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OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
WOMEN ENTERPRISE FUND**

**FOR THE YEAR ENDED  
30 JUNE 2016**

**MINISTRY OF DEVOLUTION AND PLANNING**

**WOMEN ENTERPRISE FUND  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**



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**WOMEN ENTERPRISE FUND  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2016**

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

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**WOMEN ENTERPRISE FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

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**WOMEN ENTERPRISE FUND**  
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**I. KEY FUND INFORMATION AND MANAGEMENT**

**(a) Background information**

Women Enterprise Fund is a Semi-Autonomous Government Agency under the Ministry of Devolution and Planning established in August 2007, to provide accessible and affordable credit to support women start and/or expand business for wealth and employment creation.

**(b) Principal Activities**

The Fund's mandates as stipulated in the Legal Notice No.147 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. decent market spaces or business incubators.

**(c) Key Management**

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

- Fund Administrator-Principal Secretary, Ministry of Public Service, Youth & Gender Affairs-State Department of Gender Affairs
- Advisory Board
- A Secretariat headed by a Chief Executive Officer
- Constituency based field officers

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2016 and who had direct fiduciary responsibility were:

<b>No</b>	<b>Designation</b>	<b>Name</b>
1.	Chief Executive/Director	Charles Mwirigi
2.	Manager, Finance & Administration	Paul Wangai
3.	Ag. Manager, Credit	Claire Nyabere
4.	Manager, Audit & Risk	Lydia Alum
5.	Deputy Manager, ICT	Nancy Kaburu
6.	Manager, Marketing Research & Communication	Ruth Randa

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During the year, the Finance & Administration Manager Ms Faustine Egesa left the Fund and was replaced by Paul Wangai on an acting capacity.

### **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 Elizabeth Mayieka as Chair, John Owuor, Clara Momanyi, Mary Kabar, Gloria Ndekei, Mussolini Kithome and Francisca Auma 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 (Chair) as Chair, Mary Kabar, Elizabeth Mayieka, Patricia Adala, Gloria Ndekei, and Mussolini Kithome. 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; Patricia Adala as Chair, John Owuor, Eunice Kigen, Clare Barua, Francisca Auma, Bonventure Achonga and Mary Kabaru. Their principle responsibilities include:

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

The committee holds meetings every quarter or as need arises.

**iv. Audit and Risk Committee activities**

The members who served in the Audit and Risk Committee are Robert Otieno as the Chair, Clara Momanyi, Eunice Kigen, John Owuor, Clare Barua and Elizabeth Mayieka. 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.

**(e) Fund Headquarters**

P.O. Box 17126 - 00100  
NSSF Building/ Block A Eastern Wing 11<sup>th</sup> Floor  
Bishops Road  
Nairobi, KENYA

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**(f) 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](https://twitter.com/wef_kenya)  
Face book: women enterprise fund  
YouTube: wef kenya

**(g) Fund Bankers**

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





**(h) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30081  
GPO- 00100  
Nairobi, Kenya

**(i) Principal Legal Adviser**

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



**II. THE MEMBERS OF THE ADVISORY BOARD**

Board Members photo and name.	Board Members key qualifications and work experience.
 <p>Mrs. Mumina G. Bonaya <b>Chairperson</b></p>	<p><b>Experience:</b> Researcher and Climate change Adaptation consultant. Currently consulting for International Institute for Environment and Development (IIED).</p> <p><b>Qualifications:</b> M.A Gender and Development Studies, B.A. Sociology, Language and Communication.</p>
 <p>Prof. Clara Momanyi</p>	<p>Researcher on Women and Gender Issues, education, Culture &amp; social networks and professor of Kiswahili. Currently she is a lecturer at Catholic University of Eastern Africa, Nairobi</p>
 <p>Ms. Gloria Ndekei (OGW)</p>	<p><b>Experience:</b> Over 20 years working with women economic empowerment programmes, 9 years with the International Labour Organisation (ILO). Internationally accredited master trainer in ILO training tools: EYB, WEA &amp; GETAHEAD. Trustee of KEPSA Foundation, Chair of KEPSA Gender Sector Board</p> <p><b>Qualifications:</b> B.A Social Work &amp; Certified as a Gender audit facilitator, Gender &amp; Trade, Turin Italy</p>
 <p>Mr. Robert Otieno</p>	<p><b>Experience:</b> Over 10 years experience in the Banking Industry with special focus on market and liquidity risk management. Currently Head of Market and Liquidity Risk at Barclays Bank Kenya</p> <p><b>Qualifications:</b> Bachelor of Science (Actuarial Science), Certified ACI Dealer</p>
 <p>Ms. Eunice Kigen</p>	<p><b>Experience:</b> 14 years in Public Finance Management. Currently working at National Treasury- Public Sector Budgeting.</p> <p><b>Qualifications:</b> MBA, B Com (Accounting), CPA (K)</p>



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 Ms. Elizabeth Mayieka	<p><b>Experience:</b> National Secretary, Maendeleo Ya Wanawake.  <b>Qualifications:</b> Marketing and entrepreneurship. Member Business &amp; Profession Women and COMESA Women In Business.</p>
 Mr. John Owuor	<p><b>Experience:</b> over 20 years in policy, planning and budgeting in the public sector. Deputy Chief Economist/Statistician - Ministry of Devolution and Planning.  <b>Qualifications:</b> MSc - Nutrition Policy and Planning, B. Ed (Science)</p>
 Ms. Mary Kabaru	<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.  <b>Qualifications:</b> MA- Gender and Development, BA - Sociology and Literature, PGD-Corruption Studies.</p>
 Mr. Achonga Bonventure Okomoli	<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)  <b>Qualifications:</b> Masters of Science in Agricultural Economics; BSC Agric. Economics.</p>
 Ms Claire Barua	<p>Advocate, and Managing Partner - LAI &amp; Associates Advocates</p>
<p>Dr. Mussolini Kithome</p>	<p>Has 25 years of technical and managerial experience, managing agriculture, natural resources, environment, humanitarian, and micro-enterprise development programs at the local, national and regional level, with a view to contributing to viable safety nets, hunger and poverty alleviation, economic enhancement and community empowerment.</p>
<p>Ms. Francisca Auma</p>	<p>Specialist in Social Policy Research, Development management and Donor Funding – Kakamega and UK</p>

