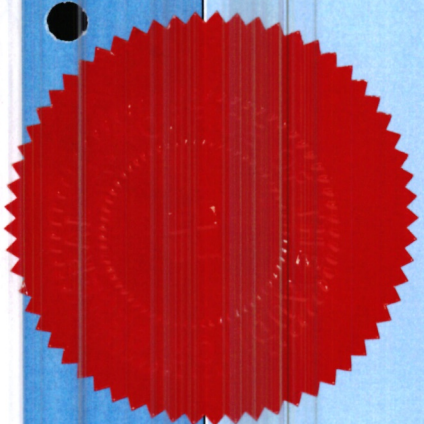


PARLIAMENT  
OF KENYA  
LIBRARY

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

RECEIVED  
05 MAR 2019  
CLERK'S OFFICE

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 07 MAR 2019	DAY: THURSDAY
TABLED BY:	Hon. Aden Duale
CLERK-AT THE-TABLE:	Moses Lemuna

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
WOMEN ENTERPRISE FUND

FOR THE YEAR ENDED  
30 JUNE 2018



---

**WOMEN ENTERPRISE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2018**

---

**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, 2018**

Table of Content

Page

I.	KEY INFORMATION AND MANAGEMENT .....	1
II.	THE BOARD OF DIRECTORS .....	5
III.	MANAGEMENT TEAM.....	7
IV.	CHAIRMAN'S STATEMENT .....	11
V.	REPORT OF THE CHIEF EXECUTIVE OFFICER.....	12
VI.	CORPORATE GOVERNANCE STATEMENT .....	13
VII.	MANAGEMENT DISCUSSION AND ANALYSIS.....	15
VIII.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING ....	19
IX.	REPORT OF THE DIRECTORS .....	21
X.	STATEMENT OF DIRECTORS' RESPONSIBILITIES .....	22
XI.	REPORT OF THE INDEPENDENT AUDITORS ON THE WOMEN ENTERPRISE FUND.....	23
XII.	STATEMENT OF FINANCIAL PERFORMANCE.....	24
XII.	STATEMENT OF FINANCIAL POSITION.....	25
XIII.	STATEMENT OF CHANGES IN NET ASSETS.....	26
XIV.	STATEMENT OF CASH FLOWS .....	27
XV.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	28
XVI.	NOTES TO THE FINANCIAL STATEMENTS .....	30
XVII.	PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS .....	47
XVIII.	Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY .....	49
XIX.	Appendix 2: INTER-ENTITY TRANSFERS.....	49
XX.	Appendix 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES .....	50

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

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

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

The Fund is a Semi-Autonomous Government Agency under the Ministry of Public Service, Youth and Gender 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.	Manager, Credit	Raphael Kimolo
iv.	Manager, Audit & Risk	Patrick Kirui
v.	Deputy Manager – ICT	Virginia Ndungu
vi.	Dep. Manager- Finance & Admin.	Felix Mushila
vii.	Manager, Marketing, Research & Communication	Ruth Randa
viii.	Asst. Manager-Legal	Mary Anne Ngoima
ix.	Ag. Manager, M&E	Carilus Okoth
x.	Dep. Manager-HRM &T	Sammy Maiyo

**(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, Robert Otieno, 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.

- 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 Eliana Shiroko. 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 Francisca Auma (Chair) Clare, Felister Kivisi, Mary Kabaruru and Eliana Shiroko, 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




**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

**II. THE BOARD OF DIRECTORS**




*Note – The term of the Advisory board expired during the financial year in April 2018. The Board Members who served during the financial year under review up to April 2018 are as listed below;*

 <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. 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>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>
 <p>Ms Clare Lai</p>	<p>Advocate, and Managing Partner - LAI &amp; Associates Advocates</p>
 <p>Ms Felister Kivisi Representative of PS Treasury</p>	<p><b>National Treasury</b></p> <p><b>Experience-</b> over twenty years in Public Debt Management. Senior Assistant Director in the Public Debt Management Office in the National Treasury.</p> <p><b>Qualifications-</b> MA- International Relations-from The University of Leeds, BA. Government and French-from The University of Nairobi.</p>




**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

Ms. Francisca Auma	Specialist in Social Policy Research, Development management and Donor Funding – Kakamega and UK
	<p><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></p> <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>
<p>Ms Eliana Shiroko Chief Economist/State Department of Planning and Statistics</p>	
	<p><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>
<p>Eng. Charles Mwirigi Chief Executive/ Director</p>	
	<p>Bachelor of Laws (LLB) Post Graduate Diploma in Law (Dip-KSL) Certified Public Secretary (CPS-K) Member – LSK and ICPSK</p>
<p><b>Mary Anne Ngoima</b> <b>Assistant Manager - Legal</b> <b>Affairs</b> Company secretary</p>	




**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>Raphael Ndambuki Kimolo</b> <b>Credit Manager</b> Over 10 years’ experience in Credit Management. Master of Science in Entrepreneurship and Innovations Management, Bachelor of Science degree in Applied Statistics, Certificate in Auditing Risk Management</p>	<ul style="list-style-type: none"> <li>• Formulation and implementation of lending policies, procedures and practices.</li> <li>• Coordination of all activities in relation to lending.</li> <li>• Growth of quality loan book.</li> <li>• Preparation of timely reports on the performance of the loan book.</li> <li>• Customer &amp; stakeholder relationship management.</li> <li>• Development and review of evaluation criteria of lending proposals. Staff management, including target setting, performance evaluation, mentoring, training and development of staff in the department.</li> </ul>
 <p><b>CPA Paul Wangai</b> <b>Finance &amp; Administration Manager</b></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</li> </ul>

