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OFFICE OF THE AUDITOR-GENERAL

**REPORT**

**OF**

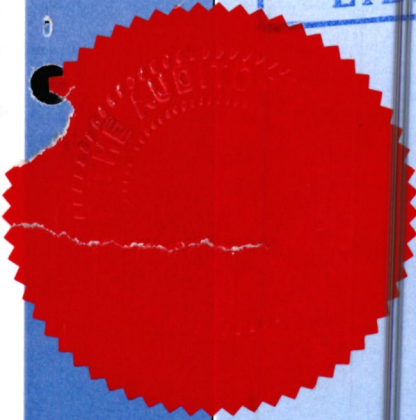
**THE AUDITOR-GENERAL**

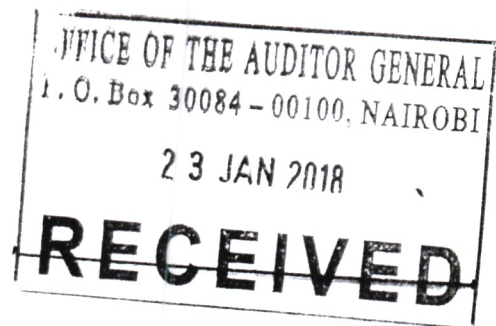
**ON**

**THE FINANCIAL STATEMENTS OF  
WOMEN ENTERPRISE FUND**

**FOR THE YEAR ENDED  
30 JUNE 2017**

Paper Laid by  
the Leader of  
the Majority  
Party - Hon. Aden  
Dvake, BSc, MP  
on 22/3/2018  
IBM





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**WOMEN ENTERPRISE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2017**

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

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2017**

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## **I. KEY INFORMATION AND MANAGEMENT**

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

The Women Enterprise Fund was incorporated/ established under the Legal Notice No.147 of 2007. The Fund is domiciled in Kenya and has branches in eight regions, namely; Nairobi, Nyeri, Embu, Garissa, Nakuru, Kakamega, Kisumu and Mombasa.

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

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

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

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

The mandates are:

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

### **(c) Key Management**

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

- i. Principal Secretary, Ministry of Public Service, Youth & Gender Affairs-State Department of Gender Affairs
- 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 30<sup>th</sup> June 2017 and who had direct fiduciary responsibility were:

No	Designation	Name
i.	Chief Executive/Director	Charles Mwirigi
ii.	Manager, Finance & Administration	Paul Wangai
iii.	Ag. Manager, Credit	Kisoi Muteti
iv.	Ag. Manager, Audit & Risk	Eric Gate
v.	Deputy Manager – ICT	Nancy Kaburu
vi.	Manager, Marketing, Research & Communication	Ruth Randa
vii.	Asst. Manager-Legal	Mary Anne Ngoima
viii.	Ag. Manager, M&E	Carilus Okoth
ix.	Asst. Manager-HRM &T	Marcus Gaitta
x.	Asst. Manager- Supply chain Mgt	Julius Oyamo

**(e) Fiduciary Oversight Arrangements**

The following are the oversight committees that govern the Fund:

**i. Partnership Engagement Committee activities**

The members who served in the Partnership Engagement committee are Gloria Ndekei as Chair, Prof Clara Momanyi, Mary Kabaru, Francisca Auma, and Clare Lai as members. Their principle responsibilities include:

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

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

**ii. Loans Committee activities**

The members who served in the Loans Committee are; Clara Momanyi as Chair, Mary Kabaru, Gloria Ndekei, and Bonventure Achonga. Their principle responsibilities include:

- 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.

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

The committee holds meetings every month.

**iii. Finance Staff and Administration Committee activities**

The members who served in the Finance Staff and Administration Committee are; Robert Otieno as Chair, Felister Kivisi, Bonventure Achonga and Mary Kabaru. Their 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.

**iv. Audit and Risk Committee activities**

The members who served in the Audit and Risk Committee are Clare Lai as the Chair, Felister Kivisi, Mary Kabaru, and Francisca Auma, Their 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

The committee holds meetings every quarter.

**(f) Fund Headquarters**

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

**(g) Fund Contacts**

Telephone: (254) 714 606 845-7  
E-mail: [info@wef.co.ke](mailto:info@wef.co.ke)  
Website: [www.wef.co.ke](http://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  
Kenya National Audit Office  
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



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**II. THE BOARD OF DIRECTORS**

 <p>Mrs. Mumina G. Bonaya <b>Chairperson</b> ( 1<sup>st</sup> July 2016 – 28<sup>th</sup> February 2017)</p>		<p><b>Experience:</b> Researcher and Climate change Adaptation consultant. Currently consulting for International Institute for Environment and Development (IIED).</p> <p><b>Qualifications:</b> M.A Gender and Development Studies, B.A. Sociology, Language and Communication.</p>
 <p>Prof. Clara Momanyi</p>		<p>Researcher on Women and Gender Issues, education, Culture &amp; social networks and professor of Kiswahili. Currently she is a lecturer at Catholic University of Eastern Africa, Nairobi</p>
 <p>Ms. Gloria Ndekei (OGW)</p>		<p><b>Experience:</b> Over 20 years working with women economic empowerment programmes, 9 years with the International Labour Organisation (ILO). Internationally accredited master trainer in ILO training tools: EYB, WEA &amp; GETAHEAD. Trustee of KEPSA Foundation, Chair of KEPSA Gender Sector Board</p> <p><b>Qualifications:</b> B.A Social Work &amp; Certified as a Gender audit facilitator, Gender &amp; Trade, Turin Italy</p>
 <p>Mr. Robert Otieno</p>		<p><b>Experience:</b> Over 10 years' experience in the Banking Industry with special focus on market and liquidity risk management. Currently Head of Market and Liquidity Risk at Barclays Bank Kenya</p> <p><b>Qualifications:</b> Bachelor of Science (Actuarial Science), Certified ACI Dealer</p>
 <p>Ms. Mary Kabaru</p>		<p><b>Experience:</b> Over 20 years in Public, Head – Gender and Socio-Economic Empowerment of Women Department in the Gender Directorate, Ministry of Devolution and Planning.</p> <p><b>Qualifications:</b> MA- Gender and Development, BA - Sociology and Literature, PGD-Corruption Studies.</p>
 <p>Mr. Achonga Bonventure Okomoli</p>		<p><b>Experience:</b> 25 years in Agricultural development-planning, developing profitability strategies and marketing. High interest in socio economics issues, economic planning, policy and marketing. Has implemented community development projects with local and international organizations such as Food and Agriculture Organization (FAO)</p> <p><b>Qualifications:</b> Masters of Science in Agricultural Economics; BSC Agric. Economics.</p>

 Ms Clare Lai	Advocate, and Managing Partner - LAI & Associates Advocates
 Ms Felister Kivisi Representative of PS National Treasury	<b>National Treasury</b> <b>Experience-</b> over twenty years in Public Debt Management. Senior Assistant Director in the Public Debt Management Office in the National Treasury. <b>Qualifications-</b> MA- International Relations-from The University of Leeds, BA. Government and French-from The University of Nairobi.
Ms. Francisca Auma	Specialist in Social Policy Research, Development management and Donor Funding – Kakamega and UK
 Ms Eliana Shiroko Chief Economist/State Department of Planning and Statistics,	<b>Experience</b> over 27 years of work experience in the civil service in various capacities. <b>Qualifications:</b> BA (Econ) and MA (Econ), University of Nairobi <b>Current Roles:</b> <ul style="list-style-type: none"> <li>• Coordinating the formulation of infrastructure policies;</li> <li>• Co-convening of energy, infrastructure and information communication technology sector working group of the medium term expenditure framework;</li> <li>• Provides secretariat services to the Scheme Of Service for Economists/Statisticians in the civil service.</li> <li>• Alternate AIE Holder for the Infrastructure Science Technology and Innovations Department</li> </ul>
 Eng. Charles Mwirigi Chief Executive/ Director	<b>Experience:</b> Over 25 years in both the private and public sector. <b>Qualifications:</b> 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)
 <b>Mary Anne Ngoima</b> <b>Assistant Manager - Legal Affairs</b> Company secretary	Bachelor of Laws (LLB) Post Graduate Diploma in Law (Dip-KSL) Certified Public Secretary (CPS-K) Member – LSK and ICPSK