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 <p>Ms Felister Kivisi</p>	<p><b>National Treasury</b>  <b>Experience-</b> over twenty years in Public Debt Management. Senior Assistant Director in the Public Debt Management Office in the National Treasury.  <b>Qualifications-</b> MA- International Relations-from The University of Leeds, BA. Government and French-from The University of Nairobi.</p>
 <p><b>Eng. Charles Mwirigi</b>  <b>Ag. Chief Executive/ Director</b></p>	<p><b>Experience:</b> Over 20 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, Fellow of the American Academy of Financial Management (FAAM)</p>

**III. MANAGEMENT TEAM**

Name, and key profession/academic qualifications	Main area of responsibility
 <p><b>Eng. Charles Mwirigi</b>  <b>Ag. Chief Executive/ Director</b>  <b>Experience:</b> Over 20 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, Fellow of the American Academy of Financial Management (FAAM)</p>	<ul style="list-style-type: none"> <li>• Responsible for the day to day running of the Fund under the direction and guidance of the Advisory Board.</li> <li>• Facilitate the preparation and implementation of annual work plans, procurement plans, budgets, Performance contract, goals and objectives.</li> <li>• Ensure maintenance of effective internal / external controls so as to safeguard the Fund's assets and oversee financial audit processes as required.</li> <li>• Responsible for providing leadership in the development, execution and achievement of the Fund's strategic objectives.</li> <li>• Build effective relationships with the Board, government, regulators, partners and other stakeholders.</li> </ul>
 <p><b>CPA Paul Wangai</b>  <b>Ag. 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> </ul>

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	<ul style="list-style-type: none"> <li>• Coordination and management of office accommodation and equipment, customer care services, registry services, transport services, security and records management;</li> </ul>
 <p><b>Ms Lydia Alum</b>  <b>Manager Audit &amp; Risk.</b>  <b>Experience:</b> Over 15 years in Private Sector. <b>Qualifications:</b> MBA–Finance, B Com - Accounting &amp; Business Administration. Member ACCA UK and ICPAK.</p>	<ul style="list-style-type: none"> <li>• Objective examination of evidence for purpose of providing an independent assessment on risk management, control, or governance processes.</li> </ul>
 <p><b>Ms. Nancy W. Kaburu</b>  <b>Deputy Manager Information Communication Technology-ICT.</b>  <b>Experience:</b> Over 10 years in Public and Private Sector. <b>Qualifications:</b> MBA - Strategic Management, BSc- Computer Science. Member CSK and ISACA.</p>	<ul style="list-style-type: none"> <li>• ICT Policy &amp; Strategy development and implementation</li> <li>• Automation of core services</li> <li>• Data management services</li> <li>• Technical support services</li> </ul>
 <p><b>Millicent Shitakha</b>  <b>Ag. Marketing, Research &amp; Communication Manager</b></p>	<ul style="list-style-type: none"> <li>• Support and facilitate local and international marketing of goods and services.</li> <li>• Support and facilitate linkages between women owned enterprises and big companies.</li> <li>• Support and facilitate development of infrastructure beneficial to women entrepreneurs.</li> <li>• Development of market led products.</li> </ul>
 <p><b>Carilus Okoth</b>  <b>Ag. Manager, Monitoring &amp; Evaluation</b></p>	<ul style="list-style-type: none"> <li>• Responsible for the measurement, monitoring and evaluation of all projects and programmes undertaken by the Agency.</li> <li>• Ensuring consistency in the objectives and success indicators of programmes Spearhead the development and timely delivery of relevant reports against outcomes.</li> </ul>

#### **IV. CHAIRPERSON'S STATEMENT**

##### **Introduction**

It is my pleasure to present to you 2015/16 Financial Statements. Expectations have remained high with increased interest among our target market in the Funds product offering. This year saw the highest amount of loans disbursed and the highest number of beneficiaries since inception. A total of amount of over 2.2 billion in loans was disbursed in the 290 constituencies across the Country.

##### **Overall performance**

The Fund recorded the highest levels in terms of loan disbursement and repayment/ loan recoveries since its creation. A total of Ksh. 2.276 billion was loaned to 178,334 clients throughout the 290 constituencies. On the other hand, Ksh 1.73 billion was collected in form of loan recoveries thereby ensuring that the funds were revolved to borrowers on a timely basis. The C-WES loan repayment rate remained steady at 90%. Internally generated revenues grew by an impressive 39% from Ksh. 134.7 million to Ksh.187.4 million. Arising from high demand for the loan products, the board has continuously approved increased lending to groups. The total net assets increased from Ksh. 2.476 billion to Ksh.2.805 billion.

##### **Review of Operations**

The review of operations provides information on the Funds operations during the year. We were able to disburse loans amounting to Ksh. 2.276 billion through the Constituency Women Enterprise Scheme (CWES) channel while Ksh 1.73 billion was collected in form of loan recoveries.

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

The Advisory Board has continued to discharge its duties diligently through various board committees. During the year, two members joined the Board. These were Bonventure Achonga and Felister Kivisi. While those who left during the year were Eunice Kigen, Elizabeth Mayieka. The new directors bring in additional skills and wealth of experience that will further strengthen the Board.

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

The Fund's strategy as outlined in the 2013/17 Strategic Plan is to ensure long term sustainability of the Fund. This will be realized through taking advantage of the emerging opportunities in the country by working closely with like-minded partners, the Ministry of Public Service, Youth and Gender Affairs in order to achieve the objectives laid out in the Strategic Plan, the Sustainable Development goals no. 3, 5 and 8 and the 2nd Medium Term Plan of 2013-2017. We will therefore continue to expand our product and Services offering

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to ensure our target customers are satisfied and that the Fund remains sustainable in the Medium and long term.