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

<p>Over 15 years' experience in both the private and public sector MBA (Finance); B.Com (Accounting); Certified Public Accountant, CPA (K), Certified Financial and Investment Analyst, (CIFA).Member: ICPA(K), ICIFA</p>	<p>accommodation and equipment, customer care services, registry services, transport services, security and records management;</p>
 <p><b>CPA Patrick K. Kurui</b> <b>Audit &amp; Risk Manager</b> Over 12 years' experience in Internal Audit both in the private and public sector, MBA (Finance); B.A (Econs); Certified Public Accountant, CPA (K) Member: IIA,ICPA(K)</p>	<ul style="list-style-type: none"> <li>• Review of evidence for purpose of providing an independent assessment on Risk Management, Control and Governance process.</li> <li>• Special Assignments including investigations and recommending controls to mitigate risks.</li> <li>• Keep the Board and Risk Committee informed on emerging trends and successful practices in Internal Auditing and Risk Management.</li> </ul>
 <p><b>Virginia Ndungu</b> <b>Deputy Manager, ICT</b> M.Sc (Information Systems), B.Sc (Mathematics), (MCSE,MCT) Member –Computer Society of Kenya</p>	<ul style="list-style-type: none"> <li>• Formulate, implement and monitor ICT policies, strategies, standards and programmes in the Fund.</li> <li>• Implement, maintain and enhance ICT systems.</li> <li>• Management and coordination of the ICT department and supervision of ICT staff</li> <li>• Safeguard the integrity of the organization's data.</li> <li>• Manage usage of ICT resources to ensure effectiveness and efficiency</li> </ul>
 <p><b>CPA Felix Mushila</b> <b>Dep. Manager Finance &amp; Administration</b> Over 12 years' experience in Accounting &amp; Financial Management in both private and public sector. MBA (Finance); B. Commerce (Accounting), Certified Public Accountant, CPA (K) Member: ICPA(K)</p>	<ul style="list-style-type: none"> <li>• Formulation and interpretation of financial policies, strategies and programmes</li> <li>• Effective co-ordination of resource allocation as per the Fund's policies, budgets formulation and budgetary control</li> <li>• Effective administration of the Fund's assets</li> </ul>

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

 <p><b>Ruth Randa</b> <b>Marketing, Research &amp; Communication Manager:</b> MBA (Strategic Management), BCOM (Marketing), IHRM. Member – MSK and PRSK</p>	<ul style="list-style-type: none"> <li>• Marketing &amp; communication capacity building across the organization,</li> <li>• Market support &amp; linkages, Partnership and Resource mobilization,</li> <li>• Brand &amp; Reputation management, Media liaison &amp; monitoring, Event management</li> </ul>
 <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>Sammy Maiyo</b> <b>Deputy Manager, Human Resource Management &amp; Training</b></p> <p>Over 11 years' experience in managing human capital Master's Degree in Commerce (International Business), Bachelor of Commerce in Human Resource Management, Higher Diploma in Human Resources and a Diploma in Industrial Relations. Member - Institute of Human Resources Management, Kenya.</p>	<ul style="list-style-type: none"> <li>• Custodian of approved human resource documents including the Organization Structure, Career Progression Guidelines, Staff Allowances, Establishment &amp; Human Resources Policy Manual.</li> <li>• Leads in the Development of staff benefits and rewards framework for the Fund to attract and retain talent.</li> <li>• Manages the recruitment and Selection process in the organization to ensure timely filling of vacant positions within the approved establishment.</li> <li>• Oversee the implementation of Quality Management Systems in the division as well as mainstreaming of the Risk Management process in the human resource department.</li> <li>• Maintains Employee relations within the Fund for harmonious work relations</li> </ul>

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**



**Carilus Okoth**

**Ag. Manager, Monitoring & Evaluation**

Manager, Monitoring & Evaluation

Over 12 years experience in both private and public sectors.

MBA (Strategic Management),  
BSc. (Appropriate Technology), CCA,  
M&E Certificate, Member- ESK, SLDP,  
ERM, Fellow- AAFM,  
EPC/JICA/USIAD (ToT) on SME Export  
Development, ITC/ILO (ToT) on Women  
Entrepreneurship, Blue Ocean Leadership

- Monitoring and evaluation of the Fund's interventions.
- Responsible for capacity building activities for the women entrepreneurs.
- Responsible for coordinating the formulation, implementation, and evaluation of the Fund's Strategic Plan.
- Conduct regular surveys to test effectiveness and quality of interventions/results

**IV. CHAIRMAN'S STATEMENT**

**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 2017/2018 Financial Year. The Highlights of the Financial Performance are:

i. Total income generated (Revenue from Exchange transactions) is reported at **Ksh 204,678,155** compared to **Ksh 177,546,812** reported the previous year signifying a 15.3 percentage increase in revenue stream. The revenue is composed of the following;

a) Administration fee on CWES loan	108,297,500
b) Finance Income	90,448,578
c) Training Fee for C-WES borrowers	4,345,400
d) Income from sale of Loan Tracker	794,700
e) Income from LPO financing	777,339
f) Other Incomes-	14,638
<b>Total</b>	<b>204,678,155</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 557.5 Million** was received in respect of Development Exchequer (Funds for Lending) down from the previous financial year's allocation of **Ksh 800 Million**.

iv. The Expenses charged to the Fund stood at **Ksh 376,454,998** composed of operation costs and Personnel emoluments as highlighted below;

a) Staff & Volunteer Costs	Ksh 182,443,959
b) Expenditure on the Fund's mandates & administration costs	Ksh 165,422,841
c) Depreciation, Impairment losses & Prov. for bad debts	Ksh 28,588,198

v. CWES loans worth **Kshs.2,165,950,000** against annual approved budget Kshs.2.5Billion were disbursed for 9,483 Self Help Groups to benefit 115,262 beneficiaries; translating to 87% approved budget absorption and 108% achievement against the Ministry Performance Contract of Kshs.2.0Billion. The Fund approved the highest amount of CWES loans in June, 2018 i.e. Kshs 463.95Million to 1,792 women groups.

vi. The operational deficit for the period stood at **Ksh 56,554,343** while the Fund value grew to **Ksh 4,094,453,739** compared to **Ksh 3,593,258,082** as at June, 2017. The growth in value is attributable to the Development Exchequer received during the period.



**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 2017-2018 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

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

---

operations of the Fund by taking part in the various activities organised by the Fund including field visits and regular training.

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 below highlights performance of the Fund for the financial year ended 30<sup>th</sup> June 2018 in respect of the mandates.

