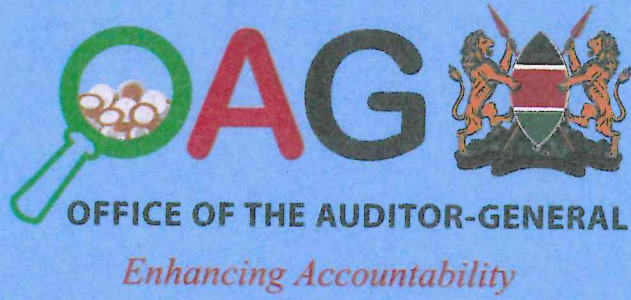


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

WOMEN ENTERPRISE FUND

**FOR THE YEAR ENDED
30 JUNE, 2023**



WOMEN ENTERPRISE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

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Women Enterprise Fund
 Annual Report and Financial Statements
 for the year ended June 30, 2023.

Table of Contents.....	Page
I. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS	iii
II. KEY INFORMATION AND MANAGEMENT	iv
III. THE BOARD OF DIRECTORS.....	viii
IV. MANAGEMENT TEAM	xiv
V. CHAIRPERSON'S STATEMENT.....	xviii
VI. REPORT OF THE CHIEF EXECUTIVE	xx
VII. STATEMENT OF THE FUND'S PERFORMACE AGAINST PREDETERMINED OBJECTIVES.....	xxii
VIII. CORPORATE GOVERNANCE STATEMENT	xxv
IX. MANAGEMENT DISCUSSION AND ANALYSIS.....	xxix
X. ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xxxiv
XI. STATEMENT OF DIRECTORS RESPONSIBILITIES	xl
XII. REPORT OF INDIPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF WOMEN ENTERPRISE FUND	1
XIII. STATEMENT OF FINANCIAL PERFORMANCE	2
XIV. STATEMENT OF FINANCIAL POSITION.....	3
XV. STATEMENT OF CHANGES IN NET ASSETS.....	4
XVI. STATEMENT OF CASH FLOWS	5
XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	6
XVIII. NOTES TO THE FINANCIAL STATEMENTS	8
XIX. Appendices 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	25
Appendix 2: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....	27

I. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
FY	Financial Year

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation.

Comparative Year- Means the prior period.

(This list is an indication of the common acronyms and abbreviations.)

II. 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, Gender, and Affirmative Action 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

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, Gender, and Affirmative Action and specifically in the State Department of Gender and Affirmative Action
- ii. Advisory Board
- iii. A Secretariat headed by a Chief Executive Officer

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No	Designation	Name
i.	Chief Executive Officer	Dr. (Eng.) Charles Mwirigi
ii.	Manager, Finance & Administration	Paul Wangai (CPA)
iii.	Manager, Credit	Raphael Kimolo
iv.	Manager, Audit & Risk	Daniel Rucha
v.	Manager, Marketing, Research & Comm	Ruth Randa
vi.	Manager, M&E	Carilus Okoth
vii.	Deputy Manager, ICT	Nilton Mutungi
viii.	Deputy Manager, HRM &T	Shadrack Chando
ix.	Assistant Manager, Supply Chain	Catherine Otido
x.	Assistant Manager, Legal	Mariam Sadik

(e) Fiduciary Oversight Arrangements

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

i Board Audit & Compliance Committee

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

ii Board Finance, Staff & Administration Committee

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

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

- 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 Credit 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 Strategy, Innovation and Technology 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 responsibilities that may be assigned by the Board.

Board Committee Composition

<p>Credit Committee</p> <ol style="list-style-type: none"> 1. Kenneth Maina (Chairperson) 2. Halima Abdi 3. Jaqueline Kiiro 4. Amb. Sophie Kombe 	<p>Strategy, Innovation and Technology Committee</p> <ol style="list-style-type: none"> 1. Yvonne Tonkei (Chairperson) 2. James Kahindi 3. Jaqueline Kiiro 4. Chepchumba Koskei
<p>Finance, Human Resource and Administration Committee</p> <ol style="list-style-type: none"> 1. Amb. Sophie Kombe (Chairperson) 2. James Kahindi 3. Kenneth Maina 4. Yvonne Tonkei 5. Denis Kirui 	<p>Audit and Compliance Committee</p> <ol style="list-style-type: none"> 1. Chepchumba Koskei (Chairperson) 2. Halima Abdi 3. Denis Kirui

(f) Entity Headquarters

P.O. Box 17126-00100
Britam Tower 11th Floor
Hospital Road
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 714 606 845-6
E-mail: info@wef.co.ke
Website: www.wef.co.ke
Twitter: wef kenya
Face book: women enterprise fund
Youtube: wef kenya

(h) Fund Bankers

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

(i) Independent Auditor

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

(j) Principal Legal Adviser

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

Women Enterprise Fund
 Annual Report and Financial Statements
 for the year ended June 30, 2023.