**Appreciation**

I would like to thank all our stakeholders who have made this possible, notably the Government through the Ministry of Public Service, Youth and Gender Affairs and the National Treasury for continuing to provide grants for loans, my fellow directors for their continued support and wise counsel, our customers for being faithful and paying their loans on time, our partners for having supported us in various aspects, the Management and staff and all who played a part in one way or another in enabling us fulfill our mandates.



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**Mumina G. Bonaya**

**Chairperson**

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**V. REPORT OF THE CHIEF EXECUTIVE OFFICER**

I am delighted to present to you a review of the Women Enterprise Fund's performance and operations for 2015/2016 Financial Year. The Highlights of the Financial Performance are:

Total income generated stood at Ksh 187,476,042

- a. Administration Fee on C-WES (Tuinuke) Loans Ksh 113,552,500
- b. Interest on Short Term Deposits Ksh 60,646,481
- c. Interest earned on loans to Financial Intermediaries Ksh 2,693,750
- d. Training Fee on borrowers Ksh 7,308,000
- e. Others Ksh 3,275,311
- ii. Recurrent Exchequer (income from non-exchange transactions) Ksh.15,222,500
- iii. Development exchequer (Amount received for lending) was Ksh.423,800,000
- iv. The Expenses charged to the Fund stood at Ksh 305,804,493 broken down as follows:
  - a. Staff/Volunteer's Costs Ksh 143,280,218
  - b. Administration/Operating Expenses Ksh 162,524,275
- v. A total of Ksh 2,271,050,000 was disbursed as Tuinuke (C-WES) loans while Ksh 14,156,323 was disbursed in respect of LPO financing.
- vi. A total of Ksh 1,728,829,878 was received as loan repayments from the borrowers as follows:
  - a. Financial Intermediaries Ksh 167,973,500
  - b. C-WES (Tuinuke Loans) Ksh 1,548,785,135
  - c. LPO Financing Ksh 12,071,243
- vii. The operational deficit for the year stood at Ksh.97,050,501. The value of the Fund however, grew from Ksh. 2,476,371,358 in June, 2015 to Ksh. 2,805,298,414 in June, 2016. This is attributable to the development exchequer of Ksh 423.8 million received during the year.

## **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.

### **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 and the wider community.

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 members are provided with complete and timely information to enable them to discharge their responsibilities effectively. The members are encouraged to develop their knowledge of the operations of the Fund by taking part in the various activities organised by the Fund including field visits and regular training.

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.

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**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 CEO and has six departments namely: Finance & Administration, Credit, Human Resource & Training, ICT, Marketing & Resource Mobilisation and Audit & Risk. Each of the departments is headed by a manager.

**VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

Women Enterprise Fund exists to enhance economic empowerment of women and women owned enterprises.

Being a Kenya Vision 2030 flagship project, the Fund recognizes the importance of giving back to the community within which it operates. This was previously achieved through support of Corporate Social Responsibility (CSR) activities as was guided by the Fund's CSR policy. During the year, the Advisory board resolved that in order to achieve a more desirable impact, the Fund implements a Corporate Social Investment (CSI) policy which would afford the Fund the much needed visibility. Implementation of the CSI will be done in the financial year 2016/2017.

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**VIII. REPORT OF THE ADVISORY BOARD**

The Advisory Board submit their report together with the unaudited financial statements for the year ended June 30, 2016 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, 2016 are set out on page 1-16

**Advisory Board**

The members of the Advisory Board who served during the year are shown on page (vi). 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, 2003 which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board



\_\_\_\_\_  
Chairperson,  
Advisory Board

Date:.....28.02.2017.....

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**IX. STATEMENT OF THE ACCOUNTING OFFICER'S/ADMINISTRATOR OF THE FUND RESPONSIBILITY**

Section 81, 82 and 84 of the Public Finance Management Act, 2012 require the Accounting Officer and the administrators of National Public Funds to prepare financial statements in respect of the Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year and the operating results of the Fund for that year. The Accounting Officer is also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Accounting Officer is also responsible for safeguarding the assets of the Fund.

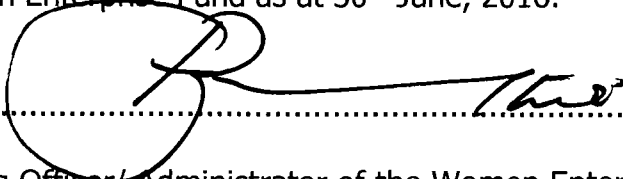
The Accounting Officer is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2016. This responsibility includes: (i) maintaining adequate 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 Fund; (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.

I 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 of 2012 and the State Corporations Act.

I am 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, 2016, and of the Fund's financial position as at that date. I 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 my attention to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

I am of the opinion that the attached Financial Statements present fairly the financial state of the Women Enterprise Fund as at 30<sup>th</sup> June, 2016.



Accounting Officer/Administrator of the Women Enterprise Fund



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON WOMEN ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE 2016 – MINISTRY OF DEVOLUTION AND PLANNING

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Women Enterprise Fund set out on pages 1 to 15, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### Management's Responsibility for the Financial Statements

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

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

#### Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

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*Report of the Auditor-General on the Financial Statements of Women Enterprise Fund for the year ended 30 June 2016*

the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

## **Basis for Qualified Opinion**

### **1. Board Expenses**

The board expenses of Kshs.7,040,166 for the year ended 30 June 2016 includes an amount of Kshs.1,340,000 paid to board members as sitting allowance when undertaking routine operational roles of approving loans. Further, the board members did not have a calendar for meetings and held eleven (11) full board meetings and twenty eight (28) committee meetings during the financial year 2015/2016 contrary to State Corporation Act Cap 446 Section 8 which recommends four meetings and a minimum of three for every financial year.

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

(i) The receivables from exchange transactions balance of Kshs.2,106,444,731 includes amounts of Kshs.3,100,000 and Kshs.6,300,000 receivable from Kwanza constituency and Kisumu County respectively that were fraudulently appropriated by employees during the year under review. No provision has been made, however, in the financial statements in respect of the loss.