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

- i. CWES loans worth Kshs.2,165,950,000 against annual approved budget Kshs.2.5Billion were disbursed for 9,483 Self Help Groups to benefit 115,262 beneficiaries; translating to 87% approved budget absorption and 108% achievement against the Ministry Performance Contract of Kshs.2.0Billion. The Fund approved the highest amount of CWES loans in June, 2018 i.e. Kshs 463.95Million to 1,792 women groups.
- ii. CWES loan repayment rate stands at 94%.
- iii. Performance under the LPO financing product was:
  - a. Kshs.15,546,780 was disbursed against an annual target of Kshs.30Million; representing 52% absorption of the approved budget.
  - b. Kshs.14,867,124 was paid back from LPO lending.
- iv. The Fund facilitated approval of SACCO lending as follows:
  - Kshs 33Million approved on 20.11.2017 (Kshs 10.5Million will be disbursed to three (3) SACCOs which have perfected their securities i.e. Bondo Teachers SACCO, Nakuru North Women SACCO and Tai SACCO).
  - Kshs 49.5Million approved on 22.06.2018; offer letters issued to respective SACCOs and funds to be disbursed within FY 2018/19.
- v. Kshs. 28.5Million was collected as principal payments by defaulting FIs
- vi. Bid bonds worth Kshs. 1,413,718 were issued to eleven (11) clients.
- vii. Earned income during the period under review totalled Kshs. 114,439,577 made of:
  - a. 5% administration fee on CWES loan yielded Kshs.108,297,500
  - b. 5% administration fee on LPOs disbursements yielded Kshs.777,339.
  - c. 1% commission on Bid bonds issued yielded Kshs.14,638.
  - d. Training Fee on approved CWES loans was Kshs.4,345,400.
  - e. Loan Tracker/Booklet Fee on approved CWES loans was Kshs.794,700.

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

- i. Trained (Capacity building of) 125,644 beneficiaries across the 290 Constituencies. Revised the entrepreneurship training manual.
- ii. Trained 8, 280 women entrepreneurs in collaboration with the Ministry of Agriculture, Livestock and Fisheries on value addition targeting three of the Big Four agenda i.e. food security and nutrition, manufacturing, and affordable housing (the main focus was on agro processing) in all the 47 Counties.
- iii. Trained **2,976** women on online marketing, product certification, and formation of Business Clubs. As a result, **21** products are undergoing the certification process to assist the groups access markets, **12** business were formed and **9** exchange programs facilitated for networking in various parts of the country.
- iv. Participated in **5** trade fairs and other public forums: Mombasa & Nairobi International ASK shows, Nyeri, Kitale & Embu National ASK Shows and **46** women groups were facilitated to exhibit at the shows. Also **22** women groups have been facilitated to participate in various exhibitions; Kakamega County Economic Summit, 16 Days of Activism, Day of the Girl Child, WEF SACCO launch event, International Women's Day, and CSW in New York, as well International Widows Day that was successfully held in Nairobi region as the Lake Turkana Festival held in Marsabit.
- v. Facilitated **106** stakeholder meetings in collaboration with Affirmative Funds and local administration to sensitize the public on the Fund's products and services as well as develop relationships that would aid in loan uptake and recoveries.
- vi. Facilitated public awareness campaigns through **7** regional radio stations targeting **22** counties to sensitize the public on the Funds products and services, eligibility criteria and loan repayment procedures. The Fund's social media platform was continuously updated leading to increased interaction between the Fund and the Public
- vii. Participated in **2** expert awareness training in Marsabit and Makueni counties participation on the inclusivity and public participation in kilifi county that was jointly organized by Sauti ya Wanawake Pwani in partnership with Action Aid on 20<sup>TH</sup> June 2018

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

---

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

- i. Repaired and extended the Local Area Network (LAN) at Head office to improve communication and data flow in head office, and to minimize downtime caused by network breakdown
- ii. Organised training for 13 new staff in Br.Net.
- iii. Migrated BR.Net application onto a new server in order to achieve separation of key systems for optimum access and usage, and to improve the availability and accessibility of the service across the Fund.
- iv. Installed a Server Room UPS to minimize adverse effects of power interruptions
- v. Installed a Firewall device that is helpful in managing the internet bandwidth usage within the Fund. The department is now able to better to optimize the core business operations across the Fund, and to reduce instances of cyber-attacks.
- vi. Procured additional computing devices (desktops and laptops) for staff, to replace the old and obsolete in order to ensure efficiency in operations.
- vii. Visited 8 regional offices for onsite ICT Support in order to reduce downtime caused by breakdown in ICT infrastructure across the Fund.
- viii. Configured the 8 new regional offices to be ICT-Ready and operational, by providing ICT equipment (desktop computers, 8 printers and VOIP telephones), configured a Local Area Network (LAN) in each office and connected 7 out of 8 offices to the WEF Domain. The ICT team also configured Fund systems; BR.Net, staff email, and VOIP telephone systems in the new offices.
- ix. BR.Net Support-
  - Configured, tested and commissioned the Sacco Product in BR.Net
  - As a result of the formation of new regions, the department did a re-distribution of the loan portfolio in BR.Net across the 16 regions, so that each region can henceforth manage their loan portfolio.
  - Streamlined the User Rights Matrix in BR.Net as so as to enforce the segregation of duties in the lending process as guided by the Deloitte Audit report, which will ensure that system controls are tightened thereby minimizing cases of fraud within the Fund.
- x. Loan repayment via M-pesa has been streamlined to ensure the following:
  - Payments are only received from customers who indicate correct accounts numbers. This is to ensure that all money received from customers is posted into the correct customer accounts, to prevent money going into suspense account.
  - Payments are automatically posted into the BR.Net system, thereby avoiding any manual data entry. This ensures that customer statements are up-to-date at all times.
  - Configuration of SMS such that an SMS is automatically sent out whenever a customer makes a payment via WEF paybill, thereby ensuring customer comfort.

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

- i. M&E framework was approved and adopted to streamline monitoring and evaluation. Further, M&E manual, framework, and tools for measurements and evaluations have been developed
- ii. Evaluated the implementation of the 2013-2017) Strategic Plan.
- iii. Formulation of the 3rd Strategic Plan (2017-2022) is at an advanced stage. The draft document is in place.
- iv. Two data quality surveys have been conducted and reports done.

