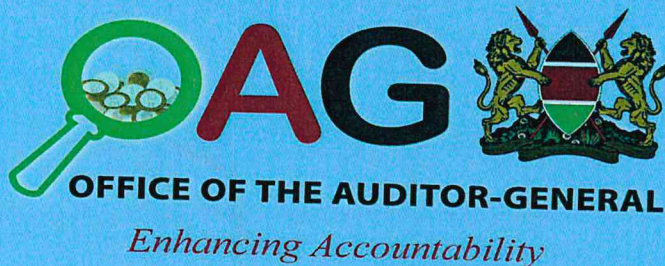


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

WOMEN ENTERPRISE FUND

FOR THE YEAR ENDED

30 JUNE, 2021

THE NATIONAL ASSEMBLY	
DATE:	25 MAY 2022 WEDNESDAY
TABLED BY:	MAJORITY WHIP Hon. Emmanuel Wangwe
CHECKED BY:	A. Kadhi



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

31 MAR 2022

RECEIVED



WOMEN ENTERPRISE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021**

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

Women Enterprise Fund
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For the year ended 30th June 2021

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I. KEY INFORMATION AND MANAGEMENT

(a) Background information

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

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

(b) Principal Activities

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

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

The mandates are:

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

(c) Key Management

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

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

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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

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

i. Board Audit & Risk Committee

- Formulate policies for effective risk management framework for the Fund.
- Review the effectiveness of the risk management system and strategies and make appropriate recommendations.
- Review the Fund's compliance with the relevant statutes, policies, rules, regulations, administrative government circulars and guidelines.
- Review the adequacy of internal policies, procedures and process to ensure necessary and sufficient internal controls are in place.
- Review the effectiveness of the internal audit function.
- Receive and review external auditor's reports and management responses thereto including the action taken to address any material issues raised.
- Review compliance with the Fund's service charter and board charter.
- Recommend carrying out of independent special investigations/audits on to a need basis.
- Any other relevant assignment by the Board.

ii. Board Finance, Staff & Administration Committee

- Formulate and review human resources policies on recruitment, remuneration, performance, retention and discipline and recommend to the Board for approval.

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- b. Develop policies on capacity building of the institution and women beneficiaries of the Fund services.
- c. Monitor and evaluate the implementation of policies and make appropriate recommendations to the Board.
- d. Review the financial performance of the Fund including annual budgets and quarterly management reports and make appropriate recommendations.
- e. Monitor the execution of the strategic plan.
- f. Review the staff performance on an annual basis and make appropriate recommendations.
- g. Monitor staff development and succession planning.
- h. Monitor and evaluate the impact of the capacity building of women beneficiaries.
- i. Any other relevant assignment by the Board.

iii. Board Loans Committee

- a. 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.
- b. Formulate new loan policies and recommend changes to existing ones when necessary to the Board.
- c. Receive and review loan applications from the approved channels and recommend the same to the Board for necessary action.
- d. Receive and analyse proposals from management on new loan products and make appropriate recommendations to the Board.
- e. Assess and monitor loan repayments from existing channels and make appropriate recommendations to the Board.
- f. Review these terms of reference from time to time to take into account the dynamism of the operating environment and recommend the same to the Board for consideration.
- g. Any other relevant duties that may be assigned by the Board from time to time.

iv. Board Partnership Engagement Committee

- a. To consider, vet and approve potential partners for ratification by the Board.
- b. To continuously review the partnership guidelines and if necessary, recommend amendments to the Board.
- c. To monitor the performance of partners.
- d. To engage partners if called upon to do so by management or the Board.
- e. To undertake any other relevant tasks/responsibilities that may be assigned by the Board from time to time.

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Board Committee Composition

The four Board committees are constituted as tabulated below;

Loans Committee 1. Julius Mugo (Chairperson) 2. Selina Loitareng 3. Catherine Waweru 4. Tendai Mtana 5. Lucy Njenga	Partnership Engagement Committee 1. Hellen Ajiambo (Chairperson up to October 2020) 2. Andia Chakava (Chairperson) 3. Catherine Waweru 4. Julius Mugo 5. Eliana Shiroko
Finance, Staff & Administration Committee 1. Tendai Mtana (Chairperson up to October 2020) 2. Fridah Njue (Chairperson) 3. Eliana Shiroko 4. Eliud Mutwiri 5. Lucy Njenga	Audit & Risk Committee 1. Selina Loitareng (Chairperson) 2. Eliud Mutwiri 3. Fridah Njue 4. Hellen Ajiambo 5. Andia Chakava

NB: Board Members Tendai Mtana and Hellen Ajiambo exited the Board in October 2020. Until their exit, Tendai Mtana served as Chairperson of the Board Finance, Staff & Administration Committee and replaced by Fridah Njue, and Hellen Ajiambo served as Chairperson of the Board Partnership Engagement Committee and replaced by Andia Chakava.

(f) Fund Headquarters

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

(g) Fund Contacts

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

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(h) Fund Bankers

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

(i) Independent Auditors

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

(j) Principal Legal Adviser

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



II. THE BOARD OF DIRECTORS

Photo and Name of Board Member	Board Member's Key qualifications and work experience
 <p>Commissioner Njoki Kahiga (OGW)</p>	<ul style="list-style-type: none"> • Qualifications: Master of Science – Human Resource Management, Postgraduate Qualification in Advanced Management, Bachelor of Education, Member KIM, Honorary Fellow of the Institute of Certified Public Secretaries of Kenya (ICPSK), Committee Member of the Association of Professional Societies of East Africa (APSEA), Certified Professional Mediator. • Experience: Over 30 years as a Public Officer. • Responsible for providing overall leadership to the Board in areas of policy development and direction.
 <p>Andia Chakava</p>	<ul style="list-style-type: none"> • Qualifications: Master of Business Administration in Finance with merit from Cass Business School in London and an honours degree in Economics from York University. • Over 18 years' experience in fund management and over 7 years of driving women economic empowerment goals. • Independent Member of Audit and Compliance Committee and Chairperson of Partnership Engagement Committee
 <p>Fridah Nyawira Njue</p>	<ul style="list-style-type: none"> • Qualifications: Bachelor of Psychology (Counselling) • Independent Member • Experience: Over 12 years in Private Sector

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 <p>Julius Mugo Njagi</p>	<ul style="list-style-type: none"> • Qualifications: Master's in human Rights, B.A Political Science and Linguistics, Member of Catholic Church Development Committee – Kerugoya. • Experience: Over 37 years in credit management and banking practices. • Independent Member and Chair of Board Loans Committee of Board Loans Committee
 <p>Golicha Sora</p>	<ul style="list-style-type: none"> • Qualifications: Master of Business Administration (MBA) in Strategic Management, Bachelor of Business Administration (BBA) in Finance (Honours) from Maseno University and Diploma in Co-operatives Management from Co-operative College of Kenya. He also holds a Diploma in Microfinance for Innovative Rural Finance sponsored by SIDA and Certified Public Accountant of Kenya. • Independent Member
 <p>Selina Loitareng Chemasach</p>	<ul style="list-style-type: none"> • Qualifications: Postgraduate Diploma Kenya School of Law, Bachelor's Degree in Law • Independent Member and Chair of Board Audit and Risk Committee • Experience: Over 7 years post admission experience in the legal field
 <p>Lucy Njenga</p>	<ul style="list-style-type: none"> • Qualifications: MSc in Agricultural Resource Management, University of Nairobi • BSc in Agriculture, (University of Nairobi) • Representative PS, Crop Development and Agricultural Research • Experience: Over 33 years in Civil Service