(ii) The receivables from exchange transactions balance of Kshs.2,106,444,731 also includes non-performing loans from financial intermediary partners totalling Kshs.88,000,000. Any provision that would have been necessary in relation to this uncertainty has not been incorporated in the financial statements.

### **3. Gratuity Fund**

The Fund operates a gratuity fund that is fully funded on a monthly basis by payments made by management to the fund at a rate of 31% of the basic pay. The gratuity fund is operated outside the accounting records of the entity and other than monthly transfers to the fund, all other transactions in respect of the gratuity fund cannot be ascertained. In addition, the adequacy of the balance held in this fund disclosed as Kshs.25,251,035 under Note 2(j) to the financial statements cannot be confirmed because the corresponding liability has not been disclosed.

### **4. LPO Loan Financing**

The LPO Loans/financing receivables reflected under Note 21 to the financial statements totalling Kshs.5,302,714 includes an amount of Kshs.1,355,000 in respect of clients that have had no movement for over seven months. The non-recovery of the short term financing within the stipulated period has not been explained.

## **5. Bank Balance**

Bank reconciliation statement as at 30 June 2016 for the Fund's Kenya Commercial Bank Limited, Moi Avenue Branch, loan disbursement account reflects payments amounting to Kshs.2,126,500 that have not been captured in the cash book. No explanation has been provided for delay in capturing these transactions in the cash book.

### **Qualified Opinion**

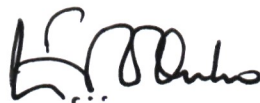
In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Women Enterprise Fund as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Legal Notice No.147 of 2004.

### **Other Matter**

#### **Financial Performance**

During the year, the Fund's financial performance continued to deteriorate as it made a loss of Kshs.97,050,501(2014/2015 - Kshs.80,429,401) which reduced its accumulated fund surplus from Kshs.617,324,522 as at 30 June 2015 to Kshs.520,274,021 as at 30 June 2016. 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.

My opinion is not qualified in respect of this matter.



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

**Nairobi**

**19 April 2017**

**WOMEN ENTERPRISE FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

**I. STATEMENT OF FINANCIAL PERFORMANCE**

I. STATEMENT OF FINANCIAL PERFORMANCE			
For the Year ended 30th June, 2016			
	Note	2015-2016 Kshs	2014-2015 Kshs
<b>Revenue from non-exchange transactions</b>			
Recurrent Exchequer	5	15,222,500	15,112,500
Donations	14	6,055,449	3,798,496
<b>Revenue from exchange transactions</b>			
FIs interest	2,12	2,693,750	6,575,675
Administration fee on CWEs loan	2,6	113,552,500	80,000,000
Interest on call deposits	13	60,646,481	34,389,806
Interest Income-Current account		1,142,427	401,115
Training Fee for C-WES borrowers	7	7,308,000	8,025,100
Income from sale of Loan Tracker		818,862	853,908
Income from LPO financing		707,816	259,060
Income from women sensitisation		565,340	305,750
Other Incomes-, Bid Bond, tender documents	14	40,866	96,730
<b>Total Revenue</b>		<b>208,753,991</b>	<b>149,818,139</b>
<b>Expenses</b>			
Employee costs	15	67,026,010	70,367,010
Communication, Supplies and Services		5,724,010	5,512,421
Domestic Travel, Subsistence & Accommodation	8	19,891,085	13,119,723
Foreign Travel & Subsistence & Accommodation		1,251,546	1,066,351
Printing, Advertising & information supplies & Services	9	13,363,663	13,404,331
Rental of Produced Assets		10,894,746	9,066,430
Training Expenses (Including volunteer facilitation)	10	110,482,356	64,994,690
Hospitality Supplies & Services		2,331,898	2,365,714
Insurance costs		8,363,369	8,065,940
Board Allowances, Committees Conferences & Seminars		7,040,166	6,476,115
Office & General Supplies & Services		5,538,621	3,605,856
Refined Fuels and Lubricants		3,270,235	3,769,216
Purchase of small office Furniture & Equipments		31,200	31,525
Repairs and maintenance	16	17,192,765	14,224,934
General expenses/Other Operating Expenses		3,022,495	1,066,846
Depreciation expense	17,22	16,965,556	12,971,120
Increase/ (Decrease) in provision for bad & Doubtful Debt	26,27,28	8,813,841	(3,209,233)
<b>Total expenses</b>		<b>301,203,561</b>	<b>226,898,986</b>
Other gains/(losses)		-	-
Impairment loss	19,23	4,600,932	3,348,553
<b>Surplus/ (Deficit) for the period</b>		<b>(97,050,501)</b>	<b>(80,429,401)</b>
Attributable to:			
<b>Surplus/ (Deficit) attributable to owners of the controlling entity</b>		<b>(97,050,501)</b>	<b>(80,429,401)</b>

**WOMEN ENTERPRISE FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

**XII. STATEMENT OF FINANCIAL POSITION**

II. STATEMENT OF FINANCIAL POSITION			
As at 30th June, 2016			
		2015-2016	2014-2015
	Note	Kshs	Kshs
<b>Current assets</b>			
Cash and cash equivalents	20	655,555,419	888,425,760
Receivables from exchange transactions	21	2,106,444,731	1,552,704,278
		<b>2,762,000,150</b>	<b>2,441,130,039</b>
<b>Non-current assets</b>			
Property, plant and equipment	22	41,435,775	35,120,885
Intangible assets	23	3,988,043	4,830,459
Sub-Total		45,423,818	39,951,344
<b>Total assets</b>		<b>2,807,423,968</b>	<b>2,481,081,382</b>
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	25	(2,125,554)	(4,710,024)
<b>Total liabilities</b>		<b>(2,125,554)</b>	<b>(4,710,024)</b>
<b>Net assets</b>		<b>2,805,298,414</b>	<b>2,476,371,358</b>
Capital Devt Reserves	18	2,257,800,000	1,834,000,000
Accumulated Fund		520,274,021	617,324,522
Revaluation Reserve	24	27,224,393	25,046,836
<b>Total net assets and liabilities</b>		<b>2,805,298,414</b>	<b>2,476,371,358</b>