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

---

- v. Impact assessment on partnerships concluded.
- vi. Conducted Training Needs Assessment for customers.
- vii. Conducted Training of Trainers for 310 staff.
- viii. Compiled the Training Needs Analysis and implemented the training calendar for 2017/2018 for the Fund for the FY 2017/2018. A total of 47 training programs were undertaken. Six managers also attended Senior Leadership Development Program and Senior Management Courses respectively.
- ix. Concluded Credit Risk Management training for all the Constituency Volunteer Officers undertaken by the consultant in September 2017
- x. Concluded procurement of new staff medical cover and GPA (CIC General Insurance) for the financial year 2017/2018.
  - Concluded recruitment exercise for the following vacant positions; Assistant Manager, Finance & Administration -1 position
  - Assistant Manager, HRM & Training – 1 position
  - Credit Officers – 16 positions
  - Personal Secretary – 1 position
- xi. Inducted 69 Field Officers and 19 new Staff members respectively in October, December and June 2018 respectively
- xii. Implemented new job grading structure and staff salaries in line with SRC job evaluation recommendations in December 2017
- xiii. Coordinated country wide half year regional reviews in January & February 2018 to discuss progress of regions performance and mitigating measures and close the gaps
- xiv. Facilitated Team Building exercise for all secretariat staff in March 2018 in Mombasa
- xv. Facilitated recruitment of 45 constituency field officers during the year under review
- xvi. Implemented new job grading structure and staff salaries in line with SRC job evaluation recommendations in December 2017
- xvii. Facilitated NACC and NCPWD to sensitize staff during induction on HIV/AIDs and issues touching on persons living with disabilities in June 2018
- xviii. Advertised for 25 internship positions for recruitment in May 2018. Interviews were completed and interns reported in July 2018
- xix. Three secretariat staff resigned in the course of the year i.e.
  - Assistant Manager, Supply Chain Management
  - Assistant Manager, Marketing, Resource Mobilization
  - Credit Officer
- xx. Thirty five constituency field officers exited the Fund on various grounds ranging from resignations, fraud and poor performance.
- xxi. The Fund lost one secretariat staff through a road accident in May 2018

## **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.

In FY 2017/2018, the Fund focused on environmental protection in collaboration with the other Affirmative Funds and Huduma Kenya. This activity was carried out in Kwale County, Mpirani Primary School. The activity was combined with Huduma Mashinani, and activity aimed to bring government services closer to the people.



**Citizens' queuing at the Huduma Kenya desk for Huduma services and information.**

The Principal Secretary, State Department of Gender, was accompanied by CEOs of the Affirmative Funds and Local Provincial administration in the tree planting exercise which was celebrated across the country.



**PS State Department of Gender Affairs Hon. Safina Kwekwe plants a tree at Mpirani Primary School Grounds.**



**The PS State Department of Gender Affairs, Hon. Safina Kwekwe presented a cheque to Kwale county Group beneficiaries. Looking on is Women Enterprise Fund CEO Eng. Charles Mwirigi.**

**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, 2018 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, 2018 are set out on page 24-53

**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:.....

**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

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-Mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



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 2018

#### REPORT ON THE FINANCIAL STATEMENTS

##### Qualified Opinion

I have audited the accompanying financial statements of Women Enterprise Fund set out on pages 24 to 50, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows, and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of 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 2018, 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.

##### Basis for Qualified Opinion

###### 1.0 Receivables from Exchange Transactions

###### 1.1 Loss of Funds

The receivables from exchange transactions balance of Kshs.2,832,405,516 in the statement of financial position includes an amount of Kshs.24,625,450 due from nineteen (19) constituencies but claimed to have been misappropriated by the employees. Further, the amount includes Kshs.21,170,000 due from twenty constituencies misappropriated by employees in previous financial years. No provision had however, been made in the financial statements in respect of the above losses nor any recoveries made as at 30 June 2018.

###### 1.2 Non-performing Financial Intermediaries Loans

The receivables from exchange transactions balance of Kshs.2,832,404,516 in the statement of financial position as at 30 June 2018 includes non-performing loans totalling Kshs.83,248,508 due from financial intermediary partners. Any provision that would have been necessary in relation to this had not been incorporated in the financial statements.

*Report of the Auditor-General on the Financial Statements of the Women Enterprise Fund for the year ended 30 June 2018*

### **1.3 Doubtful Recovery of LPO Financing and CWEs Loans**

The receivables from exchange transactions balance of Kshs.2,832,405,516 further includes loans relating to LPO Financing of Kshs.11,386,677 which were due but not paid as at 30 June 2018. This amount has however increased from Kshs.7,440,277 reported in 2016/2017 financial year. Also included in the receivables from exchange transactions balance of Kshs.2,836,891,724 is an amount of Kshs.855,933,915 due from Constituency Women Enterprise scheme (CWEs) which had been outstanding for more than one year and out of which an amount of Kshs.61,796,082 had zero repayments amounts during the year under review. Recoverability of these loans is doubtful since they had 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, the provision made of 1% for all loans to recognize the inherent credit risk appears to be inadequate to cover any potentially irrecoverable amounts and contrary to the WEF Credit Policy and Guidelines.

### **1.4 Outstanding Imprests and Advances**

The receivables from exchange transactions balance of Kshs.2,832,405,516 includes a balance of outstanding imprests of Kshs.508,240 and advances of Kshs.1,244,434. Outstanding imprests of Kshs.368,700 ought to have been surrendered or otherwise accounted for on or before 30 June 2018 in accordance with Section 93 of the Public Finance Management (National Government) Regulations, 2015 and the accounting officer had not recovered the outstanding imprest from the defaulting officers' salaries with an interest, therefore, breaching the regulations on imprests.

Also, included in the advances balance of Kshs.1,244,434 includes an amount of Kshs.98,000 outstanding from officers who had left the Fund making recovery of the outstanding amounts doubtful. No explanation was provided for these anomalies.

In view of the foregoing, the accuracy, completeness and full recoverability of the balance of Kshs.2,832,405,516 under receivable from exchange transactions as at 30 June 2018 could not be confirmed.