**III. MANAGEMENT TEAM**

Name, and key profession/academic qualifications	Main area of responsibility
 <p><b>Eng. Charles Mwirigi</b> <b>Chief Executive/ Director</b> <b>Experience:</b> Over 25 years in both the private and public sector. <b>Qualifications:</b> 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"> <li>• Responsible for the day to day running of the Fund under the direction and guidance of the Advisory Board.</li> <li>• Facilitate the preparation and implementation of annual work plans, procurement plans, budgets, Performance contract, goals and objectives.</li> <li>• Ensure maintenance of effective internal / external controls so as to safeguard the Fund's assets and oversee financial audit processes as required.</li> <li>• Responsible for providing leadership in the development, execution and achievement of the Fund's strategic objectives.</li> <li>• Build effective relationships with the Board, government, regulators, partners and other stakeholders.</li> </ul>
 <p><b>CPA Paul Wangai</b> <b>Finance &amp; Administration Manager</b> 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"> <li>• Providing strategic leadership on all matters pertaining to financial management in the Fund</li> <li>• Formulation and interpretation of financial policies, strategies and programmes</li> <li>• Prioritization of projects and activities for the purpose of financial and reporting; oversight of commitment of funds and expenditure trends;</li> <li>• Coordination and management of office accommodation and equipment, customer care services, registry services, transport services, security and records management;</li> </ul>



**CPA Eric Gate**  
**Ag. Manager Audit & Risk.**  
**Experience:** Over 10  
**Qualifications:** MBA, B Com – Accounting  
 Member ICPAK.  
 Certified Public Accountant, CPA (K) Certified Information Systems Auditor, CISA, Certified Investment and Financial Analyst, CIFA, Certified Public Secretary of Kenya, CPS (K), Member ICPAK, ISACA, IIA and ICPSK.

- 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.



**Ms. Nancy W. Kaburu**  
**Deputy Manager Information Communication Technology- ICT.**  
**Experience:** Over 10 years in Public and Private Sector. **Qualifications:** MBA - Strategic Management, BSc- Computer Science. Member CSK and ISACA.




- 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



**Ruth Randa**  
**Marketing, Research & Communication Manager:**  
 MBA (Strategic Management), BCOM (Marketing), IHRM.  
 Member – MSK and PRSK

- Marketing & communication capacity building across the organization,
- Market support & linkages, Partnership and Resource mobilization,
- Brand & Reputation management, Media liaison & monitoring, Event management

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 <p><b>Mary Anne Ngoima</b> <b>Assistant Manager-Legal Affairs</b> 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"> <li>• Company secretarial services</li> <li>• Contract management</li> <li>• Dispute resolution and management</li> <li>• Ensuring legal compliance by the Fund</li> </ul>
 <p><b>Carilus Okoth</b> <b>Ag. Manager, Monitoring &amp; Evaluation</b></p>	<ul style="list-style-type: none"> <li>• Monitoring and evaluation of the Fund's interventions.</li> <li>• Responsible for capacity building activities for the women entrepreneurs.</li> <li>• Responsible for coordinating the formulation, implementation, and evaluation of the Fund's Strategic Plan.</li> <li>• Conduct regular surveys to test effectiveness and quality of interventions/results</li> </ul>
 <p><b>Julius Oyamo</b> <b>Assistant Manager, Supply Chain Management</b> Master of Business Management Bachelor of Business Management</p>	<ul style="list-style-type: none"> <li>• Co-ordinate the evaluation of tenders, quotations and proposals</li> <li>• Advise the CEO on matters of procurement</li> <li>• Prepare and submit to PPRA reports required under the Act</li> <li>• Prepare consolidated procurement and disposal plans</li> <li>• Conduct periodic and annual stock taking</li> </ul>

#### **IV. CHAIRMAN'S STATEMENT**

##### **Introduction**

It is my pleasure to present to you 2016/2017 Financial Statements. Expectations have remained high with increased interest among our target market in the Funds' product offering and I am positive and confident about the future of this Fund.

##### **Overall performance**

The Fund recorded the highest levels in terms of loan repayment/ loan recoveries since its creation with an amount of 2.012 billion being received with an overall C-WES loan repayment rate closing the year at 95%. The high repayment rate once again confirms that the revolving fund concept has truly taken root. A total of Ksh. 2.194 billion was loaned to 143,184 clients throughout the 290 Constituencies. Internally generated incomes remained fairly stable at Ksh 177.5 million compared to Ksh 187.4 million in the previous year. The drop was as a result of a slight reduction in loan disbursements during the year. The total net assets grew from Ksh. 2.805 billion in June, 2016 to Ksh.3.591 billion in June, 2017. This growth is mainly attributable to the injection of 800 million by the National Treasury during the year.

##### **Governance and Board performance**

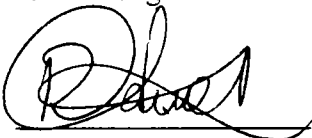
The Advisory Board has continued to discharge its duties diligently through various board committees. During the year, one member – Ms. Eliana Shiroko joined the Board. The new Director brings to the Fund additional skills and wealth of experience of over 20 years in public sector. This will further strengthen the Board. The Chair's term expired in February, 2017 and as at the end of the period a new chair was yet to be appointed.

##### **Future prospects and strategy**

The Fund's strategy as outlined in the 2013-2017 Strategic Plan was to ensure long term sustainability of the Fund. This was realized through taking advantage of the emerging opportunities in the country by working closely with like-minded partners, the Ministry of Public Service, Youth and Gender Affairs in order to achieve the objectives laid out in the Strategic Plan, the Sustainable Development goals r.o. 3, 5 and 8 and the 2nd Medium Term Plan of 2013-2027. In the new year, we will continue to expand our product and Services offering to ensure our target customers are satisfied and that the Fund remains sustainable in the Medium and long term. The Board and I feel we have the right balance of skills, experience and backgrounds to support and challenge the management team.

##### **Appreciation**

I would like to thank all our stakeholders who have made this possible, notably the Government through the Ministry of Public Service, Youth and Gender Affairs and the National Treasury for continuing to provide grants for loans, my fellow directors for their continued support and wise counsel, our customers for being faithful and paying their loans on time, our partners for having supported us in various aspects, the Management and staff and all who played a part in one way or another in enabling us fulfill our mandates. Our relentless focus on meeting customers' needs will be the reason that we achieve our goals for the long-term success of the Fund and for the benefit of all our stakeholders.



**Robert Otieno  
For Chairperson**

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**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 2016/2017 Financial Year. The Highlights of the Financial Performance are:

- i. Total income generated (Revenue from Exchange transactions) stood at **Ksh 177,546,812** as shown below:
 

a) FIs interest	639,700
b) Administration fee on CWES loan	109,730,000
c) Interest on call deposits	59,395,855
d) Training Fee for C-WES borrowers	5,518,300
e) Income from sale of Loan Tracker	859,690
f) Income from LPO financing	889,820
g) Other Incomes-	513,447
<b>Total</b>	<b>177,546,812</b>
  
- ii. Recurrent Exchequer (income from non-exchange transactions) received of **Ksh 115,222,500**. This represents the printed estimate for the year.
  
- iii. **Ksh 800 million** was received in respect of Development Exchequer (Funds for Lending). This represents the printed estimates for the year.
  