The Financial Statements and accompanying notes set out on pages 1 to 15 were approved by the Advisory Board on .....and signed on its behalf by:



Chairperson Advisory Board

Date.....28.02.2017



Principal Secretary

Date.....28.02.2017

**WOMEN ENTERPRISE FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

**XIII. STATEMENT OF CHANGES IN NET ASSETS**

III. STATEMENT OF CHANGES IN NET ASSETS					
For the Year ended 30th June, 2016					
Attributable to the owners of the controlling entity					
	Note	Reserves			Total
		Capital replacement development reserve	Accumulated Fund	Revaluation Reserve	
		Kshs '000	Kshs '000	Kshs '000	Kshs '000
Balance as at 30 June, 2014	5, 18	1,680,200,000	697,753,923	-	2,377,953,923
Surplus/(deficit) for the period			(80,429,401)	-	(80,429,401)
Transfers to/from reserves		153,800,000		25,046,836	178,846,836
<b>Balance as at 30 June, 2015</b>		<b>1,834,000,000</b>	<b>617,324,522</b>	<b>25,046,836</b>	<b>2,476,371,358</b>
Surplus/(deficit) for the period			(97,050,501)		(97,050,501)
Transfers to/from reserves	5, 18	423,800,000	-	2,177,557	425,977,557
<b>Balance as at 30th June, 2016</b>		<b>2,257,800,000</b>	<b>520,274,020</b>	<b>27,224,393</b>	<b>2,805,298,414</b>

**WOMEN ENTERPRISE FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

**XIV. STATEMENT OF CASH FLOWS**

IV. STATEMENT OF CASH FLOWS For the Year ended 30th June, 2016			
	Note	2015-2016 Kshs	2014-2015 Kshs
<b>Cash flows from operating activities</b>			
Surplus / (deficit) for the year/period		(97,050,501)	(80,429,401)
Adjustments for:			
Depreciation	17,22	16,965,556	12,971,120
Impairment	19	4,600,932	3,348,553
Operating profit before working capital changes		<b>(75,484,014)</b>	<b>(64,109,727)</b>
(Increase)/ Decrease in trade and other receivables		(553,740,496)	317,592,378
Increase/ (Decrease) in trade and other payables		(2,584,470)	(9,708,429)
<b>Net cash flows from operating activities</b>		<b>(631,808,979)</b>	<b>243,772,221</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	22,23	(24,861,362)	(16,483,623)
Net cash flows used in investing activities		<b>(24,861,362)</b>	<b>(16,483,623)</b>
<b>Cash flows from financing activities</b>			
Capitalisation from exchequer receipts	5,18	423,800,000	153,800,000
Net cash flows used in financing activities		<b>423,800,000</b>	<b>153,800,000</b>
Net increase/(decrease) in cash and cash equivalents		(232,870,341)	381,090,598
Cash and cash equivalents at 1st JULY	20	888,425,760	507,335,162
<b>Cash and cash equivalents at the end of the period</b>	<b>20</b>	<b>655,555,419</b>	<b>888,425,760</b>
The notes 1-30 set out below form an integral part of the Financial Statements			

**WOMEN ENTERPRISE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

<b>STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS</b>				
		<b>Final budget</b>	<b>Actuals</b>	<b>Performance Difference</b>
	<b>Note</b>	<b>2015/2016</b>	<b>2015/2016</b>	<b>2015/2016</b>
<b>Revenue</b>		<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Exchequer Receipts-Recurrent		15,222,500	15,222,500	0.00
Interest on Call Deposits	1	50,000,000	60,646,481	10,646,481
Financial Intermediaries interest	2	5,500,000	2,693,750	(2,806,250)
Interest income current account	3	0	1,142,427	1,142,427
Administration fees on CWES loans	4	110,000,000	113,552,500	3,552,500
Training Fee for C-WES borrowers	5	8,500,000	7,308,000	(1,192,000)
Income from sale of Loan Tracker		1,000,000	818,862	(181,138)
Income from women sensitisation		500,000	565,340	65,340
Income from LPO financing		750,000	707,816	(42,184)
Sale of Tenders/Bid Bond Income		40,000	40,866	866
Other income/ donations	6	8,020,000	6,055,449	(1,964,551)
<b>Total income</b>		<b>199,532,500</b>	<b>208,753,991</b>	<b>9,221,491</b>
<b>Operating Expenditure</b>				
Employee Costs	7	98,070,935	67,026,010	31,044,925
Communication, supplies and services	8	11,831,600	5,724,010	6,107,590
Domestic travel, Subsistence & Accommodation		20,125,600	19,891,085	234,515
Foreign travel and subsistence	9	5,005,000	1,251,546	3,753,454
Printing, Advertising, supplies and services	10	30,699,200	13,363,663	17,335,537
Rental of produced assets		11,413,313	10,894,746	518,567
Training expenses	11	190,225,500	110,482,356	79,743,144
Hospitality supplies and services		2,494,680	2,331,898	162,782
Insurance Costs	12	14,969,591	8,363,369	6,606,222
Board allowance, committees etc.		7,720,000	7,040,166	679,834
Office & General Supplies		6,449,020	5,538,621	910,400
Refined fuels & lubricants	13	5,760,000	3,270,235	2,489,765
Purchase of furniture & equipment	14	3,322,495	31,200	3,291,295
Repairs and Maintenance	15	24,263,643	17,192,765	7,070,878
General Expenses	16	8,195,000	3,022,495	5,172,505
Depreciation & Amortization Expenses	17	0	21,566,488	(21,566,488)
Increase/ (Decrease) in provision for bad & Doubtful Debts	18	0	8,813,841	(8,813,841)
<b>Total Expenditure</b>		<b>440,545,577</b>	<b>305,804,492</b>	<b>134,741,085</b>
<b>Surplus/ (deficit) for the period</b>		<b>(241,013,077)</b>	<b>(97,050,501)</b>	<b>143,962,576</b>

**WOMEN ENTERPRISE FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

<b>Explanation for Variations</b>		
<b>Note</b>	<b>Item</b>	<b>Explanation/Remarks</b>
1	Interest on short term deposits	Concerted efforts on loan recovery resulted in bank balances that were prudently invested in call deposits hence earning the fund the amounts shown. There were also very attractive rates being offered by our bankers on these bank balances. The balances were ultimately disbursed to women groups (C-WES) as loans.
2	Financial Intermediaries interest	The initial projection included expected interest on loans from women owned Saccos. However, there were no loans that were disbursed to Women Saccos as the necessary approvals were not received during the year.
3	Interest income current account	The Fund engaged with our bankers to pay interest on the balances of our accounts. The interest is recognised when paid.
4	Administration fees on CWES loans	The Administration fee is pegged at 5% of the loan amount. The total C-WES disbursement for the year was Ksh 2.271 billion which was higher than the initial estimate of Ksh 2.2 billion. This resulted to the reported variance in the administration fee.
5	Training fee on CWES borrowers	The fee is only charged on first time borrowers. The number of first time borrowers fell slightly from the initial projection resulting in the reported deficit.
6	Other Income/ Donations	This amount includes Ksh 6,055,449 received from ILO for training of TOTs on mentorship programme. We had anticipated to have more partners on board during the year, this however did not happen. The projected income therefore fell short of the Ksh 8,020,000 for the year as initially anticipated.
7	Employee costs	Vacant positions were not filled during the year due to delay in receiving authority to recruit. These positions had been provided for in the budget. This resulted in the
8	Communication, Supplies and Services	Austerity measures put in place during the year resulting in these savings.
9	Foreign Travel & Subsistence	The Fund only participated in Foreign travel to New York for the international Women's day. Other scheduled travels were shelved as part of the cost cutting measures.
10	Printing, Advertising & information supplies & Services	Printing and advertising costs were greatly scaled down during the year hence the savings. The budgeted quarterly public accountability statements among other items were not publicised. These measures were part of austerity measures put in place during the year.
11	Training Expenses (Including Capacity Building)	Training has been decentralized to the constituencies and is being done by constituency officers. This has resulted in increased efficiency and cost savings. Also several vacant positions for field officers were not filled as and when they fell vacant.
12	Insurance costs	Cost savings occasioned by the fact that the medical cover costs were lower than anticipated especially with lower staff numbers during the year.
13	Refined fuels & lubricants	The savings resulted in efficient systems that were in place during the year. These included the fleet management system and the use of fuel cards.
14	Purchase of furniture & equipment	Treasury Circular curtailing procurement of furniture affected the planned item to be procured. This resulted in the huge savings/underexpenditure.
15	Repairs and maintenance	Austerity measures and efficient systems put in place during the year resulting in cost savings.
16	General expenses	Austerity measures and efficient systems put in place during the year resulting in cost savings.
17	Depreciation & Amortization Expenses	This is a non-cashflow item and was not in the budget.
18	Increase/ (Decrease) in provision for bad & Doubtful Debts	This is a non-cashflow item and was not in the budget.

**WOMEN ENTERPRISE FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**  
**XVI. NOTES TO THE FINANCIAL STATEMENTS**

**1. Statement of compliance and basis of preparation**

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund and all values are rounded to the nearest shilling (Shs). The accounting policies have been consistently applied to all the years presented.

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

**2. Summary of significant accounting policies**

**a) Revenue recognition**

**Revenue from exchange transactions**

Loans to financial intermediary partners for on-lending to women entrepreneurs shall be advanced at 1% p.a payable quarterly. 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.

**b) Budget information**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the 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) 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. An asset shall be recognized as a fixed asset if the cost exceeds Ksh.30,000 and its useful life exceeds one year. 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%

**WOMEN ENTERPRISE FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

**d) 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 impairment losses.

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 finite.

**e) Financial instruments**

**Loans and borrowing**

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.

**f) Provisions**

Provisions are recognized when the Fund 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. A general provision of at least 1% shall be made for all performing loans to recognize inherent portfolio risk.

**g) 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.

**h) 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 Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**i) 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.

**j) Employee benefits**

**Retirement benefit plans**

The Fund provides retirement benefits for its employees in the form of Gratuity. Defined contribution plans are post-employment benefit plans 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. The deductions are expensed in the period for which they accrue and credited to a gratuity account where payments to staff are done upon expiry of their contracts. The balance of the gratuity account as at 30<sup>th</sup> June, 2016 was Ksh 25,251,035.40.

**WOMEN ENTERPRISE FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

**k) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits, m-pesa balance 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 Kenya commercial bank at the end of the financial year. The Fund maintains three accounts namely; Main account, Loan collection account and the Loan disbursement account.

**l) Comparative figures**

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

**m) 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. Where necessary the assumptions that affect the report have been disclosed.

***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 Fund 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 Fund. Such changes are reflected in the assumptions when they occur.

***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 contracted by the Fund
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

***Provisions***

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

**l) 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, 2016.

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**3. Related Party Disclosures-IPSAS 20**

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

**4. Financial Risk Management Disclosures-IPSAS 30**

**Various risks facing the Fund include:**

- a) Operational Risk-Arises from inadequate or failed internal control processes, people and systems or from external events. The risk is managed by; proactive and focussed risk management practices, continuous staff training, robust business continuity and disaster recovery strategies, among others
- b) Credit Risk—Refers to the current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of the contract with WEF or if an obligor otherwise fails to perform as agreed. The risk is managed through; communication of the credit policies throughout the institution, implemented, monitored and revised among other measures
- c) Liquidity Risk-refers to the current or prospective risk to earnings and capital arising from the Funds inability to meet her liabilities when they fall due without incurring unacceptable losses. To manage the risk, the Fund will ensure that; the assets and liabilities are well matched, diversification of funding through alternative sources to complement allocation from the National Treasury.