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	<ul style="list-style-type: none"> • Qualifications: PHD, Business Administration, MBA Entrepreneurship, BED Business studies, Economics and Education • Representative PS Trade • Experience: Over 30 years as a Public Officer
<p>Catherine Wairimu Waweru</p>	
	<ul style="list-style-type: none"> • Qualifications: Master's in economics, B.A Economics • Experience: Over 29 years in the civil service. • Representative PS, Planning
<p>Eliana Nekulu Ongulu Shiroko</p>	
	<ul style="list-style-type: none"> • Qualifications: PHD, Community Resource Management, MSC Community studies and extension, B.A Sociology and Religious studies • Representative PS, Gender • Experience: Over 27 years in Civil Service
<p>Eliud Mutwiri Festus</p>	
	<p>Qualifications: Bachelor of Commerce (Accounting Option); Member: ICIFA</p> <ul style="list-style-type: none"> • Experience: Over 20 years at the National Treasury • Representative CS, National Treasury
<p>Joseph Kiarii</p>	

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 <p>Hellen Ajiambo Mukanda (Served as an Independent Board Member up to October 2020)</p>	<ul style="list-style-type: none">• Qualifications: BSc. Environmental Health• Independent Member and Chair of Board Partnership Engagement Committee up to 21st October 2020
 <p>Tendai Lewa Mtana (Served as an Independent Board Member up to October 2020)</p>	<ul style="list-style-type: none">• Qualifications: Graduate Certificate, B.A Politics and International Relations• Independent Member and Chair of Finance, Staff & Administration Committee up to October 2020

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III. MANAGEMENT TEAM

Name, and key profession/academic qualifications	Main area of responsibility
 <p>Dr.(Eng.) Charles Mwirigi Chief Executive Officer</p> <p>Experience: Over 29 years in both the private and public sector. Qualifications: PhD in Business Administration, MBA in Strategic Management, BSc. Mechanical Engineering, PGD - Entrepreneurship, Certified Credit Analyst (CCA), Certified World Class Leader (WCL), Member IEK, Member KIM, Fellow of the American Academy of Financial Management (FAAM)</p>	<ul style="list-style-type: none"> • Responsible for the day to day running of the Fund under the direction and guidance of the Advisory Board. • Facilitate the preparation and implementation of annual work plans, procurement plans, budgets, Performance contract, goals and objectives. • Ensure maintenance of effective internal / external controls so as to safeguard the Fund's assets and oversee financial audit processes as required. • Responsible for providing leadership in the development, execution and achievement of the Fund's strategic objectives. • Build effective relationships with the Board, government, regulators, partners and other stakeholders.
 <p>CPA Paul Wangai Manager, Finance & Administration</p> <p>Over 15 years' experience in both the private and public sector. MBA (Finance); B. Com Accounting); Certified Public Accountant, CPA (K), Certified Financial and Investment Analyst, (CIFA). Member: ICPA(K), ICIFA, KAPAM</p>	<ul style="list-style-type: none"> • Providing strategic leadership on all matters pertaining to financial management in the Fund • Formulation and interpretation of financial policies, strategies and programmes • Prioritization of projects and activities for the purpose of financing and reporting; oversight of commitment of funds and expenditure trends; • Coordination and management of office accommodation and equipment, customer care services, registry services, transport services, security and records management.
 <p>Raphael Ndambuki Kimolo Credit Manager</p> <p>Over 14 years' experience in Credit Management.</p>	<ul style="list-style-type: none"> • Formulation and implementation of lending policies, procedures and practices to minimize credit risks, prevent losses and maximize recoveries. • Development and implementation of control systems in compliance with the approved lending policy guidelines • Growth of quality loan portfolio. • Staff development & performance management



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<p>Master of Science in Entrepreneurship and Innovations Management, Bachelor of Science degree in Applied Statistics, Certificate in Auditing Risk Management Certificate in Sustainable Finance Initiative Certificate in Agricultural Finance Member- Kenya Institute of Management</p>	
 <p>Daniel Muringe Rucha Manager, Audit & Risk</p> <p>Over 15 years' experience in Internal Audit & Risk Management. MBA, B. Com, CPA-K), Certified Information Systems Auditor (CISA), Certified Internal Auditor (CIA), Certification in Risk Management & Assurance (CRMA), Finalist (CSIA), Certified ISO 9001:2015 Internal Quality Auditor. Member ISACA, ICPAK & Institute of Internal Auditors (IIA).</p>	<ul style="list-style-type: none"> • Review and advise on Risk Management, Compliance, Controls and Governance process. • Carry out special assignments including investigations and recommending controls to mitigate risks. • Keep the Board and Audit and Compliance Risk Committee informed on controls and risks facing the Fund and emerging trends and successful practices in Internal Auditing and Risk Management • Championing Corruption Prevention and Business Continuity activities in the Fund
 <p>Ruth Randa Manager, Marketing, Research & Communication</p> <p>Over 12 years' experience in Marketing & Communication.</p> <p>MBA (Strategic Management), BCOM (Marketing), Post Graduate Diploma in Human Resource (IHRM) Member – Marketing Society of Kenya (MSK) and Public Relation Society of Kenya (PRSK)</p>	<ul style="list-style-type: none"> • Managing the strategic communication and outreach/advocacy functions; • Manage Fund's reputation & image, and facilitate Fund's publicity to increase awareness on the importance of Women economic empowerment; • Coordination of Partnership engagement and resource mobilization; • Coordination of Market access support & linkages; • Resource Mobilization and partnership management • Brand & Reputation management, Media liaison & monitoring, Event management.

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 <p>Carilus Okoth Manager, Monitoring & Evaluation</p> <p>Over 12 years experience in both private and public sectors. MBA(StrategicManagement), BSc. (Appropriate Technology), CCA, M&E Certificate, Member- ESK</p>	<ul style="list-style-type: none"> • Monitoring and evaluation of the Fund's interventions. • Responsible for capacity building activities for the women entrepreneurs. • Responsible for coordinating the formulation, implementation, and evaluation of the Fund's Strategic Plan. • Conduct regular surveys to test effectiveness and quality of interventions/results
 <p>Virginia Ndungu Deputy Manager, ICT</p> <p>M.Sc (Information Systems), B.Sc. (Mathematics), (MCSE, MCT) Member –Computer Society of Kenya</p>	<ul style="list-style-type: none"> • Formulate, implement and monitor ICT policies, strategies, standards and programmes in the Fund. • Implement, maintain and enhance ICT systems. • Management and coordination of the ICT department and supervision of ICT staff • Safeguard the integrity of the organization's data. • Manage usage of ICT resources to ensure effectiveness and efficiency •
 <p>Sammy Maiyo Deputy Manager, Human Resource Management & Training</p> <p>Over 11 years' experience in managing Human Capital Master's Degree in Commerce (International Business), Bachelor of Commerce in Human Resource Management, Higher Diploma in Human Resources and a Diploma in Industrial Relations. Member - Institute of Human Resources Management, Kenya.</p>	<ul style="list-style-type: none"> • Custodian of approved human resource documents - Organization Structure, Career Progression Guidelines, Staff Establishment & Human Resources Policy Manual. • Leads in the Development of staff benefits and rewards framework for the Fund to attract and retain talent. • Manages the recruitment and Selection process in the organization to ensure timely filling of vacant positions within the approved establishment. • Maintains Employee relations within the Fund for harmonious work relations

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 <p>Mary Anne Ngoima Assistant Manager-Legal Bachelor of Laws (LLB), Post Graduate Diploma in Law (Dip-KSL), Certified Public Secretary (CPS-K) Member – LSK and ICPSK</p>	<ul style="list-style-type: none"> • Fund secretarial services • Contract management • Dispute resolution and management • Ensuring legal compliance by the Fund
 <p>Mrs. Catherine N. Otido Assistant Manager, Supply Chain Over 15 years' cumulative experience, 9 years in Supply Chain Master's in Business Administration, Bachelor of Education, Diploma in Purchasing & Supplies Management (KIM) and Diploma from Chartered Institute of procurement and Supplies Member: KISM, CIPS</p>	<ul style="list-style-type: none"> • Formulate Supply Chain management procedures in compliance with the procurement laws • Prepare the annual procurement plan in consultation with the heads of department • Manage the procurement life cycle

IV. CHAIRPERSON'S STATEMENT

Introduction

It is my pleasure to present to you Financial Year 2020/2021 Annual report and Financial Statements. Expectations have remained high with increased interest among our target market and I am positive and confident about the future of the Fund.

Overall performance

Since inception, the Fund has disbursed **Ksh 21.56 Billion** loans to **120,624** Self Help Groups and **1,883,252** individuals. Loan performance for the financial year is as follows:

- i. CWES loans worth **Ksh 3,002,450,000** disbursed for **11,361** Self Help Groups benefiting **124,962** individuals in the financial year; this was driven by high demand for loans and sustained impressive repayments which stands at 98%.
- ii. Ksh. **2,836,869,327** has been received as repayments under the CWES channel against an annual target of **Ksh 2.4 billion**.
- iii. **Ksh 11,306,000** disbursed to 11 clients under the LPO financing product while **Ksh 11,496,187** was paid back from LPO lending. The annual lending target is Ksh.12 million while the repayment target is Ksh.10 million.
- iv. **Ksh 55 million** disbursed to **6 SACCOs**.

On Capacity building, the Fund has cumulatively trained a total of **1,516,822** on entrepreneurship across the country with last year numbers standing at **160,319**.

Market Access and Linkages: - The Fund has supported **40,298** women globally, with **8,427** facilitated in the last financial year. To enhance financial inclusivity, two MOUs were signed with the County Governments of Uasin Gishu and Busia.

The Fund also engaged 53 interns and 37 attaches; comprising of 39 Intern Trainers towards Coca Cola 5By20 program and 14 interns from Public Service Commission deployed to various departments/regions.

We commit to put all our efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Constitution, Kenya Vision 2030 and MTP III.

Governance & Board Performance

My Board has endeavored to successfully implement the key issues outlined in the Strategic Plan 2019-2024. At the beginning of the year, we committed to develop efficient and effective service delivery systems for wider reach and increased product uptake; restructure the business model for cost effectiveness and greater impact; reinforce the legal and policy framework of the Fund to ensure long-term impact and sustainability.

The Fund has experienced tremendous growth though the staffing levels for the Secretariat remained the same inhibiting timely service delivery. To ensure the Fund fulfils her mandate, it was critical that we reposition ourselves and adopt appropriate strategies such as reviewing the organization structure & staff establishment, human resource documents including Career Progression guidelines and human

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resource policies and procedural manual. In September 2020, my Board approved the organizational Structure and subsequently the HR policies and Procedure Manuals approved in May 2021.

New loan products have been launched to expand the product portfolio for the women. These include Chama Plus, Thamini Loan, Business loan, Asset Financing and Kilimo loan.

Prospects and Strategy

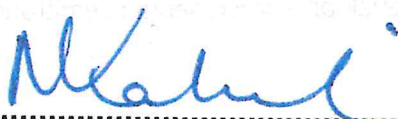
Last financial year, my Board committed to fasttrack initiatives to heighten application of Information Communication Technology (ICT) in service delivery. Some of the initiatives that we approved and are being implemented include:

- i. Operationalization of the USSD mobile application (*601#) to allow customers to interact with the loans management system, BR.NET where the beneficiaries can now query the system to obtain their loan balance and account statement without any intervention from Fund staff.
- ii. Integration of the Enterprise Resource Planning System (ERP) to automate the Finance, HR & Supply Chain departments and interface with BR.Net for purposes of feeding loan data directly into the ERP for purposes of updating the financial statements.
- iii. Information Security Management System (ISMS), an ISO standard, towards the realization of a systematic and structured approach to managing the Fund information so that it remains secure as well as achieve adherence to confidentiality, integrity, and availability of information through application of a risk management process.

The Fund has also embraced virtual training to develop resilience and develop key skills necessary to navigate the Covid-19 challenges as well as pursue strategic alliances to enhance financial inclusion and long-term sustainability.

Appreciation

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



Commissioner Njoki Kahiga, OGW

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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 2020/2021 Financial Year. The Fund has continued to report impressive performance and growth despite the current operational challenges spiraled with Global Covid -19 pandemic. Highlights of the Financial Performance are laid down below:

- i. A total of Ksh 174,978,625 was generated from exchange transactions. The breakdown is as under:

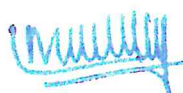
Administration fee on CWES loan	150,122,500
Interest on call deposits/Current account	17,157,288
Revenue from rendering of other services and products	7,698,837

- ii. Resource mobilization revenue totaling to Ksh 5,134,100 was generated through partnership with Coca-Cola EA Ltd
- iii. Revenues from non-exchange transactions consist of a total of Ksh 151,520,000 being allocation in respect of recurrent exchequer against the total printed estimates of Ksh 175.2. Million.
- iv. The total recurrent income for the period ended 30th June 2021 amounts to Ksh.331,632,725.
- v. Development funding amounting to Ksh 75 million was received during the financial year representing 50% of the approved budget. The Fund continues to engage the exchequer for considerate allocation to meet the ever-increasing loan demand by our target market to ensure sustainable financing of entrepreneurs.
- vi. Total recurrent expenditure charge for the Fund as at 30th June 2021 stood at Ksh 476,353,954 composed of:

Staff Costs	287,163,324
Mandate costs	106,780,667
Governance costs	10,669,052
Operations and Maintenance	71,740,911

- vii. The operational deficit for the period amounted to Ksh 144, **721,229**

- viii. The Fund value stood at Ksh 4,452,143,030 compared to Ksh 4,521,864,259 as at 30th June, 2020. This drop in value was attributable to reduction in Development Exchequer remittances.



Dr (Eng.) Charles Mwirigi
CHIEF EXECUTIVE OFFICER

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VI. REVIEW OF WOMEN ENTERPRISE FUND'S PERFORMANCE FOR FY 2020/2021 AGAINST SET OBJECTIVES

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

Pillar 1: Access to Credit

Pillar 2: Business Development Services

Pillar 3: Strengthen Strategic Operations

The Fund develops its annual work plans based on the above three pillars. Assessment of the Fund's performance against its annual work plan is done on a quarterly basis. The Fund achieved its performance targets set for the FY 2020/2021 period for its three strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Access to Credit by women entrepreneur	-To grow the loan portfolio and uptake -To sustain the Fund's high loan repayment rate	-CWES loans disbursed -LPO loans disbursed -SACCO loans disbursed -CWES Repayment rate	-Regular information sharing with key stakeholders -Conduct strategic marketing campaigns guided by a plan -Conduct need driven promos -Rationalize workload (define portfolio size per officer) -Engage FIs/SACCOs	Ksh 3,002,450,000 Ksh 11,306,000 Ksh 55,000,000 98%
Pillar 2: Business Development Services to women entrepreneur	-To enhance capacity for women and their enterprises -To develop linkage for women owned enterprises to large enterprises -To facilitate marketing of women products and services in local and international markets	Beneficiaries trained on entrepreneurship Women linked to large enterprises Women facilitated through exhibitions, trade fairs, and WEF SOKO	-Capacity building of trainers -Develop digital content with partners. -Sign MOUs with partners -Undertake trainings -Awareness and sensitizations -List all large companies and women enterprises -Facilitate small enterprise to reach agreements with big companies -Participate in international and domestic exhibitions, and trade fairs	160,319 women trained Two MOUs signed with the County of Uasin Gishu and Busia 8,427 women sensitized 243 Products uploaded online

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	-To facilitate and support investment in infrastructure that support women enterprises.	Women provided decent workspaces	-Secure market space in the established markets -Develop business incubation framework	1,500 parasols distributed across the country.
Pillar 3: Strengthen Strategic Operations	-To Adopt a robust System to drive business growth -To improve physical infrastructure and work environment -To ensure prudent financial management -To enhance Brand Image and Brand Visibility -To promote innovation and culture change -To strengthen Human Resource Management -Governance and Management	Status of automation Status of the work environment Compliance with financial management standards Level of brand visibility Level/rate of innovation Status of human resource Status of risk management practices	-Leverage ICT -Implement ISMS (Information Security Management System). -Implement ERP for the Fund -Implement an ICT incident reporting system -Implement workplace safety -Provide vehicles, working tools, equipment, and furniture -Acquire spacious office -Implement customer service charter -Brand all the offices -Train staff on customer care and complains handling -Implement a PR/ Communication policy -Reward innovations -Conduct regular team building events -Conduct TNAs -Train staff on key skills -Review HR policy and procedures -Entrench a succession plan -Employee satisfaction surveys and implement recommendations -Review organization structure -Form a taskforce to spearhead ISO certification -Undertake risk mapping and identify appropriate mitigations	-ERP implementation ongoing -ISMS ISO certification ongoing -99% score on Resolution of Public Complaints -100% score on Implementation of Citizens' Service Delivery Charter -100% score on Application of Service Delivery Innovations -100% score on settlement of bills -100% score on asset management -55% score on corruption prevention

VII. CORPORATE GOVERNANCE STATEMENT

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

In the 2020-2021 FY, the Fund achieved high levels of corporate governance by continuing to adhere to the following principles amongst others:

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

Governance & Board Performance

Advisory Board

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

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

Roles and Functions of the Board

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

- i. Overseeing the management of the Fund and advising the CS generally on the operations of the Fund.
- ii. Determining the Fund's mission, vision, purpose and core values;
- iii. Setting and overseeing the overall strategy and approve significant policies of the Fund;
- iv. Ensuring that the strategy is aligned with the purpose of the Fund and the legitimate interests and expectations of her stakeholders;

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- v. Ensuring that the strategy of the Fund is aligned to the long-term goals of the Fund on sustainability so as not to compromise the ability of future generations to meet their own needs;
 - vi. Approving the organizational structure of the Fund;
 - vii. Approving the annual budget of the Fund;
 - viii. Monitoring the Fund's performance and ensuring sustainability;
-
- ix. Enhancing the corporate image of the Fund;
 - x. Ensuring availability of adequate resources for the achievement of the Fund's objectives
 - xi. Hiring the CEO, on such terms and conditions of service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff; and
 - xii. Ensuring effective communication with stakeholders.

Communication with stakeholders

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

Board expenses

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

Accountability, audit and stakeholder relations

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

Key management staff

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

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The analysis below highlights performance of the Fund for the financial year ended 30th June 2020 in respect of the mandates.

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

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- i. CWES loans worth **Ksh.3,002,450,000** disbursed for **11,361 Self Help Groups** benefiting **124,962 individuals** in the financial year; this was driven by high demand for loans and sustained impressive repayments.
- ii. CWES loan repayment rate stood at **98%**. A total of **Ksh. 2,836,869,327** has been received as repayments under the CWES channel against an annual target of **Ksh 2.4 billion**.
- iii. **Ksh.11,306,000** disbursed to 11 clients under the LPO financing product while **Ksh.11,496,187** was paid back from LPO lending. The annual lending target is **Ksh.12 million** while the repayment target is **Ksh.10 million**.
- iv. Performance under the SACCO financing product was:
 - a) **Ksh.55,000,000** disbursed under the SACCO product to six (6) SACCOs within the financial year against an annual target of **Ksh.100 Million**. **Ksh.70Million** was approved to eight (8) SACCOs in the financial year.
- v. **Ksh. 40,782,004** was paid back from SACCO lending. The annual target is **Ksh.90 million**. Awarded **Ksh. 27,016,534** worth of tenders for the AGPO category during the period against the target of **Ksh.26,973,464.00** for the year.

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

- i. Training undertaken on business skills/entrepreneurship for **160,319 beneficiaries** across the **290 Constituencies**.
- ii. Continued partnership with Coca Cola towards capacity building (women empowerment) with additional **34 trained trainers (TOTs)** across the Country.
- iii. The development of a financial literacy manual is at an advanced stage. This is scheduled to be finalized by end of April.
- iv. Facilitated beneficiaries to participate in various forums and activities for capacity building and marketing purposes, for example: -
 - a) Facilitated International Widows Day Celebrations on 23rd June 2021 in Kwale and Muranga Counties, in collaboration with Come Together Widows and Orphan Organization
 - b) The Launch of Generation Equality on 28th May 2021, graced by His Excellency the President.
 - c) National Widows Empowerment Programs on 26th and 27th May 2021
 - d) Stakeholder forum organized by the Funds Partner; Hand in Hand Eastern Africa on 26th May 2021 in Eldoret.
 - e) Mombasa County Exhibition in collaboration with World Vision on 19th to 21st May 2021
 - f) On Implementation of Citizens' Service Delivery Charter, two employees have been trained on sign language at The University of Nairobi.
 - g) Forum on Leadership in the Informal Sector in Kenya by International Centre for Research on Women on 23rd March 2021.
 - h) International Women's Day Celebrations in the respective Counties of Nairobi, Mombasa, Kisumu, Garissa and Kakamega on 8th March 2021.
 - i) International Day to Ending FGM held in Meru, Narok, Kuria, Kisii, Marsabit, and Isiolo counties.
 - j) "Kenya Ni Mimi na Vijana" forum in Isiolo on 26th February 2021 etc.

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- k) Women's Economic Forum Kenya on Financial Access & Skills Development on 25th February 2021,
- v. Facilitated planting of 1,000 indigenous seedlings in Kibiku Forest, Ngong on 21st March 2021.
- vi. Signed Memorandum of Understanding on Capacity Building with Uasin Gishu County on 30th March 2021, and Mount Kenya University on 12th February 2021.

On enhancement of Management Information Systems, the following was achieved:

- i. The implementation of the Information Security Management System (ISMS) was completed. The management team was taken through the outcome of the internal audit in May. The ICT department will be implementing the recommended information security controls in the course of the financial year 1st July 2021 -30th June 2022.
- ii. The implementation of the ERP system is now in training phase. A comprehensive training for all users departments will be conducted during the 1st week of July. The 'User Acceptance Testing' (UAT) of the system was conducted by the respective user departments and recommended changes communicated to the consultant for inclusion in the final system. The system 'Go-Live' date is 1st July 2021.
- iii. The USSD Shortcode *601# is currently under pilot phase with WEF Customers.

On Institutional strengthening the following was achieved:

- i. The tender for an institutional impact evaluation was advertised, and tender applications received. Tender Evaluation conducted awaiting the selection of the successful bidder to pave way for the commencement of the evaluation exercise.
- ii. 23 LPO Defaulters have been listed with the CRB. Debt collectors have been sourced to trace and recover the LPO loans. Out of these efforts FKay (a defaulter) has paid **Ksh 50,000**.
- iii. Follow up on **Ksh 71.33 million** from the defaulting Financial Intermediaries is ongoing. Advocates have been appointed to follow up Ksh 40M from PAWDEP, Ksh 1.6M from SIDEp, Ksh.20M for Adok Timo and Ksh.1.06M from African Women Foundation. An Auctioneer has been appointed to repossess the securities provided by Olmalrei Lang.
- iv. Board members trained on Corporate Governance
- v. Developed Organizational Structure, Career Progression Guidelines and Organization Structure Implementation Plan in March 2021 that was approved by the Board for implementation.
- vi. Coordinated the review and onboarding of Staff Medical Cover, Group Life Cover and GPA/WIBA Cover in October 2020.
- vii. Carried out induction of 24 Constituency Officers in December 2020.
- viii. Coordinated the review and approval of new organizational structure in October 2020.
- ix. Conducted staff performance reviews in September 2020 and January 2021 to assess annual and mid-year performance of staff and the Fund.
- x. Coordinated the approval of Staff Training Needs Assessment (TNAs) for the FY 2020/2021 and facilitated 70 staff to attend various trainings in line with Training Needs Assessment
- xi. Coordinated the placement and induction of thirteen (13) Public Service Commission Interns into the Fund in January 2021.

SECTION B: Compliance with statutory requirements

The Board and management of Women Enterprise Fund are 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 period under review, 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.

SECTION C: Key projects and investment decisions the Fund is Planning/implementing

The following programs are being undertaken:

- i. Constituency Women Enterprise Scheme (CWES). The Fund offers interest free loans to registered self-help groups for start-ups or expansion of businesses. The loans range from Ksh.100,000 to Ksh 750,000.
- ii. LPO financing. This program targets individual women with registered businesses or women owned companies. The loans range from Ksh 50,000 Ksh 2,000,000. This product is geared towards ensuring that women gain access to the 30% government procurement opportunities by financing LPOs/LSOs.
- iii. Financial intermediaries' channel. The Fund partners with SACCOs, Co-operative Unions and women owned institutions for on-lending to women entrepreneurs up to a maximum of Ksh 10 million.
- iv. Implementation of the Information Security Management System (ISMS)
- v. Implementation of the Enterprise Resource Planning (ERP) system.
- vi. Implementation of the USSD Shortcode *601#, a self-service code for customers to interact with our loan system including loan application and balance enquiry
- vii. Implementation of a loan product for widows dubbed "Thamini"

SECTION D: Major risks facing the Fund

- i. Default risk specifically the non-collection of loans advanced to Financial Intermediaries Partners currently standing at **Ksh 71.33 million**.
- ii. The Covid-19 Pandemic that is negatively affecting the Fund's beneficiaries.

SECTION E: Material arrears in statutory/financial obligations

The Fund has settled all financial obligations due to third parties and also complied with submission of statutory returns

SECTION G: Strategic Plan

The 2019-2024 Strategic Plan finalized, approved, and launched on 25th March 2020 with endorsement from the Cabinet Secretary, Ministry of Public Service and Gender. Subsequently, the Strategic Plan was printed and distributed to key government offices and stakeholders. The same was also uploaded on the Fund's Website.

SECTION H: The entity's financial probity and serious governance issues

There are no serious financial Probity and governance issues affecting the Fund.

IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Environmental performance: Tree Planting activity at Ngong forest held on the 22nd May 2021

To contribute towards achievement of forest cover in Kenya, Women Enterprise Fund on Friday 22nd May 2021 held a tree planting activity at Ngong Forest. The forest is one of the few indigenous forest existing within the Nairobi capital.

The team of 10 staff from the headquarters led by Ms Ruth Randa-Marketing, Research and Communications Manager undertook this important activity. The team was joined by forest officers and other residents led by Kibiko Community Forest Conservation Group, who assisted in the tree planting exercise.

During the exercise, 1000 indigenous trees were planted on an acreage of 3 acres in a newly established farm in Ngong forest.

The 1000 indigenous trees planted will promote the protection of sustainable management of indigenous forests that are critical to wildlife habitats, have low cost of maintenance, promote aesthetic beauty, improve climate condition and helps in water conservation. The trees will also enhance the protection of the environment by securing riparian land, water towers, improve the national forest cover and other measures to facilitate the sustainable development goals.



2. Market place practices-

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

3. Employee welfare

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

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

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

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

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

Responsible Supply chain and supplier relations

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

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

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

Product stewardship

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

Women Enterprise Fund
Reports and Financial Statements
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X. REPORT OF THE DIRECTORS

The Directors of the Advisory Board submit their report together with the unaudited financial statements for the year ended 30th June 2021 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:

- 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., markets or business incubators etc.

Results

The results of the Fund for the year ended 30th June 2021 are set out on page 32-60

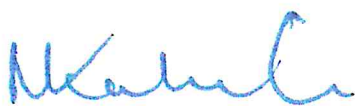
Advisory Board

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

Auditors

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

By Order of the Board



Chairperson, Advisory Board

Date: 08/02/2022

XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Legal Notice No.147 of August 2007 require the Directors to prepare financial statements in respect of that Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year/period and the operating results of the Fund for that year/period. The Directors are also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the Fund.


The Directors are responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year (period) ended on June 30, 2021. 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, 2021, 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 _____ 2021 and signed on its behalf by:



Chairperson of the Board



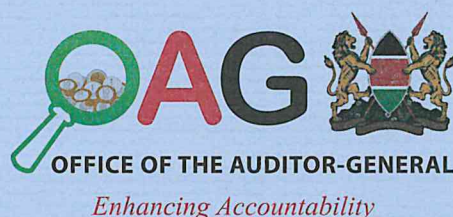
Chief Executive Officer

Women Enterprise Fund
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XII. REPORT OF THE INDEPENDENT AUDITORS ON THE WOMEN ENTERPRISE FUND

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON WOMEN ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Women Enterprise Fund set out on pages 31 to 54 which comprise of the statement of financial position as at 30 June,

Report of the Auditor-General on Women Enterprise Fund for the year ended 30 June, 2021

2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Women Enterprise Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Legal Notice No.147 of 2004.

Basis for Qualified Opinion

1.0 Receivables from Exchange Transactions

1.1. Doubtful Receivables - LPO Loans / Financing

As disclosed in Note 18 to the financial statements, the receivables from exchange transactions balance of Kshs.3,633,751,652 includes loans relating to LPO financing of Kshs.14,967,403 that were due but not paid as at 30 June, 2021, out of which an amount of Kshs.12,257,403 has been outstanding for more than one (1) year contrary to the loans policy of the Fund. Recoverability of these loans is doubtful since they have been in arrears beyond their respective repayment periods as stipulated in the loan agreements.

1.2 Doubtful Receivables - Constituency Women Enterprise Schemes Loans (CWES)

Included in the receivables from exchange transactions balance of Kshs.3,633,751,652 is an amount due from Constituency Women Enterprise Schemes of Kshs.3,264,504,009 which has been outstanding for more than one (1) year. Although the Fund made a general provision for doubtful debts of 1% in line with its credit policy and guidelines, its adequacy cannot be confirmed.

1.3. Non-Performing Loans to Financial Intermediaries Partners

The receivables from exchange transactions balance of Kshs.3,633,751,652 also includes amounts due from eight (8) financial intermediary partners with non-performing loans totalling to Kshs.71,330,000. As previously reported, there are ongoing court cases between the Fund and the Intermediaries which is indicative that the loans may not be recoverable in full. Further, there are no collaterals to support an advance of Kshs.60,000,000 to two (2) financial intermediaries who have failed to service the loans. No specific provisions by way of bad debts adjustments have been made in the financial statements to recognize the impairment.

1.4. Pikipiki Loan Financing

The receivables from exchange transactions balance further includes pikipiki loan amount of Kshs.1,106,920 which represents loan advanced to field officers. The amount includes non-performing loans totalling Kshs.283,333 from members who have failed to repay the loans over several years.

1.5. Imprests and Advances

Further, included in the receivables from exchange transactions account balance are imprests and advances of Kshs.3,693,920. The amount includes salary advances of Kshs.184,581 owed by former staff who have exited the service. The recoverability of the balance is therefore doubtful.

In view of the foregoing, the accuracy and fair statement of receivables from exchange transactions balance of Kshs.3,633,751,652 as at 30 June, 2021 could not be confirmed.

2. Unsupported Taxi Services

As disclosed in Note 14 to the financial statements, the statement of financial performance reflects a balance of Kshs.113,461,414 under general expenses which includes an expenditure of Kshs.21,789,005 in respect of travel, conferences and accommodation. However, review of records revealed that expenditure totaling to Kshs.1,735,400 in respect to travel, conferences and accommodation were not supported with user requisitions, approval and taxi receipts.

In the circumstances, the validity and completeness of the expenditure totaling to Kshs.21,789,005 on travel, conference and accommodation could not be confirmed.

3. Irregular Payment of Extraneous Allowances

The statement of financial performance reflects an expenditure of Kshs.287,163,324 under employee costs which includes an amount of Kshs.2,859,659 extraneous allowances paid to volunteers engaged by the Fund during the year under review. However, the payments were not approved by the Salaries and Remuneration Commission. Management did not provide justification and the basis for paying the extraneous allowance in addition to monthly stipends to volunteers who are not staff of the Fund or on permanent and pensionable terms of employment.

In the circumstances, the validity and completeness of the expenditure totaling to Kshs.2,859,659 on extraneous allowances could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Women Enterprise Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit

evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

Various prior year audit issues, as disclosed under the progress on follow up of auditor's recommendations section of the financial statements, remained unresolved as at 30 June, 2021. However, the Management did not provide explanations for the delay in resolving the prior year's audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Irregular Procurement of Motor Vehicle Repairs

The statement of financial performance reflects an expenditure of Kshs.14,924,291 under repairs and maintenance which, as disclosed in Note 13 to the financial statements, includes an amount of Kshs.4,487,174 in respect of motor vehicle repairs. The balance includes maintenance expenses totaling to Kshs.453,256 whose supporting procurement records such as original tender bid documents, tender evaluation minutes, professional opinion, and award minutes were not provided for audit review. This is contrary to Section 68 (2) (d) (iii) of the Public Procurement and Asset Disposal Act, 2015 which requires an entity to keep a summary of the proceedings of the opening of tenders, evaluation and comparison of the tenders, proposals or quotations, including the evaluation criteria used.

Consequently, the Management was in breach of the law.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for 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 to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness 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 Women Enterprise Fund policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue 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 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 May, 2022

Women Enterprise Fund
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**XIII. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2021**

	Note	2020-21	2019-20
		Ksh	Ksh
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	6(a)	151,520,000	175,200,000
Resource Mobilization from partners	6(c)	5,134,100	9,650,000
		156,654,100	184,850,000
Revenue from exchange transactions			
Rendering of services	7	157,821,337	144,370,346
Finance income – Interest on Call deposits	8	17,157,288	28,932,386
Other income	9	-	-
		174,978,625	173,302,732
Total revenue		331,632,725	358,152,732
Expenses			
Use of goods and services	10	34,826,356	32,777,522
Employee costs	11	287,163,324	260,915,158
Remuneration of directors	12	11,684,352	8,574,015
Repairs and maintenance	13	14,924,291	10,853,129
General expenses	14	113,461,414	108,460,546
Depreciation and amortization expense	15	11,975,764	6,460,085
Increase/ (Decrease) in provision for bad & Doubtful Debts	16 (a)	2,318,453	1,482,397
Total expenses		476,353,954	429,522,851
Other gains/(losses)		-	-
Impairment loss		-	-
Deficit for the period		(144,721,229)	(71,370,119)
Attributable to:			
Deficit attributable to owners of the controlling entity		(144,721,229)	(71,370,119)

The notes set out on pages 39 to 54 form an integral part of these Financial Statements

Women Enterprise Fund
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**XII. STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2021**

	Note	2020-21	2019-20
		Ksh	Ksh
Assets			
Current assets			
Cash and cash equivalents	17	816,781,367	1,157,495,396
Receivables from exchange transactions	18	3,633,751,652	3,374,822,384
Sub-Total Current assets		4,450,533,019	4,532,317,779
Non-current assets			
Property, plant and equipment	19	42,417,260	22,662,173
Intangible assets	20	851,154	-
Sub-Total Non-current assets		43,268,414	22,662,173
Total assets		4,493,801,433	4,554,979,952
Liabilities			
Current liabilities			
Trade and Other Payables from exchange transactions	21 (a)	914,022	790,586
Employee benefit obligation/Gratuity	21 (b)	40,744,381	32,325,107
Total liabilities		41,658,403	33,115,693
Net assets		4,452,143,030	4,521,864,259
Reserves		4,246,274,393	4,171,274,393
Accumulated surplus		205,868,637	350,589,866
Total net assets and liabilities		4,452,143,030	4,521,864,259

The Financial Statements set out on pages 31 to 35 were signed on behalf of the Board of Directors by:



Chief Executive/Director
Dr (Eng.) Charles Mwirigi



Head of Finance
CPA Paul Wangai
ICPAK Member No. 5935



Chairperson of the Board
Comm. Njoki Kahiga (OGW)

Date

08/02/2022

Date

08/02/2022

Date

08/02/2022

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**XIII. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30th JUNE 2021**

Attributable to the owners of the controlling entity					
		Reserves			
		Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	Total
	Note	Ksh	Ksh	Ksh	Ksh
Balance as at 1st July 2019		3,944,050,000	27,224,393	421,959,985	4,393,234,378
Surplus (Deficit) for the period		-	-	(71,370,119)	(71,370,119)
Grants received during the year	6 (b)	200,000,000			200,000,000
Revaluation gain					-
Balance as at 30th June 2020		4,144,050,000	27,224,393	350,589,866	4,521,864,259
Balance as at 1st July 2020		4,144,050,000	27,224,393	350,589,866	4,521,864,259
Surplus (Deficit) for the period		-	-	(144,721,229)	(144,721,229)
Grants received during the year	6 (b)	75,000,000	-	-	75,000,000
Balance as at 30th June 2021		4,219,050,000	27,224,393	205,868,637	4,452,143,030

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**XIV. STATEMENT OF CASH FLOWS
AS AT 30TH JUNE 2021**

		2020-21	2019-20
		Ksh	Ksh
Cash flows from operating activities			
Surplus / (deficit) for the year/period		(144,721,229)	(71,370,119)
Adjustments for:			
Depreciation & Provision for Doubtful Debts	19	11,975,764	6,460,085
Provision for Doubtful Debts		2,089,486	1,482,397
Impairment	16	-	-
Operating profit before working capital changes		(130,655,979)	(63,427,637)
(Increase)/ Decrease in trade and other receivables	18	(256,794,042)	(209,204,611)
Increase/ (Decrease) in trade and other payables	21	(8,542,710)	(8,824,722)
Net cash flows from operating activities		(395,992,731)	(281,456,970)
Cash flows from investing activities			
Purchase of Property, Plant, Equipment, and intangible assets		(19,721,298)	(10,784,161)
Net cash flows used in investing activities		(19,721,298)	(10,784,161)
Cash flows from financing activities			
Capitalization from exchequer receipts	6 (b)	75,000,000	200,000,000
Net cash flows used in financing activities		75,000,000	200,000,000
Net increase/(decrease) in cash and cash equivalents		(340,714,029)	92,241,131
Cash and cash equivalents at 1 st July 2020	17	1,157,495,396	1,249,736,527
Cash and cash equivalents at 30 th June 2021	17	816,781,367	1,157,495,396

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

Women Enterprise Fund
Reports and Financial Statements
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**XIII. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30th JUNE 2021**

Attributable to the owners of the controlling entity					
		Reserves			
		Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	Total
	Note	Ksh	Ksh	Ksh	Ksh
Balance as at 1st July 2019		3,944,050,000	27,224,393	421,959,985	4,393,234,378
Surplus (Deficit) for the period		-	-	(71,370,119)	(71,370,119)
Grants received during the year	6 (b)	200,000,000			200,000,000
Revaluation gain					-
Balance as at 30th June 2020		4,144,050,000	27,224,393	350,589,866	4,521,864,259
Balance as at 1st July 2020		4,144,050,000	27,224,393	350,589,866	4,521,864,259
Surplus (Deficit) for the period		-	-	(144,721,229)	(144,721,229)
Grants received during the year	6 (b)	75,000,000	-	-	75,000,000
Balance as at 30th June 2021		4,219,050,000	27,224,393	205,868,637	4,452,143,030

XIV. STATEMENT OF CASH FLOWS
AS AT 30TH JUNE 2021

		2020-21	2019-20
		Ksh	Ksh
Cash flows from operating activities			
Surplus / (deficit) for the year/period		(144,721,229)	(71,370,119)
Adjustments for:			
Depreciation & Provision for Doubtful Debts	19	11,975,764	6,460,085
Provision for Doubtful Debts	16(a)	2,318,454	1,482,397
Impairment	16(b)	-	-
Operating profit before working capital changes		(130,427,011)	(63,427,637)
(Increase)/ Decrease in trade and other receivables	18	(258,929,268)	(209,204,611)
Increase/ (Decrease) in trade and other payables	21	(8,542,710)	(8,824,722)
Net cash flows from operating activities		(397,898,989)	(281,456,970)
Cash flows from investing activities			
Purchase of Property, Plant, Equipment, and intangible assets		(19,721,298)	(10,784,161)
Net cash flows used in investing activities		(19,721,298)	(10,784,161)
Cash flows from financing activities			
Capitalization from exchequer receipts	6 (b)	75,000,000	200,000,000
Net cash flows used in financing activities		75,000,000	200,000,000
Net increase/(decrease) in cash and cash equivalents		(340,714,029)	92,241,131
Cash and cash equivalents as at 1st July 2020	17	1,157,495,396	1,249,736,527
Cash and cash equivalents as at 30th June 2021	17	816,781,367	1,157,495,396

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

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XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH JUNE 2021

	Original budget	Adjustments	Final budget	Actual Expenditure	Performance difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue	Ksh	Ksh	Ksh	Ksh	Ksh
Government grants/Exchequer receipts	175,200,000	-	175,200,000	151,520,000	(23,680,000)
Rendering of services	133,500,000	-	133,500,000	157,821,337	24,321,337
Finance Income	25,500,000	-	25,500,000	17,157,288	(8,342,712)
Resource Mobilization	5,000,000	-	5,000,000	5,134,100	134,100
Other Income	500,000	-	500,000	0	(500,000)
Total income	339,700,000	-	339,700,000	331,632,725	(8,067,275)
Expenses					
Compensation of employees	287,804,274	-	287,804,274	287,163,324	640,950
Goods and services	38,496,918	-	38,496,918	34,826,356	3,670,562
Remuneration of directors	11,180,000	-	11,180,000	11,684,352	-504,352
Depreciation and amortization expense	21,079,073	-	21,079,073	11,975,764	9,103,309
Repairs and maintenance	15,911,549	-	15,911,549	14,924,291	987,258
General expenses	136,917,577	-	136,917,577	113,461,414	23,456,163
Increase in provision for bad & Doubtful Debts	4,825,316	-	4,825,316	2,318,453	2,506,863
Total expenditure	516,214,707	-	516,214,707	476,353,954	39,860,753
Surplus/(Deficit) for the period	(176,514,707)	-	(176,514,707)	(144,721,229)	

Notes to the Budget Statement

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

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

Rendering of services- Revenue from Rendering of services was realized from increased demand for loans.

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

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

Compensation of Employees-The expenditure was incurred as per budget

Use of Goods and Services- Actual expenditure was lower than budgeted for attributable to reduction in operational activities relating to Physical meetings and sensitizations as a result of Covid-19.

Remuneration of Directors – Actual expenditure was within the budget margins.

Repairs and Maintenance costs- expenditure was as per budget

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

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

There was no revision of the budget or re-allocation of Fund in the financial year under review the only adjustment being for supplementary budget addition of Ksh100 Million from the exchequer.

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

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

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

There were no new standards or amendments published and applicable to the Fund in year 2020/21.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

There were no new or amended standards and interpretations applicable to the Fund in year 2020/21.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/21.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. Revenue recognition

a) 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

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b) 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.

c) 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.

d) 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.

e) 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.

f) 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.

ii. Budget information

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

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

iii. Taxes

a) 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

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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.

b) Deferred tax

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

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

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

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

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

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

c) 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.

d) 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.

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iv. Investment property

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

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

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

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

v. 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%

vi. 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.

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vii. 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:

- a) The technical feasibility of completing the asset so that the asset will be available for use or sale
- b) Its intention to complete and its ability to use or sell the asset
- c) How the asset will generate future economic benefits or service potential
- d) The availability of resources to complete the asset
- e) 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.

viii. Financial instruments

a) 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)

b) Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

ix. 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.

x. 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.

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xi. 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.

xii. Contingent assets

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

xiii. 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.

xiv. 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.

xv. 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.

xvi. 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.

xvii. 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.

xviii. 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.

xix. 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.

xx. 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.

xxi. 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

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- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. A general provision of at least 1% shall be made for all loans to recognize inherent portfolio risk.

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

6. (a) Transfers from other governments

Description	2020/21	2019/20
	KSh	KSh
Unconditional grants		
Operational grant	151,520,000	175,200,000
Total government grants and subsidies	151,250,000	175,200,000

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

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KSh	Amount recognised in capital fund. KSh	Total Grant income during the year KSh	2019-2020 FY	
				Operational grant KSh	Capital fund. KSh
State Department of Public Service, Youth and Gender	151,520,000	75,000,000	226,520,000	175,200,000	200,000,000
Total	151,520,000	75,000,000	226,520,000	175,200,000	200,000,000

6. (c) Resource Mobilization

Description	2020/21	2019/20
	KSh	KSh
Coca-cola Grant	5,134,100	9,650,000
Total other income	5,134,100	9,650,000

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7. Rendering of services

Description	2020/21	2019/20
	KSh	KSh
Administration fee on CWEs loan	150,122,500	135,645,000
Training Fee for C-WES borrowers	4,530,900	4,760,000
Income from sale of Loan Tracker booklets	834,800	868,000
Income from LPO financing	639,120	411,850
Sacco Processing fee & Bid bonds income, Penalties	1,694,017	2,685,496
Total revenue from the rendering of services	157,821,337	144,370,346

8. Finance income - External investments

Description	2020/21	2019/20
	KSh	KSh
Interest on Call and fixed deposits Investments	17,157,288	28,932,386
Total finance income – external investments	17,157,288	28,932,386

9. Other income

Description	2020/21	2019/20
	KSh	KSh
Income from Bid Bond, tender documents	-	-
Total other income	-	-

10. Use of Goods and Services

Description	2020/21	2019/20
	KSh	KSh
Communication, Electricity; water other Supplies and Services	19,448,597	18,426,307
Hospitality Supplies & Services	2,775,777	3,334,735
Office & General Supplies & Services	8,211,540	6,757,015
Refined Fuels and Lubricants	4,390,442	4,259,465
Total good and services	34,826,356	32,777,522

11. Employee costs

	2020/21	2019/20
	KSh	KSh
Salaries and wages	287,163,324	260,915,158

12. Remuneration of directors

Description	2020/21	2019/20
	KSh	KSh
Chairman's Honoraria & Board allowances, Conference expenditure	11,684,352	8,574,015
Total Director emoluments	11,684,352	8,574,015

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13. Repairs and maintenance

Description	2020/21	2019/20
	KSh	KSh
Furniture and Fittings	130,875	2,200
Vehicles	4,487,174	3,864,666
Computers and accessories	10,306,242	6,986,264
Total repairs and maintenance	14,924,291	10,853,129

14. General expenses

Description	2020/21	2019/20
	KSh	KSh
Printing, Advertising, Information Supplies	10,267,381	21,682,128
Travel, Conferences and accommodation	21,789,005	23,784,954
Insurance	25,721,444	15,047,730
Rental	11,917,884	12,823,233
Training	41,907,243	32,308,404
Other general Operating Expenses	1,858,457	2,814,096
Total General Expenses	113,461,414	108,460,546

15. Depreciation expense

Description	2020/21	2019/20
	KSh	KSh
Property, Plant and Equipment	11,975,764	6,460,085
Total depreciation	11,975,764	6,460,085

16. (a) Provision for Bad Debts

	2020-21	2019-20	<u>Increase/(Decrease)</u> <u>20/21</u>
Loans to Financial Intermediaries	72,050,505	72,050,505	
Less Provision for bad Debts	720,505	720,505	-
Net FI Loans	71,330,000	71,330,000	
Loans for - C-WES	3,297,478,796	3,091,422,676	
Less Prov for bad Debts	32,974,788	30,914,227	2,176,758
Loans balances (C-WES)	3,264,504,008	3,060,508,449	
LPO Loans/Financing	15,118,589	15,310,697	
Less Prov for bad Debts	151,186	153,107	(1,921)
Loan Balances LPO	14,967,403	15,157,590	
Loans to SACCO	95,689,152	81,327,538	
Less Provision for bad Debts	956,892	813,275	143,617
Balances	94,732,260	80,514,263	
Increase in Provision for bad debts			<u>2,318,454</u>

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16 (b) Impairment loss

Description	2020/21	2019/20
	KSh	KSh
Intangible assets	-	-
Total Impairment loss	-	-

17. (a) Cash and cash equivalents

Description	2020-21	2019/20
	Ksh	KSh
Current account	218,856,884	182,296,043
On - call deposits	585,607,406	967,259,908
Others-Safaricom M-pesa	12,317,077	7,939,445
Total cash and cash equivalents	816,781,367	1,157,495,396

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

Financial institution	Account number	2020-21	2019/20
		Ksh	KSh
a) Current account			
Kenya Commercial bank			
• Main Account	1109218818	145,155,516	39,217,208
• Collection Account	1111394423	18,039,093	41,865,500
• Loan Disbursement Account	1157880533	14,917,895	60,168,417
• Staff Gratuity Account	1150260386	40,744,380	41,044,919
Sub- total		218,856,884	182,296,043
b) On - call deposits			
Kenya Commercial bank		585,607,406	967,259,908
Sub- total		585,607,406	967,259,908
c) Others			
M pesa		12,317,077	7,939,445
Sub- total		12,317,077	7,939,445
Grand total		816,781,367	1,157,495,396

18. Receivables from exchange transactions

Description	2020-21	2019/20
	Ksh	KSh
Current receivables		
Loans to FI partners	71,330,000	71,330,000
Loans to CWES's	3,264,504,009	3,060,508,449
Sacco Loans	94,732,260	80,514,263
LPO Loans/Financing	14,967,403	15,157,590
PikiPiki Loan Financing	1,106,920	1,297,916
Car & Mortgage Scheme	183,417,140	144,317,140
Imprests & Advances	3,693,920	1,697,024
Total receivables	3,633,751,652	3,374,822,384

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19. Property, Plant and Equipment

	Motor vehicles	Furniture and fittings	Computers	Office equipment	Total
Cost	Shs	Shs	Shs	Shs	Shs
At 30 th June 2020	61,132,264	15,079,301	35,920,317	3,426,193	115,558,075
Additions/ revaluation	(27,922,560)	5,920,745	3,131,671	-	(18,870,144)
At 30 th June 2021	33,209,704	21,000,046	39,051,988	3,426,193	96,687,931
Depreciation					
At 1 st July 2020	0	9,147,042	29,743,615	3,404,250	42,294,907
Depreciation Charge for the period	8,302,426	2,625,006	1,042,846	5,486	11,975,764
At 30 th June 2021	8,302,426	11,772,048	30,786,461	3,409,736	54,270,671
Net book values					
At 30 th June 2021	24,907,278	9,227,998	8,265,526	16,458	42,417,260
At 30 th June 2020	10,531,268	5,932,259	6,176,702	21,944	22,662,173

20. Intangible assets-software

Description	2020-21	2019-20
	Ksh	Ksh
Cost		
At beginning of the year- 01.7.2020	25,547,750	25,547,750
Additions	851,154	-
At end of the year- 30.6.2021	26,398,904	25,547,750
Amortization/ impairment		
At beginning of the year- 01.7.2020	25,547,750	24,294,159
Amortization	-	1,253,591
At end of the year- 30.6.2021	25,547,750	25,547,750
Net Book Value	851,154	-

21 (a) Trade and Other Payables from exchange transactions

Description	2020-21	2019-20
	Ksh	Ksh
Trade and other Payables from exchange transactions	914,022	790,586

21 (b) Employee benefit obligation/Gratuity

Description	2020-2021	2019/20
	Ksh	Ksh
Staff accrued gratuity	40,744,381	32,325,106

21. Financial Risk Management

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

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

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.

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	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Ksh	Ksh	Ksh	Ksh
At 30th June 2021				
Trade payables	-	914,022	-	914,022
Total	-	914,022	-	914,022
At 30th June 2020				
Trade payables	-	-	790,586	790,586
Total	-	-	790,586	790,586

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.

iv. 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:

	2020-21	2019-20
	Ksh	Ksh
Revaluation reserve	27,224,393	27,224,393
Retained earnings	205,868,637	350,589,867
Capital reserve	4,219,050,000	4,144,050,000
Total funds	4,452,143,030	4,521,864,260

22. Related Party Balances

i. Nature of related party relationships

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

- a. The National Government;
- b. The Parent Ministry;

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- c. County Governments
- d. Key management;
- e. Board of directors;

ii. Related party transactions

	2020-21 Ksh	2019-20 Ksh
Transfers from related parties'	226,520,000	375,200,00
Transfers to related parties	-	-

23. Contingent assets and contingent liabilities

Contingent liabilities	2020/21 KSh	2019/20 KSh
Industrial Court case no. 967 of 2016 Faustine Egesa against the Fund	8,221,764	8,221,764
Industrial Case no. 526 of 2016 Isaac Gakua Mwangi against the Fund	1,329,500	1,329,500
Total	9,551,264	9,551,264

24. Events after the reporting period

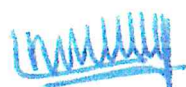
There were no material adjusting and non- adjusting events after the reporting period.

25. Ultimate and Holding Entity

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


26. Currency

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



.....
Chief Executive Officer

Date: 08/02/2022



.....
Chairperson of the Board

Date: 08/02/2022

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XVII. Appendix 1: 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
1.0	Receivables from Exchange Transactions			
1.1	Doubtful Receivables-LPO Loans/ Financing-Balance of Ksh 8,072,303 for LPO's outstanding for more than one year.	Recovery for these amounts ongoing. Current balance stands at Ksh 5,278,000	On-going	June, 2022
1.3	Non-Performing Loans to Financial Intermediaries Partners-Won performing loans for FI's totalling Ksh 71,330,000.	The matters are in Court. Judgement has been made in favour of the Fund for an amount of Ksh 42,000 leaving a balance of Ksh 29,330,000	On-going	June, 2022
1.4	Pikipiki Loan Financing-An outstanding loans balance of Ksh 150,000 from two staff members for whom no recoveries have been effected over the last one year.	Recovery efforts for these amounts ongoing.	On-going	June, 2022
1.5	Imprests and Advances-imprests totalling Ksh 184, 581 for staff who have exited recoverability in doubt	Recovery efforts for these amounts ongoing. Current outstanding balance stand at ksh 148,081	On-going	June, 2022
2.0	Accuracy of Financial statements			
2.1	Unreconciled training ledger amount totaling Ksh. 671,504 not reconciled with Schedule	Ledger reconciled with the financial statements	Resolved	June, 2021
Other Matters				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
	Multiple Imprest issued to staff before clearance of outstanding imprests totalling Ksh 1,142,285	Strict adherence measures put in place to ensure no staff holds multiple imprests.		
1.0 Imprest Management and control	Unsurrendered imprests totalling Ksh 470,637 outstanding as at 30 th June 2020	The outstanding imprests totalling to Ksh 470,637 fully accounted for.	Resolved	June, 2021
2.0 Staff Appointments not meeting the requisite criteria	Three Staff appointed to the position of Assistant credit manager did not meet requisite criteria of membership to professional bodies	Compliance with policies in place	Resolved	June, 2021

XVIII. Appendix 2: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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XIX. 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 - KSH	Statement of Financial Performance	Capital Fund- Statement of Changes in Net Assets	Total Transfers during the Year
Ministry of Public Service Youth and Gender	Various -see appendix ii above	Recurrent	151,520,000	151,520,000	-	151,520,000
Ministry of Public Service Youth and Gender	Various -see appendix ii above	Development	75,000,000		75,000,000	75,000,000
Total			226,520,000	151,520,000	75,000,000	226,520,000