- iv. The Expenses charged to the Fund stood at **Ksh 304,367,708** broken down as follows:
 

a) Staff & Volunteer Costs	Ksh 136,233,642
b) Expenditure on the Fund's mandates & administration costs	Ksh 144,916,642
c) Depreciation, Impairment losses & Prov. for bad debts	Ksh 23,217,424
  
- v. A total of **Ksh 2,194,600,000** was disbursed as Tuinuke (Constituency Women Enterprise scheme-CWES) loans to no. **143,184 beneficiaries (11,323 groups)** while **Ksh 17,796,400** was disbursed through the LPO/LSO financing product.
  
- vi. A total of **Ksh 2,017,962,657** was received as loan repayments from the borrowers and the financial Intermediaries in respect of principal loan repayments as follows:
 

Financial Intermediaries	Ksh 6,210,950
C-WES (Tuinuke Loans)	Ksh 2,002,330,047
LPO Financing	Ksh 9,421,660
  
- vii. The operational deficit for the period stood at **Ksh 12,043,444** while the Fund value stood at **Ksh 3,593,258,082** compared to **Ksh 2,805,298,414** in June, 2016. The growth in value is attributable to the Development Exchequer received during the period.



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

## **VI. CORPORATE GOVERNANCE STATEMENT**

The Board 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 2016-2017 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. Well defined Board duties and accountabilities;
- v. Employee participation in enhancing stakeholders' interests;
- vi. Compliance with laws and disclosure of policies to all relevant stakeholders; and
- vii. Upholding the highest levels of integrity in the Fund's culture and practices through a well-defined and implemented code of conduct and ethics.

### **Advisory Board**

The Advisory Board is responsible for the overall management and long term strategy of the Fund ensuring compliance with statutory requirements and fulfilling its responsibilities to stakeholders. Its role is to advise, constructively challenge, provide oversight, and monitor the success of the Management in delivering the agreed strategy within the approved risk appetite and control framework.

The Advisory Board consists of twelve non-executive members. They are appointed as per guidelines provided in the Legal notice No.147 of 2007. The roles of the Chairperson and the Chief Executive are clearly separated. The Chairperson leads the Board in its oversight of the Fund's activities and ensures that the Board is able to function effectively. The day to day management of the business and implementation of policy decisions approved by the board is the responsibility of the Chief Executive Officer who leads other senior personnel. The Board also has a secretary who is a member of the Institute of Certified public Secretaries of Kenya.

The members are provided with complete and timely information to enable them to allow ample time for appropriate review and to facilitate full discussion in meetings thereby discharging their responsibilities effectively. The members are encouraged to develop their knowledge of the operations of the Fund by taking part in the various activities organised by the Fund including field visits and regular training.

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In order to discharge its mandates and responsibilities effectively, the Board has delegated certain tasks to its committees. There are four standing committees of the Board each with its clear terms of reference. These are:

- a. Partnership Engagement Committee
- b. Loans Committee
- c. Finance Staff and Administration Committee
- d. Audit and Risk Committee

**Communication with stakeholders**

The Fund maintains a website, [www.wef.co.ke](http://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 Board recognizes its 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. Each of the departments is headed by a manager.

## VII. MANAGEMENT DISCUSSION AND ANALYSIS

The analysis is given under the five mandates of the Fund

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

- i. CWES loans worth Kshs. 2.1946 billion to 143,184 beneficiaries (11,325 groups) disbursed within the period.
- ii. A total of Kshs. 17,796,400 was disbursed within the period under LPO financing. Out of the loaned amount, Kshs. 9,421,660 was paid back.
- iii. CWES collections stand at Kshs. 2,007 billion against a target of Kshs. 2.0 Billion for the period.
- iv. CWES loan repayment rate is at 94% as at 30<sup>th</sup> June, 2017 against a target of 91%.
- v. Kshs. 6.21 Million was paid by the defaulting FIs resulting to Kshs.107.69 Million as the outstanding principal loan balance by 17 Financial Intermediaries as at 30<sup>th</sup> June, 2017.

**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. Training/Capacity building of 136,890 beneficiaries across the 290 Constituencies. Further, the training Curriculum on entrepreneurship training for women beneficiaries was revised.
- ii. Enhanced trade opportunities for beneficiaries by conducting capacity building for 4,109 women entrepreneurs on procurement opportunities, networking and business support, product certification and value chains.
- iii. Conducted specialized entrepreneurship training geared towards enhancing trade opportunities for 3,004 beneficiaries across the country.
- iv. Facilitated the formation of 16 business clubs; Kaloleni United Business Club – Kilifi, Lamu East Business Community Club – Lamu, Misikhu Accumulated Savings Business Club – Bungoma East, Laikipia Women Business Club CBO – Laikipia East and Mwea Business Club – Mwea, Webuye Business Club – Webuye, Rabai Business Club – Rabai, Ol-Joro-Orok Business Club, Ndaragwa Business Club – Ndaragwa, Laikipia Business Club – Laikipia, Likuyoni Business Club, Mwatate Business Club – Mwatate, Matuga Business Club – Matuga, Lunga Lunga Business Club – Lungalunga, Mwingi North Business Club, Kwale Business Club, Rongo Business Club.
- v. Sensitization of 1,288 women on AGPO in Kilifi, Mombasa, Nairobi, Kitui, Taita Taveta, Isiolo, Homabay, Kisumu and Turkana Counties to encourage them to register businesses so as to take advantage of the 30% government procurement opportunities. This was achieved through the joint programming activities and collaboration with other State Agencies.
- vi. Signed off a partnership with SNV Netherlands to identify market and training opportunities in the ASAL areas.
- vii. Facilitated SACCO trainings for 1,736 women in Kilome, Ganze, Nyahururu, Ol-Joro-Orok, Laikipia, Nakuru Town East, Malava, Likuyani, Matungu, Navakholo, Cherengani, Malava, Bondo, Pokot South and Teso South.
- viii. Facilitated certification process of 11 products with the aim of facilitating market access for women owned products.

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- ix. Participated in no. 121 Joint Affirmative Funds' Public Awareness and cheque issuance forums to sensitize the public on other products and services that the Fund offers. Over 15,000 people were sensitized resulting to increased numbers of new borrowers.
- x. Facilitated participation of 100 women from Kwale, Kilifi, Mombasa and Taita Taveta Counties in the International Women's Day Celebration held on 8th March, 2017 at KICC with the theme "Be Bold for Change".
- xi. Organized a free medical camp and cancer awareness campaign dubbed "WEF MAMA CARE" in Isiolo South, Kinna Ward where over 1,000 people were screened. This was part of the Fund's CSI activity.
- xii. Participated in various trade fairs, exhibitions and other public forums: Global Women Summit, HLM2, 16 Days of Activism, NYS Passout, State House Youth Summit, Nakuru & Embu Exhibitions, Rarieda Joint Affirmative Fund Exhibition and McKinsey Social Initiative Forum in collaboration with the KCB Foundation on youth employment. The Fund also participated in various ASK shows, Kisumu, Kakamega, Mombasa, Nairobi and Nyeri Shows.
- xiii. The Fund's social media platform was continuously updated leading to increased interaction between the Fund and the Public.
- xiv. Awarded a total of Kshs. 25,608,467 to the AGPO category as tabulated below;

S/NO	CATEGORY	NUMBER OF FIRMS	MOUNT AWARDED
1.	Women	39	14,681,355
2.	Youth	30	9,120,232
3.	PWDsh	13	1,806,880
<b>TOTAL</b>		<b>73</b>	<b>25,608,467</b>

**On Institutional Strengthening the following was achieved;**

- i. M&E framework was approved and adopted to streamline monitoring and evaluation. Further, departmental M&E tools for measurements and evaluations have been developed
- ii. Formulation of the 3rd Strategic Plan (2017-2022) is at an advanced stage. The draft document is in place.
- iii. Impact assessment tool has been developed to help carry out a baseline study.
- iv. Received feedback from the Salaries and Remuneration Commission on review of staff salaries and subsequently lodged an appeal on the same.
- v. Concluded recruitment of thirteen (13) vacant positions
- vi. Concluded the procurement of a consultant to undertake Credit Risk Management Training for Volunteers and an MOU signed. Training to be finalized in the first quarter of FY 2017/18
- vii. Facilitated recruitment / replacement of volunteers in six (6) constituencies
- viii. Facilitated training for 26 staff members in the financial year as part of continuous skills improvement
- ix. Facilitated Training Needs Assessment for all staff for the Financial year 2017 /18
- x. Implemented the resolutions emanating from the internal audit report on HR department
- vi. 16 Financial Intermediary defaulters were listed with the CRB. As a result of this, Women Awareness and Development Initiative (WAADI) paid Ksh 510,000 on 3.8.2017 and Jitahidi paid Ksh 794,000 on 12.07.2017 in full settlement of their loan balance.

## VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

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

However, after four years of implementation, it was apparent that the Fund did not get value for money on the activities, thus a paradigm shift to the approach was inevitable. In June 2015, the Advisory Board recommended a shift from engaging in CSR activities to implementation of **Corporate Social Investment (CSI)** to be in line with the current global trends. The proposed focus was in the health sector, with bias on cancer screening since it was noted that poor health affects the productivity of women and that in turn affects the quality of the loan book as most women are likely to divert the loan to address health issues and this would likely default.

To address the foregoing, the Fund through the "**WEF MAMA CARE**" opted to stand in the gap and establish a platform for awareness creation through screening and free medical camps in the selected counties.

Whereas, there is a concerted effort by both the National and County Government to address the scourge, there is no documented statistics at the County on the manifestation of cancer levels to guide more effective interventions, awareness creation, and learning lessons for key actors and the broader populace. The situation becomes even worse for women in the rural areas who do not have access to information and rely on well-wishers to create awareness. Two CSI activities were conducted in the FY 2016/2017; in Isiolo South and Changamwe constituencies where more than 2,000 residents benefited.

During the camp, several medical services such as HIV testing, breast and cervical cancer screening, general medical check-up and family planning were offered. The Fund partnered with the County Health Department, who supported the activities by assigning a team of medical personnel to offer the services.

**Women Enterprise Fund  
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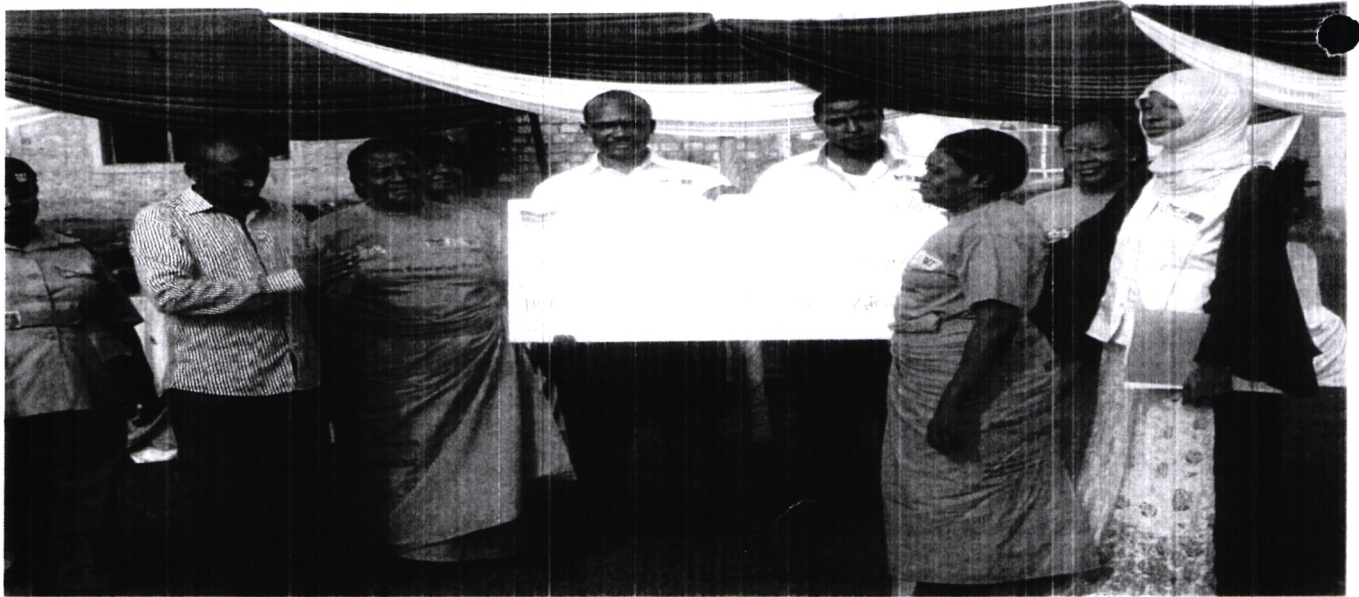
*A banner stating some of some of the services that were being offered*



*Participants waiting to be attended to at the camp in Changamwe*

The Fund also sensitized women on the products and services offered by the various affirmative Funds. In isiolo South constituency, Ksh. 600,000 worth of loans was issued to four groups while Ksh 5.9 million disbursed to various women groups across the county.

In Isiolo, 8 women were diagnosed with cervical cancer and only one had lumps on both breasts, while in Changamwe, 16 women were diagnosed with cervical cancer. In both instances, the list of the patients were submitted to the clinical officer in charge of the health facility to ensure that proper follow up and referral to was done for the patients to begin treatment.



In conclusion the populace of the two constituencies appreciated the gesture of the Fund to enlighten them on health issues and offer training on financial management and other business support services. As we look ahead to the next 5 years, we envision many opportunities for our CSI strategy to play a bigger and more significant role in supporting the Fund's business, while delivering more value to the Kenyan women.

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2017**

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**IX. 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, 2017 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, 2017 are set out on page 23-56

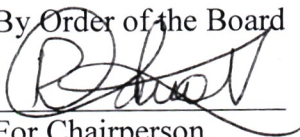
**Advisory Board**

The members of the Advisory Board who served during the year are shown on page 5. 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



For Chairperson,  
Advisory Board

Date: 22.01.18

**X. 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.

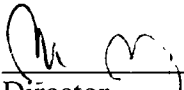
The Directors are responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate 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, 2017, 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 15th September, 2017 and signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON WOMEN ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Women Enterprise Fund set out on pages 22 to 49, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of 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 2017, 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 Legal Notice No. 147 of 2004.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion section of my report, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

#### Basis for Qualified Opinion

##### 1. Remuneration of Directors

(a) The Fund had a budgetary provision of Kshs.6,852,000 on remuneration of directors but spent Kshs.10,486,000 during the year 2016/2017 on the item resulting in an over expenditure Kshs.3,634,401 (53%). However, authority for reallocation of funds from other items to remuneration of directors or in support of the over-expenditure was not provided for audit examination.

(b) The remuneration of directors' expenditure of Kshs.10,486,401 includes an amount Kshs.960,000 paid to board members as sitting allowances for undertaking normal operational activities of approving loans to various groups. The expenditure also includes an amount of Kshs.1,107,200 paid to non-board members as sitting allowance for being in attendance of various board committee meetings.

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*Report of the Auditor-General on the Financial Statements of the Women Enterprise Fund for the year ended 30 June 2017*

The propriety of expenditure totalling Kshs.2,067,200 in respect of these allowances could not therefore be confirmed under the circumstances.

(c) Although the board had an approved annual calendar of meetings with five (5) scheduled full board meetings and twenty-five (25) scheduled committee meetings for the financial year 2016/2017, eighteen (18) full board meetings and fifty (50) committee meetings were held during the year. The board did not therefore adhere to the corporate plan and consequently, subjected the Fund to unbudgeted expenditure of Kshs.3,634,401 on remuneration of directors.