**5. Exchequer Receipts**

The Fund received Ksh 15,222,500 for her current expenditure for the year. This was the second consecutive year that the Fund received Exchequer for her Current Operations. On the other hand a total of Ksh 423,800,000 was received in respect of Development Exchequer. The same was fully utilised in provision of loans to the WEF clients.

**6. Administration Fee on C-WES loans**

An administrative fee of 5% on gross amount on loans under the Constituency Women Enterprise Scheme (C-WES) is recognized upon the actual disbursement of the loans. During the year, a total of Ksh 2,271,050,000 was disbursed in respect of C-WES loans giving rise to a total of Ksh 113,552,500 in administration fees.

**7. Training Fee for C-WES Borrowers**

A compulsory fee of Ksh 100 for every first time borrower is levied. It is mandatory for every beneficiary to go through a training programme. The programme covers business skills, group dynamics and basic book keeping. A total of Ksh 7,308,000 was levied during the year.

**8. Domestic Travel Subsistence & Accommodation**

The Funds operations involve travelling across the country capacity building the beneficiaries, and following up on loan repayments especially in areas with high default rates. The expenditure of Ksh 19,891,085 was incurred mainly on these activities.

**9. Printing, Advertising and information Supplies and services**

The Fund regularly reaches out to the target clients through various media which include print, electronic and social media. Further publicity materials including T-shirts, bags, banners and tents,

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are printed and circulated to different stakeholders as part of marketing the Funds activities and products. The expenditure of Ksh 13,363,663 was incurred in this respect.

#### 10. Training/Capacity Building Expenses

11. The expenditure of Ksh 110,482,356 include cost of training of beneficiaries, staff and the stipend paid to the constituency officers/volunteers and Huduma Centre officers. The increase in this cost compared to the previous year is attributable to an increase of 60% (from Ksh 12,500 to Ksh 20,000) in the stipend paid to the constituency officers/volunteers.

#### 12. FI Interest

	2016 KShs	2015 KShs
Actual received	820,750	5,151,575
Interest Receivable	1,873,000	1,424,100
<b>Total FI Interest</b>	<b>2,693,750</b>	<b>6,575,675</b>

#### 13. Interest on short-term deposits

**60,646,481      34,389,806**

Women Enterprise Fund shall invest any balances in her bank in a short term/call deposits

#### 14. Other incomes

Sale of Tender documents	12,000	58,000
Commission on Bid Bonds	28,866	38,730
	<b>40,866</b>	<b>96,730</b>
Donations	<b>6,055,449</b>	<b>3,798,496</b>

#### 15. Employee costs

Employee costs - salaries and allowances	55,570,435	58,809,142
Employee related costs - contributions to NSSF	864,400	113,200
Gratuity	10,591,175	11,444,668
	<b>67,026,010</b>	<b>70,367,010</b>

#### 16. Repairs and maintenance

Equipment and computers	12,181,571	9,596,330
Motor Vehicles	5,011,194	4,628,604
<b>Total repairs and maintenance</b>	<b>17,192,765</b>	<b>14,224,934</b>

#### 17. Depreciation expense

Property, plant and equipment	16,933,567	12,971,120
<b>Total depreciation</b>	<b>16,933,567</b>	<b>12,971,120</b>

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**18. Capital Replacement Development Reserve-Relates to the cumulative Development Exchequer (amount received for lending)**

	<b>2016</b>	<b>2015</b>
	<b>KShs</b>	<b>KShs</b>
Balance b/f	1,834,000,000	1,680,200,000
Government Development grant (amounts for Lending) received during the year	423,800,000	153,800,000
<b>Total Capital Replacement Development Reserve</b>	<b>2,257,800,000</b>	<b>1,834,000,000</b>

**19. Impairment loss**

Intangible assets	4,600,932	3,348,553
<b>Total impairment loss</b>	<b>4,600,932</b>	<b>3,348,553</b>

**20. Cash and cash equivalents-WEF's Bank accounts are held at the Kenya Commercial Bank Moi Avenue Branch**

Bank-Main account, Collection account, Loan Disbursement account	33,783,861	114,322,905
Safaricom M-pesa	12,722,118	5,052,145
Short-term Deposits held at the KCB Moi Avenue Branch	609,049,440	769,050,711
<b>Total cash and cash equivalents</b>	<b>655,555,419</b>	<b>888,425,760</b>

**21. Receivables from Exchange Contracts**

**Current receivables**

Loans from Financial Intermediary partners	112,766,940	279,060,705
Loans from CWES	1,977,107,861	1,262,065,645
Interest receivable from Financial Intermediary partners	1,873,000	1,424,100
Interest receivable from short term deposits	869,912	3,439,228
Imprest and advances	6,397,858	2,666,715
LPO Loans/Financing	5,302,714	3,238,485
Piki Piki Loans/Financing	2,126,445	809,400
<b>Total current receivables</b>	<b>2,106,444,731</b>	<b>1,552,704,278</b>

**22. Property, Plant and Equipment-IPSAS 17**

	Motor Vehicles	Furniture and Fittings	Computers & Accessories	Office Equipment	Total
	KShs	KShs	KShs	KShs	KShs
<b>Cost</b>					
At 30 June 2014	43,354,191	6,584,300	17,981,899	3,293,393	71,213,783
Revaluation	28,278,191	N/A	2,302,200	N/A	30,580,391
Additions	0	541,123	11,496,840	0	12,037,963
<b>At 30 June 2015</b>	<b>28,278,191</b>	<b>7,125,423</b>	<b>13,799,040</b>	<b>3,293,393</b>	<b>52,496,047</b>
Revaluation	23,386,243	N/A	N/A	N/A	23,386,243
Additions	19,403,571	959,376	739,900	0	21,102,847
<b>At 30 June 2016</b>	<b>42,789,814</b>	<b>8,084,799</b>	<b>14,538,940</b>	<b>3,293,393</b>	<b>68,706,946</b>
<b>Depreciation</b>					