## **2.0 Employee Costs**

The statement of financial performance reflects an amount of Kshs.182,443,959 in respect of employee costs. This includes an expenditure on acting allowances amounting of Kshs.424,035 paid to two (2) officers who were appointed on acting capacity on 1 December 2015 for a renewable period of six (6) months. These officers however acted for more than six months contrary to Human Resource Policies and Procedures Manual and Women Enterprise Fund Human Resource Policy.

## **4 Employee Benefit Obligation Gratuity**

The employee benefit obligation/gratuity liability of Kshs.24,751,873 as reflected in the statement of financial position. However, the opening balance of Kshs.15,310,323 was not supported. As a consequence, the accuracy of the closing balance of gratuity liability amounting to Kshs.24,751,873 as at 30 June 2018 could not be ascertained.

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 opinion.

### **Key Audit Matter**

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

### **Other Matters**

#### **1. Financial Performance**

The Fund's financial performance continued to deteriorate during the year from a loss of Kshs.12,043,444 in 2016/2017 to a loss of Kshs.56,554,343 in 2017/2018. The accumulated surplus for the Fund continued to be depleted having decreased from Kshs.508,233,689 in 2016/2017 to Kshs.451,679,346 in 2017/2018. Although the management has indicated that it is engaging with the parent Ministry and the National Treasury for funding of the Fund's operations, this has not yielded any results to date.

#### **2. Use of invalid documents from suppliers during procurement process**

The Fund paid a supplier an amount of Kshs.311,568 for supply and delivery of goods. Examination of attached documents in support of the payment revealed that the supplier had a certificate of registration dated 30 December 2013 and the same expired on 30 December 2015. It has not been explained how a firm with an expired registration certificate was included in the list of pre-qualified firms and contracted to supply.

Consequently, the validity of this expenditure could not be confirmed.

#### **3. Undisclosed Pending Bill on Insurance**

Examination of records held by the Fund showed a payment of Kshs.214,868 to an insurance service provider, on behalf of the Fund's staff. Review of the invoices in support of the expenditure showed that some staff received medical services in the financial year 2014/2015. This insurance bill was not included in the list of outstanding accounts payables for the previous financial years. This is contrary to the accrual basis of recognition and accounting for prior period adjustments.

#### **4. Progress on follow up of auditor recommendations for the financial year 2016/2017**

The following issues raised in the audit report for the financial year 2016/2017 were yet to be resolved:

#### **4.1 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.10,486,400 included 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 included an amount of Kshs.1,107,200 paid to non-board members as sitting allowance for being in attendance of various board committee meetings.

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.

#### **4.2 Receivables from Exchange Transactions**

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

The receivables from exchange transactions balance of Kshs.2,323,541,431 included an amount of Kshs.21,170,000 due from twenty constituencies but claimed to have been misappropriated by the employees. The amount also included 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 had 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 included 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 included 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 was clearly doubtful, no provision were 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 included 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.

### **4.3 Payables and Accruals**

Payables and accruals' balance of Kshs.29,895,361 included 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.

### **4.4 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 2016/2017, 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 had 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.

#### **4.5 Communication Supplies and Service**

The communication supplies and services expense as disclosed in Note 7 to the financial statements of Kshs.5,684,446 included 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 2016/2017. No explanation has been provided for the non-compliance.

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

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

#### **Responsibilities of Management and Those Charged with Governance**

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

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.

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

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

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

### **Auditor-General's Responsibilities for the Audit 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution.

My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

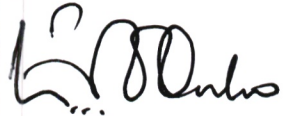
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the 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 ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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**

**21 February 2019**

**XII. STATEMENT OF FINANCIAL PERFORMANCE  
 FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments – gifts and services-in-kind	1	115,222,500	115,222,500
		<b>115,222,500</b>	<b>115,222,500</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	3	114,214,939	117,637,510
Finance income – Interest on Fixed deposits investments	4	90,448,578	59,899,420
Other income	5	14,638	9,883
<b>Sub-Total</b>		<b>204,678,155</b>	<b>177,546,813</b>
<b>Total revenue</b>		<b>319,900,655</b>	<b>292,769,313</b>
<b>Expenses</b>			
Use of goods and services	6	22,662,742	18,432,245
Employee costs	7	182,443,959	136,233,642
Remuneration of directors	8	3,631,730	10,486,401
Depreciation and amortization expense	9	22,504,221	18,581,350
Repairs and maintenance	10	15,083,642	14,286,866
General expenses	11	124,349,797	102,126,280
Increase/ (Decrease) in provision for bad & Doubtful Debts	9	4,525,316	1,931,520
<b>Total expenses</b>		<b>375,201,407</b>	<b>302,078,305</b>
<b>Other gains/(losses)</b>			
Impairment loss	12	1,253,591	2,734,452
<b>Deficit for the period</b>		<b>(56,554,343)</b>	<b>(12,043,444)</b>
Deficit attributable to owners of the controlling entity		<b>(56,554,343)</b>	<b>(12,043,444)</b>

The notes set out on pages 30 to 53 form an integral part of these Financial Statements

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

**XII. STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2018**

	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13,14	1,257,935,912	1,285,593,392
Receivables from exchange transactions	15	2,832,405,516	2,323,541,431
		<b>4,090,341,428</b>	<b>3,609,134,823</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	32,538,107	28,075,352
Investments		-	-
Intangible assets	17	-	1,253,591
		<b>32,538,107</b>	<b>29,328,943</b>
<b>Total assets</b>		<b>4,122,879,535</b>	<b>3,638,463,766</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	18 (a)	3,673,923	29,895,361
Employee benefit obligation/Gratuity	18 (b)	24,751,873	15,310,323
<b>Total liabilities</b>		<b>28,425,796</b>	<b>45,205,684</b>
<b>Net assets</b>		<b>4,094,453,739</b>	<b>3,593,258,082</b>
Reserves		3,642,774,393	3,085,024,393
Accumulated surplus		451,679,346	508,233,689
<b>Total net assets and liabilities</b>		<b>4,094,453,739</b>	<b>3,593,258,082</b>

The Financial Statements set out on pages 24 to 28 were signed on behalf of the Board of Directors by:



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



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

**Chairperson of the Board**  
**Name:**

Date 23/01/2019

Date 23.01.2019

Date-----

**XIII. STATEMENT OF CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED 30 JUNE 2018**

Attributable to the owners of the controlling entity					
	Note	Reserves		Accumulated surplus	Total
		Capital replacement development reserve/Capital Reserve	Revaluation Reserve		
		Kshs	Kshs	Kshs	Kshs
<b>Balance as at 1st July, 2016</b>		2,257,800,000	27,224,393	520,274,020	2,805,301,526
Surplus/(deficit) for the period		-	-	(12,043,444)	(12,043,444)
Grants received during the year	3	800,000,000			800,000,000
Revaluation gain		-	-	-	-
<b>Balance as at 30th June, 2017</b>		<b>3,057,800,000</b>	<b>27,224,393</b>	<b>508,233,689</b>	<b>3,593,258,082</b>
<b>Balance as at 1st July, 2017</b>		<b>3,057,800,000</b>	<b>27,224,393</b>	<b>508,233,689</b>	<b>3,593,258,082</b>
Surplus for the period		-	-	(56,554,343)	(56,554,343)
Grants received during the year	3	557,750,000	-	-	557,750,000
<b>Balance as at 30th June, 2018</b>	<b>20</b>	<b>3,615,550,000</b>	<b>27,224,393</b>	<b>451,679,346</b>	<b>4,094,453,739</b>

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

		<b>2017-2018</b>	<b>2016-2017</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
Surplus / (deficit) for the year/period		(56,554,343)	(12,043,444)
<b>Adjustments for:</b>			
Depreciation & Provision for Doubtful Debts	9	27,029,537	18,581,350
Impairment	12	1,253,591	2,734,452
Operating profit before working capital changes		(28,271,215)	9,272,358
(Increase)/ Decrease in trade and other receivables		(475,676,637)	(217,096,700)
Increase/ (Decrease) in trade and other payables	18 (a)	(26,221,438)	43,080,130
<b>Net cash flows from operating activities</b>		<b>(558,440,505)</b>	<b>(164,744,212)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, intangible assets equipment and	16	(26,966,975)	(5,220,927)
<b>Net cash flows used in investing activities</b>		<b>(26,966,975)</b>	<b>(5,220,927)</b>
<b>Cash flows from financing activities</b>			
Capitalization from exchequer receipts	2	557,750,000	800,000,000
<b>Net cash flows used in financing activities</b>		<b>557,750,000</b>	<b>800,000,000</b>
Net increase/(decrease) in cash and cash equivalents		(27,657,480)	630,037,973
Cash and cash equivalents at 1 JULY	13	<b>1,285,593,392</b>	<b>655,555,419</b>
<b>Cash and cash equivalents at 30 JUNE</b>	<b>13</b>	<b>1,257,935,912</b>	<b>1,285,593,392</b>

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

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Government grants/Exchequer receipts	115,222,500	-	115,222,500	115,222,500	-
Rendering of services	142,150,000	-	142,150,000	114,214,939	(27,935,061)
Finance Income	33,750,000	-	33,750,000	90,448,578	56,698,578
Other Income	500,000	-	500,000	14,638	(485,362)
<b>Total income</b>	<b>291,622,500</b>	<b>-</b>	<b>291,622,500</b>	<b>319,900,655</b>	<b>28,278,155</b>
<b>Expenses</b>					
Compensation of employees	291,691,677	-	291,691,677	182,443,959	(109,247,718)
Goods and services	26,543,680	-	26,543,680	22,662,742	(3,880,938)
Remuneration of directors	8,640,000	-	8,640,000	3,631,730	(5,008,270)
Depreciation and amortization expense	-	-	0	22,504,221	22,504,221
Impairment loss /Amortization of Intangible assets costs	-	-	0	1,253,591	1,253,591
Repairs and maintenance	24,717,156	-	24,717,156	15,083,642	(9,633,514)
General expenses	122,144,732	-	122,144,732	124,349,797	2,205,065
Increase in provision for bad & Doubtful Debts	-	-	0	4,525,316	4,525,316
<b>Total expenditure</b>	<b>473,737,245</b>	<b>-</b>	<b>473,737,245</b>	<b>376,454,998</b>	<b>(97,282,247)</b>
<b>Surplus/Deficit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>376,454,998</b>	<b>(97,282,247)</b>
	<b>182,114,744.96</b>	<b>-</b>	<b>182,114,744.96</b>	<b>(56,554,343)</b>	

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

---

**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 reduction in lending as a result of budgetary cuts by the exchequer 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.

Overall budget on revenue collection was realized.

**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 Advertising Agency.

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

**General expenses** - Actual expenditure was higher than budgeted amount arising from operationalization of new offices and hiring of new staff hence increasing expenses.

**Repairs and Maintenance costs-** Actuals were lower than budgeted for. Some assets budgeted for 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 financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Women Enterprise Fund's accounting policies.

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

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

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

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018**

Standard	Impact
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2018</b> 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.

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 40: Public Sector Combinations</b>	<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.

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

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 40: Public Sector Combinations</b>	<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.

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

---

***Rendering of services***

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

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

***Sale of goods***

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

***Interest income***

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

**b) Budget information**

The original budget for the Fund for the FY 2017-2018 was approved by the Advisory Board. The Budgetary reallocation is amended on the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget.

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

**c) Taxes**

***Current income tax***

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

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

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

---

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 reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

***Deferred tax***

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

***Sales tax***

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

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

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

**d) Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

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

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

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

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

**f) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

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

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

**g) Research and development costs**

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

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

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

---

- 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.

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

---

**Loans and borrowing**

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

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

**i) Inventories**

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

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

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

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

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

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

**j) Provisions**

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

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

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

**Contingent liabilities**

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

**Contingent assets**

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

**Women Enterprise Fund**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

---

reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**k) Nature and purpose of reserves**

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

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits**

**Retirement benefit plans**

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

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

**n) Foreign currency transactions**

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

**o) Borrowing costs**

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

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

**p) Related parties**

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

**q) Service concession arrangements**

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

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Fund's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods

**Estimates and assumptions**

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

**Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- 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

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

**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, 2018.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**1. Transfers from other governments**

Description	2017-2018	2016-2017
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	115,222,500	115,222,500
<b>Total government grants and subsidies</b>	<b>115,222,500</b>	<b>115,222,500</b>

**2. 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	2016-2017 FY	
				Operational grant KShs	Capital fund. KShs
State Department of Public Service, Youth and Gender Affairs	115,222,500	557,750,000	672,972,500	115,222,500	800,000,000
<b>Total</b>	<b>115,222,500</b>	<b>557,750,000</b>	<b>672,972,500</b>	<b>115,222,500</b>	<b>800,000,000</b>

**3. Rendering of services**

Description	2017-2018	2016-2017
	KShs	KShs
FIs interest	-	639,700
Administration fee on CWEs loan	108,297,500	109,730,000
Training Fee for C-WES borrowers	4,345,400	5,518,300
Income from sale of Loan Tracker booklets	794,700	859,690
Income from LPO financing	777,339	889,820
Income from women sensitisation		-
<b>Total revenue from the rendering of services</b>	<b>114,214,939</b>	<b>117,637,510</b>

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

**4. Finance income - external investments**

Description	2017-2018	2016-2017
	KShs	KShs
Interest on Call and fixed deposits Investments	90,448,578	59,899,420
<b>Total finance income – external investments</b>	<b>90,448,578</b>	<b>59,899,420</b>

**5. Other income**

Description	2017-2018	2016-2017
	KShs	KShs
Income from Bid Bond , tender documents	14,638	9,883
<b>Total other income</b>	<b>14,638</b>	<b>9,883</b>

**6. Use of Goods and Services**

Description	2017-2018	2016-2017
	KShs	KShs
Communication, other Supplies and Services	11,507,139	5,684,446
Hospitality Supplies & Services	1,936,339	2,085,040
Office & General Supplies & Services	5,346,863	6,287,805
Refined Fuels and Lubricants	3,872,402	4,364,755
Purchase of small office Furniture & Equipment	-	10,200
<b>Total good and services</b>	<b>22,662,742</b>	<b>18,432,245</b>

**7. Employee costs**

	2017-2018	2016-2017
	KShs	KShs
Salaries and wages	174,921,658	124,773,493
Employee related costs - Gratuity	6,670,301	10,640,350
Social contributions	852,000	819,800
<b>Employee costs</b>	<b>182,443,959</b>	<b>136,233,642</b>

**8. Remuneration of directors**

Description	2017-2018	2016-2017
	KShs	KShs
Chairman's Honoraria & Board allowances, Conference expenditure	3,631,730	10,486,401
<b>Total director emoluments</b>	<b>3,631,730</b>	<b>10,486,401</b>

**Women Enterprise Fund**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**9. Depreciation expense, Provisions for Doubtful Debts**

Description	2017-2018	2016-2017
	KShs	KShs
Property, plant and equipment	22,504,221	18,581,350
<b>Total depreciation</b>	<b>22,504,221</b>	<b>18,581,350</b>
<b>Provision for Bad Debts</b>		
Loans to Financial Intermediaries	832,845	1,076,951
Loans for - C-WES & SACCO	26,645,025	21,890,373
LPO Loans/Financing	149,798	137,310
Pikipiki loans	14,057	11,775
<b>Totals Provision for Bad Debts</b>	<b>27,641,724</b>	<b>23,116,409</b>
<b>Increase in prov for Bad Debts</b>	<b>4,525,316</b>	<b>1,931,520</b>

**10. Repairs and maintenance**

Description	2017-2018	2016-2017
	KShs	KShs
Furniture and Fittings	1,337,498	-
Vehicles	4,609,056	6,942,173
Computers and accessories	9,137,088	7,344,694
<b>Total repairs and maintenance</b>	<b>15,083,642</b>	<b>14,286,866</b>

**11. General expenses**

Description	2017-2018	2016-2017
	KShs	KShs
Advertising	15,485,945	16,598,549
Travel, Conferences and accommodation	27,117,902	19,110,389
Insurance	14,723,187	7,473,097
Rental	15,305,228	9,856,474
Training	45,869,159	45,417,734
Other general Operating Expenses	5,848,376	3,670,038
<b>Total General Expenses</b>	<b>124,349,797</b>	<b>102,126,280</b>

**12. Impairment loss**

Description	2017-2018	2016-2017
	KShs	KShs
Intangible assets	1,253,591	2,734,452
<b>Total Impairment loss</b>	<b>1,253,591</b>	<b>2,734,452</b>

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

**13. Cash and cash equivalents**

Description	2017-2018	2016-2017
	KShs	KShs
Current account	172,580,664	27,909,077
On - call deposits	1,077,155,524	1,239,997,141
Others-Safaricom M-pesa	8,199,724	17,687,174
<b>Total cash and cash equivalents</b>	<b>1,257,935,912</b>	<b>1,285,593,392</b>

**14. (a). Detailed analysis of the cash and cash equivalents**

Financial institution	Account number	2017-2018	2016-2017
		KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank			
• Main Account	1109218818	3,582,317	23,281,983
• Collection Account	1111394423	3,564,226	2,831,086
• Loan Disbursement Account	1157880533	163,873,530	904,401
• Staff Gratuity Account	1150260386	1,560,591	891,607
<b>Sub- total</b>		<b>172,580,664</b>	<b>27,909,077</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank			
<b>Sub- total</b>		<b>1,077,155,524</b>	<b>1,239,997,141</b>
<b>c) Others</b>			
M pesa		8,199,724	17,687,174
<b>Sub- total</b>		<b>8,199,724</b>	<b>17,687,174</b>
<b>Grand total</b>		<b>1,257,935,912</b>	<b>1,285,593,392</b>

**15. Receivables from exchange transactions**

Description	2017-2018	2016-2017
	KShs	KShs
Loans to FI partners	82,451,663	106,618,100
Loans to CWES's	2,637,857,456	2,167,146,948
Interest receivable from FI,s	244,450	543,450
Sacco Loans	5,500,000	-
LPO Loans/Financing	14,829,979	13,593,707
PikiPiki Loan Financing	1,391,604	1,165,725
Interest receivable -Fixed deposit	783,749	2,722,544
Car & Mortgage Scheme	87,593,941	30,000,000
Imprests & Advances	1,752,674	1,750,957
<b>Total current receivables</b>	<b>2,832,405,516</b>	<b>2,323,541,431</b>