III. THE BOARD OF DIRECTORS

Photo and Name of Board Member	Board Member's Key qualifications and work experience
 Dr. Jane Lang'at (Ph.D)	<p>Chairperson of the Advisory Board Responsible for providing overall leadership to the Board in areas of policy development and direction.</p> <p>Qualifications: Doctor of Philosophy (Ph.D) Counselor Education and Supervision, Duquesne University, Pittsburgh, PA Masters in Counselling Psychology- Alliance Graduate School of Counselling NY Bachelor of Arts Degree- Belharem University Jackson, MS</p> <p>Appointed February 2023</p>
 Mr. Kenneth Maina	<p>Qualifications:</p> <ul style="list-style-type: none"> • Masters in Theology specializing in Church History • Bachelor of Divinity • Diploma in Theology <p>Appointed in February 2023.</p> <p>Chair of Credit Committee and a member of Finance, Human Resource and Administration Committee from March 2023.</p>
 Ms. Yvonne Tonkei	<p>Qualifications:</p> <ul style="list-style-type: none"> • Bachelors Degree in Mass Communication (Public Relations Major) • Diploma in Mass Communication • Diploma in Human Resources Management <p>Appointed in February 2023.</p> <p>Chairperson of Strategy, Innovation and Technology Committee and a member of Audit and Compliance Committee from March 2023.</p>
 Ms. Chepchumba Koskei	<p>Qualifications: Diploma in Social work and Community Development</p>

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

	<p>Bachelor of Commerce (Business Administration Option) Diploma in Catering and Accommodation</p> <p>Sophy Kadzo Kombe was the Kenya High Commissioner to Zambia in the year 2014 to 2019.</p> <p>Appointed in June 2023</p>
	<p>Qualifications:</p> <ul style="list-style-type: none"> • Master of science in Agricultural Economics • Bachelor of science Degree in Agriculture and Home Economics <p>Appointed in September 2022 to representative PS, Crop Development and Agricultural Research</p> <p>Member of Credit Committee and Strategy, Innovation and Technology Committee from January 2023</p>
	<p>Qualifications:</p> <ul style="list-style-type: none"> • Gender specialist. • Master of Arts Degree in Gender and Development Studies from the University of Nairobi, • Bachelor of Arts Degree (Education) from Kenyatta University • Higher Diploma in Human Resource Management from Institute of Human Resource Management. <p>Appointed March 2023 to represent the PS State Department for Gender and Affirmative Action</p> <p>Member of Credit Committee and Audit and Compliance Committee from March 2023</p>
	<p>Qualifications:</p> <ul style="list-style-type: none"> • Bachelor of Arts in Mass Media communication • Diploma, Mass Communication <p>Appointed February 2023</p> <p>Member of Finance, Human Resource and Administration Committee and Audit and Compliance Committee from March 2023.</p>

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

	<p>Qualifications:</p> <ul style="list-style-type: none"> • Masters in Public Administration • Bachelor of Arts (Sociology & Economics) <p>Appointed March 2023 to represent PS National Treasury</p> <p>Member of Finance, Human Resource and Administration Committee and Audit and Compliance Committee from March 2023.</p>
	<p>Qualifications:</p> <ul style="list-style-type: none"> • Ph.D (ongoing).: Pwani University • Master of Science in Human Resources • Bachelor’s Degree of Business Administration in Human Resources • Certification Course in Monitoring and Evaluation <p>Served as Chair of Finance, Human Resource and Administration Committee and a member of Credit Committee from March to June 2023</p> <p>Served between March and June 2023</p>
	<p>Qualifications:</p> <p>Master of Business Administration (MBA) in Masters in Economic Policy Management (EPM)-Makerere University.</p> <p>Bachelor of Arts Degree—University of Nairobi.</p> <p>Member of Finance, Human Resource and Administration Committee and Audit and Compliance Committee from March 2023 to May 2023</p> <p>Served between March and May 2023 representing the PS Planning</p>
	<p>Prof. Emeritus Wanjiku Mukabi Kabira is the Leader of the Women’s Economic Empowerment (WEE) Hub and the Director of African Women Studies Research Centre (AWSRC), University of Nairobi. Prof. Kabira is a professor of Literature and a writer, a literary critique, and a gender and policy analyst. Prof Kabira is also an expert in policy analysis and evidence-based policy advocacy.</p> <p>Served as chairperson of the Advisory Board between July 2022 and February 2023</p>