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<b>At 30 June 2014</b>	<b>38,668,838</b>	<b>2,797,258</b>	<b>17,133,640</b>	<b>1,606,784</b>	<b>60,206,520</b>
After Revaluation	0	2,797,258	0	1,606,784	4,404,042
Depreciation	7,069,548	890,678	4,599,220	411,674	12,971,120
<b>At 30 June 2015</b>	<b>7,069,548</b>	<b>3,687,936</b>	<b>4,599,220</b>	<b>2,018,458</b>	<b>17,375,162</b>
After Revaluation	0	3,687,936	4,599,220	2,018,458	10,305,614
Depreciation	10,697,453	1,010,600	4,845,829	411,674	16,965,556
<b>At 30 June 2016</b>	<b>10,697,453</b>	<b>4,698,536</b>	<b>9,445,049</b>	<b>2,430,132</b>	<b>27,271,170</b>
<b>Net Book Value</b>					
<b>At 30 June 2016</b>	<b>32,092,360</b>	<b>3,386,263</b>	<b>5,093,891</b>	<b>863,261</b>	<b>41,435,775</b>
At 30 June 2015	21,208,643	3,437,487	9,199,360	1,274,935	35,120,885

**Other Disclosures in line with IPSAS 17**

- (a) The measurement bases: The cost of property, plant and equipment comprises:
- i. Its purchase price,
  - ii. Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- (b) The depreciation methods used: 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%
- (c) The effective date of the revaluation: Revaluation motor vehicles were done by the Government valuer in June, 2016
- (d) Revaluation motor vehicles were done by the Government valuer in June, 2016

**23. Intangible assets - software**

**Kshs**

**Cost**

At 30 June 2014	17,343,574
Additions	4,445,660
<b>As at 30<sup>th</sup> June, 2015</b>	<b>21,789,234</b>
Additions	3,758,516
<b>As at 30<sup>th</sup> June, 2016</b>	<b>25,547,750</b>

**Amortisation/Impairment Loss:**

At 30th June 2014	13,610,222
Amortisation/Impairment Loss for the year	3,348,553
At 30th June 2015	16,958,775
Amortisation/Impairment Loss for the year	4,600,932
At 30th June 2016	21,559,707
Fair values:	
<b>At 30 June 2016</b>	<b>3,988,043</b>
At 30 June 2015	4,830,459

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**24. Revaluation reserve Account**

At 30 June 2015		25,046,836
Revaluation 2016		2,177,557
<b>At 30 June 2016</b>		<b>27,224,393</b>

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

	2016	2015
Medium term Liability (Gratuity)	-	-
Trade Payables	2,125,554	4,710,024
<b>Total</b>	<b>2,125,554</b>	<b>4,710,024</b>

**26. Current provisions**

The Fund provides a provision for bad debts at 1% on the outstanding balance of all loans

	2016 Kshs	2015 Kshs
<b>27. Loans to Financial Intermediaries</b>		
Balance b/f	281,879,500	703,610,000
Disbursements during the Period	-	-
Less: Principal payment during the period	(167,973,500)	(421,730,500)
<b>Sub Total</b>	<b>113,906,000</b>	<b>281,879,500</b>
Less Provision for bad Debts	(1,139,060)	(2,818,795)
<b>Balance c/d</b>	<b>112,766,940</b>	<b>279,060,705</b>

**28. Loans to Constituency Women Enterprise Scheme (C-WES)**

Balance b/f	1,274,813,783	1,181,537,826
Loans disbursed during the period	2,271,050,000	1,600,000,000
Less repayments during the period	(1,548,785,135)	(1,506,724,044)
<b>Sub Total</b>	<b>1,997,078,648</b>	<b>1,274,813,783</b>
Less Prov for bad Debts	(19,970,786)	(12,748,138)
<b>Balance c/d</b>	<b>1,977,107,861</b>	<b>1,262,065,645</b>

**29. LPO Loans/Financing**

Balance b/f	3,271,197	-
Loans disbursed during the period	14,156,323	5,181,197
Less repayments during the period	(12,071,243)	(1,910,000)
<b>Sub Total</b>	<b>5,356,277</b>	3,271,197
Less Prov for bad Debts	(53,563)	(32,712)
<b>Balance c/d</b>	<b>5,302,714</b>	<b>3,238,485</b>

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**30. PikiPiki Loan Financing**

<b>Balance b/f</b>	852,000	-
Loans disbursed during the period	2,070,500	852,000
Less repayments during the period	(774,576)	-
<b>Sub Total</b>	<b>2,147,924</b>	<b>852,000</b>
Less Prov for bad Debts	(21,479)	(42,600)
<b>Balance c/d</b>	<b>2,126,445</b>	<b>809,400</b>

**31. Events after the reporting period**

There are no material non-adjusting events after the reporting date.

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

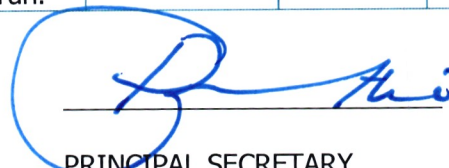
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: (date when issue is expected to be resolved)
1.	Receivables from Exchange transactions- Non-performing loans from Financial Intermediary partners of Ksh 92,577,000	A total of Kshs. 11,000 468 has been recovered leaving a balance of Ksh 81,109,000. Recovery efforts for the balance are on-going.	Kisoi Muteti – Ag. Credit Manager	On-going	June, 2017
2.	Financial Performance- Deficit of Ksh 80,429,401 for FY 2014/15	The National Treasury has allocated an additional Ksh 100 million in FY 2016/17 for current expenditure. Management is still pursuing the Government for purposes of additional Exchequer for lending which will also lead to improved performance/income and therefore the Fund's sustainability in the long run.	Paul Wangai –Finance and Administration Manager	Not Resolved in FY 2016/17	June, 2017



C.E.O/Director

Date: 28/02/2017



PRINCIPAL SECRETARY

Date: 28.02.2017