## **2. Receivables from Exchange Transactions**

### **(i) Loss of Funds**

The receivables from exchange transactions balance of Kshs.2,323,541,431 includes an amount of Kshs.21,170,000 due from twenty constituencies but claimed to have been misappropriated by the employees. The amount also includes Kshs.3,100,000 and Kshs.6,300,000 due from Kwanza Constituency and Kisumu County respectively, which were misappropriated by employees in 2015/16 financial year.

No provision has however been made in the financial statements in respect of the above losses.

### **(ii) Non-performing Financial Intermediaries Loans**

The receivables from exchange transactions balance of Kshs.2,323,541,431 includes non-performing loans totalling Kshs.106,618,100 due from financial intermediary partners. Any provision that would be necessary in relation to this uncertainty has not been incorporated in the financial statements.

### **(iii) Doubtful Recovery of LPO Financing and CWEs Loans**

The receivables from exchange transactions' balance of Kshs.2,323,541,431 further includes loans relating to LPO Financing of Kshs.7,440,277 which were due and not paid as at 30 June 2017 and Constituency Women Enterprise Schemes (CWEs) of Kshs.65,135,500 with no repayments recorded during the year under review. Recoverability of these loans is doubtful since they have been in arrears for periods that are longer than the repayment periods stipulated in the loan agreements. Although the recovery of these loan balances is clearly doubtful, no provision has been made against them in the financial statements.

### **(iv) Unsupported Opening Balances**

The opening balances of LPO Financing and Pikipiki loans of Kshs.5,302,714 and Kshs.2,126,445 respectively were not analyzed. It has, therefore, not been possible to verify and confirm these balances as reflected in the financial statements.

#### **(v) Outstanding Imprests**

The receivables from exchange transactions' balance of Kshs.2,323,541,431 includes outstanding imprests of Kshs.1,321,459 which ought to have been surrendered or otherwise accounted for on or before 30 June 2017 in accordance with regulation 93 of the Public Finance Management (National Government) Regulations 2015. In addition, during the year under review, various officers were issued with multiple imprests amounting to Kshs.4,975,780 before accounting for the imprests previously issued to them. No explanation has been provided for this breach of the law.

#### **3. Payables and Accruals**

Payables and accruals' balance of Kshs.29,895,361 includes an amount of Kshs.26,762,000 in respect of loans approved for various groups as of 30 June, 2017 but not disbursed for various reasons. However, the non-disbursement of funds after the approval did not constitute a liability because the funds were still with the Women Enterprise Fund as at 30 June, 2017. No explanation has been provided for this inappropriate accounting treatment of undisbursed funds.

#### **4. Gratuity**

The gratuity fund was previously operated outside the Fund's financial records and as at 30 June 2016, the amount of cash held in the gratuity account was disclosed as Kshs.25,251,035 and no corresponding liability was shown in the financial statements for that period. In the year under review, both the cash and the liability for gratuity account were introduced in the financial records of the Fund but no detailed composition of the opening balance liability has been provided for audit examination. The respective comparative figures for 2015/2016 have not been restated in the financial statements for the year ended 30 June, 2017 to cater for the introduction of gratuity liability in the accounting records. As a consequence, the accuracy of the closing balance of gratuity liability amounting to Kshs.15,310,323 as at 30 June, 2017 could not be ascertained.

Further, the total gratuity expenditure for the year as reflected under Note 8 to the financial statements amounts to Kshs.10,640,300 while the detailed schedule provided in support of the expenditure amounts to Kshs.21,870,545 resulting in an unexplained difference of Kshs.11,230,245.

#### **5. Communication Supplies and Service**

The communication supplies and services expense as disclosed in Note 7 to the financial statements of Kshs.5,684,446 includes staff airtime allowance amounting to Kshs.3,675,682 comprising of monies paid to staff on a monthly basis. This amount was not, however, subjected to tax in line with the income tax law during the year under review. No explanation has been provided for the non-compliance.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Women Enterprise Fund in accordance with ISSAI 30 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 audit opinion.

### **Key Audit Matters**

Key Audit Matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no Key Audit Matters to communicate in my report.

### **Other Matter**

#### **Financial Performance**

Although the Fund's financial performance improved during the year from a loss of Kshs.97,050,501 in 2015/2016 to a loss of Kshs.12,043,444 in 2016/17, its accumulated surplus continued to be on a downward trend from Kshs.520,274,021 in 2015/16 to Kshs.508,233,689 in 2016/17. The management has indicated that it is lobbying the National Treasury for funding of the Fund's operations but this has not been addressed to date.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue sustaining services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The 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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

#### **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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 of Kenya. 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

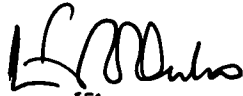
when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's 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 going concern 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 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 of the entities or 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.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**28 February 2018**

**XII. STATEMENT OF FINANCIAL PERFORMANCE  
 FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2016-2017	2015-2016
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	-	6,055,449
Transfers from other governments – gifts and services-in-kind	2,3	115,222,500	15,222,500
		<b>115,222,500</b>	<b>21,277,949</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	4	117,637,510	125,646,268
Finance income – Interest on Fixed deposits investments	5	59,899,420	61,788,908
Other income	6	9883	40,866
		<b>177,546,813</b>	<b>187,476,042</b>
<b>Total revenue</b>		<b>292,769,313</b>	<b>208,753,991</b>
<b>Expenses</b>			
Use of goods and services	7	18,432,245	16,895,963
Employee costs	8	136,233,642	67,026,010
Remuneration of directors	9	10,486,401	7,040,166
Depreciation and amortization expense	10	18,581,350	16,965,556
Repairs and maintenance	11	14,286,866	17,192,765
General expenses	12	102,126,280	167,269,260.55
Increase/ (Decrease) in provision for bad & Doubtful Debts		1,931,520	8,813,841
<b>Total expenses</b>		<b>302,078,305</b>	<b>301,203,561</b>
<b>Other gains/(losses)</b>			
Impairment loss	13	2,734,452	4,600,932
<b>Deficit for the period</b>		<b>(12,043,444)</b>	<b>(97,050,501)</b>
Attributable to:			
Deficit attributable to owners of the controlling entity		<b>(12,043,444)</b>	<b>(97,050,501)</b>
		<b>(12,043,444)</b>	<b>(97,050,501)</b>

The notes set out on pages 27 to 51 form an integral part of these Financial Statements

Women Enterprise Fund  
Reports and Financial Statements  
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**XII. STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017**

	Note	2016-2017	2015-2016
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14,15	1,285,593,392	655,555,419
Receivables from exchange transactions	16	2,323,541,431	2,106,444,731
		<b>3,609,134,823</b>	<b>2,762,000,150</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	28,075,352	41,435,775
Investments		-	-
Intangible assets	18	1,253,591	3,988,043
		<b>29,328,943</b>	<b>45,423,818</b>
<b>Total assets</b>		<b>3,638,463,766</b>	<b>2,807,423,968</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	19 (a)	29,895,361	2,125,554
Employee benefit obligation/Gratuity	19 (b)	15,310,323	-
<b>Total liabilities</b>		<b>45,205,684</b>	<b>2,125,554</b>
<b>Net assets</b>		<b>3,593,258,082</b>	<b>2,805,298,414</b>
Reserves		3,085,024,393	2,285,024,393
Accumulated surplus		508,233,689	520,274,021
<b>Total net assets and liabilities</b>		<b>3,593,258,082</b>	<b>2,805,298,414</b>

The Financial Statements set out on pages 23 to 26 were signed on behalf of the Board of Directors by:



Chief Executive/Director  
Name: Eng. Charles Mwirigi

Date: 22.01.18



Head of Finance  
Name: CPA Paul Wangai  
ICPAK Member Number: R/5935

Date: 22/01/18



For Chairperson of the Board  
Name: Robert Otieno

Date: 22.01.18

**XIII.**

**XIII. STATEMENT OF CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED 30 JUNE 2017**

		Attributable to the owners of the controlling entity			
		Reserves			
		Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	Total
	Note	Kshs	Kshs	Kshs	Kshs
<b>Balance as at 1 July 2015</b>		1,834,000,000	25,046,836	617,324,522	2,476,371,358
Surplus/(deficit) for the period		-	-	(97,047,389)	(97,047,389)
Grants received during the year	3	423,800,000	-	-	423,800,000
Revaluation gain		-	2,177,557		2,177,557
<b>Balance as at 30 JUNE 2016</b>		<b>2,257,800,000</b>	<b>27,224,393</b>	<b>520,277,133</b>	<b>2,805,301,526</b>
<b>Balance as at 1 July 2016</b>		<b>2,257,800,000</b>	<b>27,224,393</b>	<b>520,274,020</b>	<b>2,805,301,526</b>
Surplus for the period		-	-	(12,043,444)	(12,043,444)
Grants received during the year	3	800,000,000			800,000,000
<b>Balance as at 30 JUNE 2017</b>	<b>20</b>	<b>3,057,800,000</b>	<b>27,224,393</b>	<b>508,233,689</b>	<b>3,593,258,082</b>

Women Enterprise Fund  
 Reports and Financial Statements  
 For the year ended June 30, 2017

**XIV. STATEMENT OF CASH FLOWS  
 AS AT 30 JUNE 2017**

		<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
Surplus / (deficit) for the year/period		(12,043,444)	(97,050,501)
<b>Adjustments for:</b>			
Depreciation & Provision for Doubtful Debts	10	18,581,350	16,965,556
Impairment	13	2,734,452	4,600,932
Operating profit before working capital changes		9,272,358	(75,484,014)
(Increase)/ Decrease in trade and other receivables		(217,096,700)	(553,740,496)
Increase/ (Decrease) in trade and other payables		43,080,130	(2,584,470)
<b>Net cash flows from operating activities</b>		<b>(164,744,212)</b>	<b>(631,808,979)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, intangible assets 17 equipment and		(5,220,927)	(24,861,362)
<b>Net cash flows used in investing activities</b>		<b>(5,220,927)</b>	<b>(24,861,362)</b>
<b>Cash flows from financing activities</b>			
Capitalization from exchequer receipts	3	800,000,000	423,800,000
<b>Net cash flows used in financing activities</b>		<b>800,000,000</b>	<b>423,800,000</b>
Net increase/(decrease) in cash and cash equivalents			
		<b>630,037,973</b>	<b>(232,870,341)</b>
Cash and cash equivalents at 1 JULY	14	655,555,419	888,425,760
<b>Cash and cash equivalents at 30 JUNE 2017</b>	<b>14</b>	<b>1,285,593,392</b>	<b>655,555,419</b>

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

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**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
 FOR THE PERIOD ENDED 30 JUNE 2017**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Revenue</b>					
Government grants/Exchequer receipts	115,222,500	-	115,222,500	115,222,500	0
Rendering of services	159,650,000	-	159,650,000	117,637,510	(42,012,490)
Finance Income	31,875,000	-	31,875,000	59,899,420	28,024,420
Other Income	600,000	-	600,000	9,883	(590,117)
<b>Total income</b>	<b>307,347,500</b>	<b>-</b>	<b>307,347,500</b>	<b>292,769,313</b>	<b>(14,578,187)</b>
<b>Expenses</b>					
Compensation of employees	194,356,759	-	194,356,759	136,233,642	58,123,117
Goods and services	92,733,080	-	92,733,080	18,432,245	74,300,835
Remuneration of directors	6,852,000	-	6,852,000	10,486,401	(3,634,401)
Depreciation and amortization expense	-	-	-	18,581,350	(18,581,350)
Impairment loss /Amortization of Intangible assets costs	-	-	-	2,734,452	(2,734,452)
Repairs and maintenance	32,530,464	-	32,530,464	14,286,866	18,243,598
General expenses	137,699,184	-	137,699,184	102,126,280	35,572,904
Increase in provision for bad & Doubtful Debts	-	-	-	1,931,520	(1,931,520)
<b>Total expenditure</b>	<b>464,171,487</b>	<b>-</b>	<b>464,171,487</b>	<b>304,812,757</b>	<b>159,358,730</b>
<b>Surplus/Deficit for the period</b>	<b>(156,823,987.00)</b>	<b>-</b>	<b>(156,823,987.00)</b>	<b>(12,043,444.00)</b>	<b>-</b>

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**Budget notes**

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

**Rendering of services-** The difference between budgeted amount and actuals is attributable to low uptake of Loans within the financial year. Income from rendering of services accrues mostly from administrative fee charged on loans disbursed at 5%. This income was therefore not attained as loans disbursed were lower than budgeted for.

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

**Compensation of Employees-**The Fund had budgeted for recruitment of staff within the financial year. Approval for the same was however received during the last quarter of financial year hence the differences between the budget and actual expenditure relates to remuneration that had been budgeted for paying new officers.

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

**Remuneration of Directors** – Actual expenditure was slightly higher than budgeted for attributable to special meetings held to conduct recruitment of senior staff to replace those who had exited.

**General expenses** - Actual expenditure was lower than budgeted amount arising from savings realized from austerity measures put in place during the financial year.

**Repairs and Maintenance costs-** Actuals were lower than budgeted for. Some assets budgeted for including motor vehicles were not procured pending approval from treasury hence lowering maintenance costs

**Depreciation and Amortization expense-** Not budgeted for as it is a non-cash outflow item

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

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

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

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

**XVI. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Women Enterprise Fund is a Semi-Autonomous Government Agency under the Ministry of Public Service Youth and Gender Affairs 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 Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

**3. ADOPTION OF NEW AND REVISED STANDARDS**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 33: First time adoption of Accrual Basis IPSAS</b>	<b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period. The entity adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply.
<b>IPSAS 34: Separate Financial Statements</b>	<b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.
<b>IPSAS 35: Consolidated Financial Statements</b>	<b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one

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Standard	Impact
	<p>or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> <li>- Its power over the other entity</li> <li>- Its exposure or rights to variable benefits from involvement with the other entity</li> <li>- Its ability to control the nature, timing and amount of benefits from the other entity.</li> </ul> <p>Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.</p> <p>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p><b>IPSAS 36:</b>            Investments in Associates and Joint Ventures</p>	<p><b>Effective for annual periods beginning on or January 1, 2017</b></p> <p>In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.</p> <p>The entity does not have investments in associates or joint venture and therefore the standard does not apply.</p>
<p><b>IPSAS 37:</b> Joint Arrangements</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b></p> <p>In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.</p> <p>The entity does not have an interest in a joint arrangement and therefore the standard does not apply.</p>
<p><b>IPSAS 38:</b>            Disclosure of Interests in Other Entities</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b></p> <p>In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows.</p> <p>The entity does not have an interest in other entities and therefore the standard does not apply.</p>

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017**

Standard	Effective date and impact:
<p><b>IPSAS 39:</b>            Employee Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2018</b></p> <p>The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.</p>

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

iii. **Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2017.

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) **Revenue recognition**

**Transfers from other government entities**

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

**Revenue from exchange transactions**

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

**Fees, taxes and fines**

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

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

**Rendering of services**

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

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

**Sale of goods**

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

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***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 2016-2017 was approved by the Advisory Board on 25<sup>th</sup> June, 2016. The Budgetary reallocation is amended on the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional allocation of Ksh 100 Million in recurrent on the 2016-2017 budget comparative to the 2015/16 FY following the governing body's approval.

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.

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.

*Deferred tax(Contd)*

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

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the 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 derecognition.

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.

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**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.

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**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
- 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, 2017.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. Public contributions and donations

Description	2016-2017	2015-2016
	KShs	KShs
Donations from ILO	-	6,055,449

The amount received in 2015/16 was for capacity building/training of tots on mentorship programme. The partnership ended in that year

2. Transfers from other governments

Description	2016-2017	2015-2016
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	115,222,500	15,222,500
<b>Total government grants and subsidies</b>	<b>115,222,500</b>	<b>15,222,500</b>

3. Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2015-2016 FY	
				Operational grant KShs	Capital fund. KShs
State Department of Public Service, Youth and Gender Affairs	115,222,500	800,000,000	915,222,500	15,222,500	423,800,000
<b>Total</b>	<b>115,222,500</b>	<b>800,000,000</b>	<b>915,222,500</b>	<b>15,222,500</b>	<b>423,800,000</b>

4. Rendering of services

Description	2016-2017	2015-2016
	KShs	KShs
Fls interest	639,700	2,693,750
Administration fee on CWES loan	109,730,000	113,552,500
Training Fee for C-WES borrowers	5,518,300	7,308,000
Income from sale of Loan Tracker	859,690	818,862
Income from LPO financing	889,820	707,816
Income from women sensitisation	-	565,340
<b>Total revenue from the rendering of services</b>	<b>117,637,510</b>	<b>125,646,268</b>

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5. Finance income - external investments

Description	2016-2017	2015-2016
	KShs	KShs
Interest on Call and fixed deposits Investments	59,899,420	61,788,907.67
<b>Total finance income – external investments</b>	<b>59,899,420</b>	<b>61,788,907.67</b>

6. Other income

Description	2016-2017	2015-2016
	KShs	KShs
Income from Bid Bond , tender documents	9,883	40,866.00
<b>Total other income</b>	<b>9,883</b>	<b>40,866.00</b>

7. Use of Goods and Services

Description	2016-2017	2015-2016
	KShs	KShs
Communication, Supplies and Services	5,684,446	5,724,010
Hospitality Supplies & Services	2,085,040	2,331,898
Office & General Supplies & Services	6,287,805	5,538,621
Refined Fuels and Lubricants	4,364,755	3,270,235
Purchase of small office Furniture & Equipment	10,200	31,200
<b>Total good and services</b>	<b>18,432,245</b>	<b>16,895,963</b>

8. Employee costs

	2016-2017	2015-2016
	KShs	KShs
Salaries and wages	124,773,493	55,570,435
Employee related costs - Gratuity	10,640,350	10,591,175
Social contributions	819,800	864,400
<b>Employee costs</b>	<b>136,233,642</b>	<b>67,026,010</b>

9. Remuneration of directors

Description	2016-2017	2015-2016
	KShs	KShs
Chairman's Honoraria & Board allowances, Conference expenditure	10,486,401	7,040,166
<b>Total director emoluments</b>	<b>10,486,401</b>	<b>7,040,166</b>

10. Depreciation expense

Description	2016-2017	2015-2016
	KShs	KShs
Property, plant and equipment	18,581,350	16,965,556
<b>Total depreciation</b>	<b>18,581,350</b>	<b>16,965,556</b>

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11. Repairs and maintenance

Description	2016-2017	2015-2016
	KShs	KShs
Equipment and machinery	-	37,785
Vehicles	6,942,173	5,011,194
Computers and accessories	7,344,694	12,143,786
<b>Total repairs and maintenance</b>	<b>14,286,866</b>	<b>17,192,765</b>

12. General expenses

Description	2016-2017	2015-2016
	KShs	KShs
Advertising	16,598,549	13,363,663
Travel , Conferences and accommodation	19,110,389	21,142,631
Insurance	7,473,097	8,363,369
Rental	9,856,474	10,894,746
Training ,	45,417,734	110,482,356
Other general Operating Expenses	3,670,038	3,022,495
<b>Total general expenses</b>	<b>102,126,280</b>	<b>167,269,260</b>

13. Impairment loss

Description	2016-2017	2015-2016
	KShs	KShs
Intangible assets	2,734,452	4,600,932
<b>Total Impairment loss</b>	<b>2,734,452</b>	<b>4,600,932</b>

14. Cash and cash equivalents

Description	2016-2017	2015-2016
	KShs	KShs
Current account	27,909,077	33,783,861
On - call deposits	1,239,997,141	609,049,440
Others-Safaricom M-pesa	17,687,174	12,722,118
<b>Total cash and cash equivalents</b>	<b>1,285,593,392</b>	<b>655,555,419</b>

15. (a). Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2016-2017	2015-2016
		KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank			
• Main Account	1109218818	23,281,983	3,325,810
• Collection Account	1111394423	2,831,086	2,151
• Loan Disbursement Account	1157880533	904,401	30,455,900
• Staff Gratuity Account	1150260386	891,607	-

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<b>Sub- total</b>		<b>27,909,077</b>	<b>33,783,861</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		1,239,997,141	609,049,440
<b>Sub- total</b>		<b>1,239,997,141</b>	<b>609,049,440</b>
<b>c) Others</b>			
M pesa		17,687,174	12,722,118
<b>Sub- total</b>		<b>17,687,174</b>	<b>12,722,118</b>
<b>Grand total</b>		<b>1,285,593,392</b>	<b>655,555,419</b>

**16. Receivables from exchange transactions**

Description	2016-2017	2015-2016
	KShs	KShs
<b>Current receivables</b>		
Loans to FI partners	106,618,100	112,766,940
Loans to CWE's	2,167,146,948	1,977,107,861
Interest receivable from FIs	543,450	1,873,000
LPO Loans/Financing	13,593,707	5,302,714
PikiPiki Loan Financing	1,165,725	2,126,445
Interest receivable -Fixed deposit	2,722,544	869,912
Car & Mortgage Scheme	30,000,000	-
Imprests & Advances	1,750,957	6,397,858
<b>Total current receivables</b>	<b>2,323,541,431</b>	<b>2,106,444,731</b>
<b>Total receivables</b>	<b>2,323,541,431</b>	<b>2,106,444,731</b>

**17. Property, plant and equipment**

	Motor vehicles	Furniture and fittings	Computers	Office equipment	Total
Cost	Shs	Shs	Shs	Shs	Shs
At 1 July 2015	23,386,243	7,125,423	13,799,040	3,293,393	47,604,099
Additions	19,403,571	959,376	739,900	-	21,102,847
<b>At 30<sup>th</sup> June 2016</b>	<b>42,789,814</b>	<b>8,084,799</b>	<b>14,538,940</b>	<b>3,293,393</b>	<b>68,706,946</b>
Additions	-	596,931	4,623,996	-	5,220,927
<b>At 30<sup>th</sup> June 2017</b>	<b>42,789,814</b>	<b>8,681,730</b>	<b>19,162,936</b>	<b>3,293,393</b>	<b>73,927,873</b>
<b>Depreciation</b>					
At 1 July 2015	-	3,687,936	4,599,220	2,018,458	10,305,614
Depreciation Charge for the period	10,697,453	1,010,600	4,845,829	411,674	16,965,556
<b>At 30 June 2016</b>	<b>10,697,453</b>	<b>4,698,536</b>	<b>9,445,049</b>	<b>2,430,132</b>	<b>27,271,170</b>
Depreciation	10,697,454	1,085,216	6,387,007	411,674	18,581,350
<b>At 30<sup>th</sup> June 2017</b>	<b>21,394,908</b>	<b>5,783,752</b>	<b>15,832,056</b>	<b>2,841,806</b>	<b>45,852,520</b>
<b>Net book values</b>					
<b>At 30<sup>th</sup> June 2017</b>	<b>21,394,98</b>	<b>2,897,977</b>	<b>3,330,880</b>	<b>451,587</b>	<b>28,075,352</b>
<b>At 30<sup>th</sup> June 2016</b>	<b>32,092,360</b>	<b>3,386,263</b>	<b>5,093,891</b>	<b>863,261</b>	<b>41,435,775</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Intangible assets-software

Description	2016-2017	2015-2016
	KShs	KShs
<b>Cost</b>		
At beginning of the year	25,547,750	21,789,234
Additions	-	3,758,516
At end of the year	25,547,750	25,547,750
<b>Amortization and impairment</b>		
At beginning of the year	21,559,707	16,958,775
Amortization	2,734,452	4,600,932
At end of the year	24,294,159	21,559,707
NBV	1,253,591	3,988,043

19. Trade and other payables from exchange transactions

(a) Trade & Other Payables

Description	2016-2017	2015-2016
	KShs	KShs
Trade payables	3,133,361	2,125,554
Third-party payments-C-WES Cheques	26,762,000	-
<b>Total</b>	<b>29,895,361</b>	<b>2,125,554</b>

19.(b) Staff Gratuity

Staff accrued gratuity	15,310,323	-
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20. Financial Risk Management

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

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

(i) Credit risk

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

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

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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.

	<b>Less than 1 month Kshs</b>	<b>Between 1-3 months Kshs</b>	<b>Over 5 months Kshs</b>	<b>Total Kshs</b>
<b>At 30 June 2017</b>				
Trade payables	3,133,361	-	-	3,133,361
<b>Total</b>	<b>3,133,361</b>	<b>-</b>	<b>-</b>	<b>3,133,361</b>
<b>At 30 June 2016</b>				
Trade payables	2,125,554	-	-	2,125,554
<b>Total</b>	<b>2,125,554</b>	<b>-</b>	<b>-</b>	<b>2,125,554</b>

**Financial Risk Management (Continued)**

**(iii) Market risk**

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

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

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

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

**Capital Risk Management**

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

	2016-2017	2015-2016
	Kshs	Kshs
Revaluation reserve	27,224,393	27,224,393
Retained earnings	508,678,738	520,274,020
Capital reserve	3,057,800,000	2,257,800,000
<b>Total funds</b>	<b>3,593,703,131</b>	<b>2,805,298,414</b>

**21. 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 Affairs. 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**

	2017 Kshs	2016 Kshs
Transfers from related parties'	915,222,500	815,222,500
Transfers to related parties	-	-

**22. Contingent assets and contingent liabilities**

Contingent liabilities	2016-2017 Kshs	2015-2016 Kshs
Industrial Court case no. 967 of 2016 Faustine Egesa against the Fund	8,221,764	8,221,764
Industrial Case no. 526 of 2016 Isaac Gakua Mwangi against the Fund	653,000	653,000

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<b>Total</b>	<b>8,874,764</b>	<b>8,874,764</b>
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**23. Events after the reporting period**

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

**24. 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 Affairs. Its ultimate parent is the Government of Kenya.

**25. Currency**

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

**XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal Point	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Board Expenses	Kshs.1,340,000 paid to board members as sitting allowance when undertaking routine operational roles of approving loans Lak of a board Calendar	During the period under review, as a strategy to reduce the turnaround time of loan applications, the Advisory Board mandated the Loans committee to be sitting on a monthly basis to consider and approve loan requests.	CEO/Advisory Board	Not Resolved	30.06.2018
Receivables from Exchange Transactions	Non-performing loans from financial intermediary partners totaling Kshs.88,000,000 Fraudulent loans amounting to Ksh 9.4 million	Appropriate action to recover the lost funds has been taken against the officers implicated with fraudulent activities in both Kisumu and Kwanza who were suspended pending court determination of criminal cases against them. concerted efforts have been put in place including to ensure full payments of these amounts	Raphael Kimolo-Credit Manager	Not Resolved	30.06.2018
Gratuity Fund	An amount of Kshs.25,251,035 relating to gratuity due to staff not properly disclosed in the FS	Gratuity costs/expenses expensed in the financial statements during the year for which they accrue. The account is a holding account and payments are made to staff after the expiry of their three year contracts. The liability has been created and properly disclosed in the subsequent reporting	Paul Wangai-Finance & Admin Manager	Resolved	30.06.2017
LPO Financing	Failure to recover Kshs.1,355,000 in respect of LPO loans within the	Aggressive efforts to recover these overdue amounts have been introduced netting Kshs.302, 000 from 5	Raphael Kimolo-Credit Manager	Not Resolved	30.06.2018

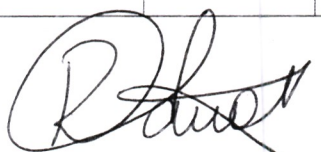
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Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal Point	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	stipulated period has not been explained.	defaulting client. The defaulters have been listed with the Credit Reference Bureau and intensified physical follow up with defaulters is on-going. It is anticipated that these strategies will push them to re-pay.			
<b>Bank Balance</b>	Bank reconciliation statement as at 30 <sup>th</sup> June 2016 for the Fund's Kenya Commercial Bank Limited, Moi Avenue Branch, loan disbursement account reflects payments amounting to Kshs.2,126,500 that have not been captured in the cash book.	The payments in the bank statement not yet recorded in cash book were C-Wes bankers cheques whose Payee details were not properly narrated by the bank as per debit transactions in the statements. The bank availed the payee details/proper narrations and the entries cleared from the bank reconciliation.	Paul Wangai- Finance & Admin Manager	Resolved	30.06.2017
<b>Other Matter - Financial Performance</b>	Deficit of Kshs.97,050,501 reported during the year. The management has indicated that it is lobbying the National Treasury to get more money to meet the Fund's operations which has not been addressed to date.	Our engagement with our Parent Ministry and National Treasury is bearing fruits. In the FY 2016/2017 the recurrent budget was scaled up to Ksh 115.2 million. A similar amount has been allocated for the next financial year (2017/2018). As a result the deficit has reduced to Ksh 11,598,395 in FY 2016/17.	Paul Wangai- Finance & Admin Manager	Not Resolved	30.06.2019



Director/Chief Executive

Date: 22.01.18



Chairman of the Board

Date: 22.01.18

XVIII. Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

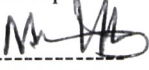
There were no projects implemented by the SAGA Funded by development partners

XIX. Appendix 2: INTER-ENTITY TRANSFERS

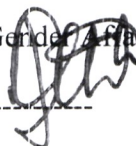
ENTITY NAME:			
<b>Break down of Transfers from the State Department of Gender</b>			
<b>FY 16/17</b>			
a.	Recurrent Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>FY to which the amounts relate</u>
		12 <sup>th</sup> October, 2016	28,805,625
		22 <sup>nd</sup> November, 2016	28,805,625
		23 <sup>rd</sup> February, 2017	28,805,625
		23 <sup>rd</sup> June, 2017	28,805,625
		<b>Total</b>	<b>115,222,500</b>
b.	Development Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>FY to which the amounts relate</u>
		11 <sup>th</sup> October, 2016	80,750,000
		9 <sup>th</sup> November, 2016	238,500,000
		9 <sup>th</sup> November, 2016	80,750,000
		20 <sup>th</sup> April, 2017	200,000,000
		15 <sup>th</sup> May, 2017	119,250,000
		15 <sup>th</sup> May, 2017	80,750,000
		<b>Total</b>	<b>800,000,000</b>

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

Finance Manager  
 Women Enterprise Fund

Sign 

Head of Accounting Unit  
 Ministry of Public Service, Youth & Gender Affairs

Sign 

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

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Capital Statement of Changes in Net Assets	Total Transfers during the Year
Ministry of Public Service Youth and Gender Affairs	Various –see appendix ii above	Recurrent	115,222,500	115,222,500	-	115,222,500
Ministry of Public Service Youth and Gender Affairs	Various –see appendix ii above	Development			800,000,000	800,000,000
<b>Total</b>			<b>115,222,500</b>	<b>115,222,500</b>	<b>800,000,000</b>	<b>915,222,500</b>