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

**16. Property, plant and equipment**

	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers</b>	<b>Office Equipment</b>	<b>Total</b>
<b>Cost</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>
<b>At 30th 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>
Additions	18,342,450.00	2,135,875.00	6,355,850.00	132,800.00	26,966,975
<b>At 30th June 2018</b>	<b>61,132,264</b>	<b>10,817,605</b>	<b>25,518,786</b>	<b>3,426,193</b>	<b>100,894,848</b>
<b>Depreciation</b>					
<b>At 30th 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>
Depreciation Charge for the period	12,225,991	1,352,201	8,497,756	428,274	22,504,221
<b>At 30 June 2018</b>	<b>33,620,899</b>	<b>7,135,953</b>	<b>24,329,812</b>	<b>3,270,080</b>	<b>68,356,741</b>
<b>Net book values</b>					
<b>At 30th June 2018</b>	<b>27,511,365</b>	<b>3,681,652</b>	<b>1,188,974</b>	<b>156,113</b>	<b>32,538,107</b>
<b>At 30th 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>

**17. Intangible assets-software**

<b>Description</b>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>KShs</b>	<b>KShs</b>
<b>Cost</b>		
<b>At beginning of the year</b>	<b>25,547,750</b>	<b>25,547,750</b>
Additions	-	-
<b>At end of the year</b>	<b>25,547,750</b>	<b>25,547,750</b>
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	<b>24,294,159</b>	<b>21,559,707</b>
Amortization	1,253,591	2,734,452
<b>At end of the year</b>	<b>25,547,750</b>	<b>24,294,159</b>
<b>NBV</b>	<b>-</b>	<b>1,253,591</b>

**18. Trade and other payables from exchange transactions**

**(a) Trade & Other Payables**

<b>Description</b>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	3,673,923	3,133,361
Third-party payments-C-WES Cheques	-	26,762,000
<b>Total</b>	<b>3,673,923</b>	<b>29,895,361</b>

**(b) Staff Gratuity**

Staff accrued gratuity	24,751,873	15,310,323
------------------------	------------	------------

## **19. 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.

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.

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2018</b>				
Trade payables	8,267,761	-	-	8,267,761
<b>Total</b>	<b>8,267,761</b>	<b>-</b>	<b>-</b>	<b>8,267,761</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>

**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.

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:

	2017-2018	2016-2017
	Kshs	Kshs
Revaluation reserve	27,224,393	27,224,393
Retained earnings	451,573,716	508,678,738
Capital reserve	3,615,550,000	3,057,800,000
<b>Total funds</b>	<b>4,094,348,109</b>	<b>3,593,703,131</b>

**20. 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

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

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**

	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers from related parties'	672,972,500	915,222,500
Transfers to related parties	-	-

**21. Contingent assets and contingent liabilities**

<b>Contingent liabilities</b>	<b>2017- 2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
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
<b>Total</b>	<b>8,874,764</b>	<b>8,874,764</b>

**22. Events after the reporting period**

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

**23. Ultimate and Holding Entity**

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

**24. Currency**

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

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

**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)
<b>Board Expenses</b>	Kshs.1,340,000 paid to board members as sitting allowance when undertaking routine operational roles of approving loans	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	Resolved-The board delegated the monthly loan committees meetings to management-Refer to board expenditure for the year	30.06.2018
<b>Receivables from Exchange Transactions</b>	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	Partly Resolved-A total of <b>Ksh 10,881,757</b> paid from the defaulting Institutions during the year	30.06.2019
<b>LPO Financing</b>	Failure to recover Kshs.1,355,000 in respect of LPO loans within the stipulated period has not been explained.	Aggressive efforts to recover these overdue amounts have been introduced netting Kshs.302, 000 from 5 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 repay.	Raphael Kimolo-Credit Manager	Partly Resolved- A total of <b>Ksh 2,658,574</b> recovered from the defaulting firms during the period.	30.06.2019

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

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)
<b>Other Matter - Financial Performance</b>	Deficit of Kshs. 12,043,444 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 2017/2018 the recurrent budget was scaled up to Ksh 210 million. Which has been allocated for FY 2018/19	Paul Wangai Finance & Admin Manager	Resolved- Approved recurrent budget raised to Ksh 206 million.	30.06.2018



.....  
**Director/Chief Executive**

Date 23/01/2019 .....

.....  
**Chairman of the Board**

Date.....

**Women Enterprise Fund  
Reports and Financial Statements  
For the year ended June 30, 2018**

**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**

<b>ENTITY NAME:</b>			
<b>Break down of Transfers from the State Department of Gender</b>			
<b>FY 17/18</b>			
<b>a.</b>	<b>Recurrent Grants</b>		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>FY to which the amounts relate</u>
		26 <sup>th</sup> September ,2017	28,805,625
		22 <sup>nd</sup> January, 2018	28,805,625
		02 <sup>nd</sup> May ,2018	28,805,625
		30 <sup>th</sup> June , 2018	28,805,625
		<b>Total</b>	<b>115,222,500</b>
<b>b.</b>	<b>Development Grants</b>		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>FY to which the amounts relate</u>
		11 <sup>th</sup> April,2018	119,250,000
		11 <sup>th</sup> April,2018	80,750,000
		17 <sup>th</sup> May,2018	119,250,000
		11 <sup>th</sup> June, 2018	238,500,00
		<b>Total</b>	<b>557,750,000</b>

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

Finance Manager  
Women Enterprise Fund

Sign

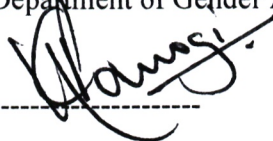


Date

23.01.2019

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

Sign



Date

23.1.19

**Women Enterprise Fund  
Reports and Financial Statements  
for the year ended June 30, 2018**

**X. 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 Fund-	Total Transfers
					Statement of Changes in Net Assets	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			557,750,000	557,750,000
<b>Total</b>			<b>115,222,500</b>	<b>115,222,500</b>	<b>557,750,000</b>	<b>672,972,500</b>