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

	<p>Qualifications: Master of Business Administration in Finance</p> <p>Independent Member of the Advisory board</p> <p>Served as Chairperson of Strategy, Innovation and Technology Committee and a member of Audit and Compliance Committee until November 2022.</p>
	<p>Qualifications: Bachelor of Psychology (Counselling)</p> <p>Independent Member of the Advisory Board</p> <p>Served as Chairperson of Finance, Human Resource and Administration Committee and a member of Strategy, Innovation and Technology Committee until October 2022.</p>
	<p>Qualifications: Master's in human Rights, B.A Political Science and Linguistics, Member of Catholic Church Development Committee – Kerugoya.</p> <p>Independent Member of the Advisory board</p> <p>Served as Chair of Credit Committee and a member of Finance, Human Resource and Administration Committee until October 2022</p>
	<p>Qualifications: Master of Business Administration (MBA) in Strategic Management, Bachelor of Business Administration (BBA) in Finance (Honours) and Diploma in Co-operatives Management. He also holds a Diploma in Microfinance for Innovative Rural Finance sponsored by SIDA and Certified Public Accountant of Kenya.</p> <p>Independent Member of the Advisory board</p> <p>Served as Member of Finance, Human Resource and Administration Committee and Strategy, Innovation & Technology Committee until February 2023.</p>

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**



Selina Loitareng Chemasach

Qualifications: Postgraduate Diploma Kenya School of Law, Bachelor's Degree in Law

Experience: Over 7 years post admission experience in the legal field

Independent Member of the Advisory Board

Served as Chair of Audit and Compliance Committee and a member of Credit Committee until October 2022



Lucy Njenga

Qualifications: MSc in Agricultural Resource Management, University of Nairobi, BSc in Agriculture, (University of Nairobi)

Experience: Over 33 years in Civil Service

Representative PS, Crop Development and Agricultural Research

Served as a member of Finance, Human Resource and Administration Committee and Credit Committee until September 2022



Catherine Wairimu Waweru

Qualifications: PHD, Business Administration, MBA Entrepreneurship, BED Business studies, Economics and Education.

Experience: Over 30 years as a Public Officer

Representative PS Trade

Served as a member of Audit and Compliance Committee and Strategy, Innovation & Technology Committee until October 2022



Eliana Nekulu Ongulu Shiroko

Qualifications: Master's in economics, B.A Economics

Experience: Over 29 years in the civil service.

Representative PS, Planning

Served as a member of Credit Committee and Strategy, Innovation & Technology Committee until October 2022

Women Enterprise Fund
 Annual Report and Financial Statements
 for the year ended June 30, 2023.

 <p>Eliud Mutwiri Festus</p>	<p>Qualifications: PHD, Community Resource Management, MSC Community Development and Extension, B.A Sociology and Religious studies</p> <ul style="list-style-type: none"> • Experience: Over 27 years in Civil Service • Representative PS, Gender <p>Served as a member of Credit Committee and Audit & Compliance Committee until October 2022</p>
 <p>Joseph Kiarii</p>	<p>Qualifications: Bachelor of Commerce (Accounting Option)</p> <ul style="list-style-type: none"> • Member: ICIFA • Experience: Over 20 years at the National Treasury • Representative CS, National Treasury <p>Served as a member of Finance, Human Resource and Administration Committee and Audit & Compliance Committee until October 2022</p>

Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.

IV. 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-Strategic Management, MBA-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 20 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 16 years' experience in Credit Management. Master of Science in Entrepreneurship and Innovations Management, Bachelor of Science</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

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

<p>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.

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**



Carilus Okoth
Manager, Monitoring & Evaluation
Qualifications

Over 17 years' experience in both private and public sectors. MBA (Strategic Management), BSc. (Appropriate Technology), Chartered Credit Analysts, Certified Project Manager, