500,000
Total	175,200,000	200,000,000	375,200,000	206,018,050	328,500,000

6. (c) Resource Mobilization

Description	2019/20	2018/19
	KSh	KSh
Coca-cola Grant	9,650,000	-
Total other income	9,650,000	-

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020**

7. Rendering of services

Description	2019/20	2018/19
	KSh	KSh
Administration fee on CWEs loan	135,645,000	151,160,000
Training Fee for C-WES borrowers	4,760,000	7,257,800
Income from sale of Loan Tracker booklets	868,000	1,317,000
Income from LPO financing	411,850	609,418
Sacco Processing fee & Bid bonds income, Penalties	2,685,496	1,661,467
Total revenue from the rendering of services	144,370,346	162,005,685

8. Finance income - external investments

Description	2019/20	2018/19
	KSh	KSh
Interest on Call and fixed deposits Investments	28,932,386	44,225,537
Total finance income – external investments	28,932,386	44,225,537

9. Other income

Description	2019/20	2018/19
	KSh	KSh
Income from Bid Bond , tender documents	-	21,220
Total other income	-	21,220

10. Use of Goods and Services

Description	2019/20	2018/19
	KSh	KSh
Communication, Electricity, water other Supplies and Services	18,426,307	18,776,868
Hospitality Supplies & Services	3,334,735	3,899,638
Office & General Supplies & Services	6,757,015	8,235,968
Refined Fuels and Lubricants	4,259,465	5,009,655
Total good and services	32,777,522	35,922,129

11. Employee costs

	2019/20	2018/19
	KSh	KSh
Salaries and wages	260,915,158	207,802,643

12. Remuneration of directors

Description	2019/20	2018/19
	KSh	KSh
Chairman's Honoraria & Board allowances, Conference expenditure	8,574,015	40,000
Total director emoluments	8,574,015	40,000

13. Repairs and maintenance

Description	2019/20	2018/19
	KSh	KSh
Furniture and Fittings	2,200	13,600
Vehicles	3,864,666	7,376,823
Computers and accessories	6,986,264	8,401,762
Total repairs and maintenance	10,853,129	15,792,185

14. General expenses

Description	2019//20	2018/19
	KSh	KSh
Printing, Advertising , Information Supplies	21,682,128	27,446,500
Travel , Conferences and accommodation	23,784,954	39,158,565
Insurance	15,047,730	19,480,073
Rental	12,823,233	9,173,046
Training	32,308,404	62,313,603
Other general Operating Expenses	2,814,096	3,497,038
Total General Expenses	108,460,546	161,068,825

15. Depreciation expense

Description	2019/20	2018/19
	KSh	KSh
Property, plant and equipment	6,460,085	18,079,073
Total depreciation	6,460,085	18,079,073

16. Impairment loss

Description	2019/20	2018/19
	KSh	KSh
Intangible assets	-	-
Total Impairment loss	-	-

17. (a) Cash and cash equivalents

Description	2019-2020	2018-2019
	Ksh	Ksh
Current account	182,296,043	196,347,662
On - call deposits	967,259,908	902,080,118
Others-Safaricom M-pesa	7,939,445	151,308,747
Total cash and cash equivalents	1,157,495,396	1,249,736,527

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

Financial institution	Account number	2019-2020	2018-2019
		Ksh	Ksh
a) Current account			
Kenya Commercial bank			
• Main Account	1109218818	39,217,208	491,706
• Collection Account	1111394423	41,865,500	5,452,570

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020**

• Loan Disbursement Account	1157880533	60,168,417	140,337,733
• Staff Gratuity Account	1150260386	41,044,919	50,065,653
Sub- total		182,296,043	196,347,662
b) On - call deposits			
Kenya Commercial bank		967,259,908	902,080,118
Sub- total		967,259,908	902,080,118
c) Others			
M pesa		7,939,445	151,308,747
Sub- total		7,939,445	151,308,747
Grand total		1,157,495,396	1,249,736,527

The Main account balance of **Ksh 39,217,208** includes an amount of **Ksh 790,586** in respect of a cheque No. 9370 issued ifo PS State Department of Broadcasting for advertising services that was repurchased back to the cash book on after it remained unrepresented for six months and therefore stale.

18.Receivables from exchange transactions

Description	2019-2020	2018-2019
	Ksh	Ksh
Current receivables		
Loans to FI partners	71,330,000	71,062,200
Loans to CWES's	3,060,508,449	2,945,722,015
Interest receivable from FI,s	-	280,700
Sacco Loans	80,514,263	38,315,706
LPO Loans/Financing	15,157,590	14,378,565
PikiPiki Loan Financing	1,297,916	1,049,239
Car & Mortgage Scheme	144,317,140	94,317,140
Imprests & Advances	1,697,024	1,974,603
Total receivables	3,374,822,384	3,167,100,168

19.Property, plant and equipment

	Motor vehicles	Furniture and fittings	Computers	Office equipment	Total
Cost	Shs	Shs	Shs	Shs	Shs
At 30th June 2019	61,132,264	11,827,005	28,388,452	3,426,193	104,773,914
Additions	-	3,252,296	7,531,865	-	10,784,161
At 30th June , 2020	61,132,264	15,079,301	35,920,317	3,426,193	115,558,075
Depreciation					
At 1st July 2019	48,903,965	8,614,330	25,513,273	3,404,250	86,435,818
Depreciation Charge for the period	1,697,031	532,712	4,230,342	0	6,460,085
At 30th June 2020	50,600,996	9,147,042	29,743,615	3,404,250	92,895,903

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020**

Net book values					
At 30th June 2020	10,531,268	5,932,259	6,176,702	21,944	22,662,173
At 30th June 2019	12,228,299	3,212,675	2,875,179	21,944	18,338,097

20. Intangible assets-software

Description	2019-2020	2018-2019
	Ksh	Ksh
Cost		
At beginning of the year- 01.7.2019	25,547,750	25,547,750
Additions	-	-
At end of the year- 30.6.2020	25,547,750	25,547,750
Amortization and impairment		
At beginning of the year- 01.7.2019	25,547,750	24,294,159
Amortization	-	1,253,591
At end of the year- 30.6.2020	25,547,750	25,547,750
NBV	-	-

21(a)

Description	2019-2020	2018-2019
	Ksh	Ksh
Trade and other Payables from exchange transactions	790,586	-

21 (b) Employee benefit obligation/Gratuity

Description	2019-2020	2018-2019
	Ksh	Ksh
Staff accrued gratuity	32,325,106	41,940,414

21. 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:

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020**

(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 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
	Ksh	Ksh	Ksh	Ksh
At 30 June 2020				
Trade payables	-	-	790,586	790,586
Total	-	-	790,586	790,586
At 30 June 2019				
Trade payables	-	-	-	-
Total	-	-	-	-

(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.

**Women Enterprise Fund
Reports and Financial Statements
For the year ended June 30, 2020**

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.

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:

	2019-2020		2018-2019
	Ksh		Ksh
Revaluation reserve	27,224,393		27,224,393
Retained earnings	350,589,867		421,959,985
Capital reserve	4,144,050,000		3,944,050,000
Total funds	4,521,864,260		4,393,234,378

22. 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

	2020	2019
	Ksh	Ksh
Transfers from related parties'	375,200,00	534,518,050
Transfers to related parties	-	-

23. Contingent assets and contingent liabilities

Contingent liabilities	2019/20	2018/19
	KSh	KSh
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	1,329,500
Total	9,551,264	9,551,264

24. Events after the reporting period

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

25. Ultimate and Holding Entity

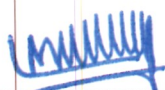
The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Public Service Youth and Gender. Its ultimate parent is the Government of Kenya.

26. Currency

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


XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The report on the Auditor General's recommendation for 2018/19 FY was yet to be received at the date of completion of this report.



.....
Director/Chief Executive

Date..... 03/02/2021



.....
Chairperson of the Board

Date..... 03/02/2021

XVIII. Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Women Enterprise Fund
 Reports and Financial Statements
 For the year ended June 30, 2020

XIX. Appendix 2: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KSH	Statement of Financial Performance	Capital Fund- Statement of Changes in Net Assets	Total Transfers during the Year
Ministry of Public Service Youth and Gender	Various -see appendix ii above	Recurrent	175,200,000	175,200,000	-	175,200,000
Ministry of Public Service Youth and Gender	Various -see appendix ii above	Development	200,000,000		200,000,000	200,000,000
Total			375,200,000	175,200,000	200,000,000	375,200,000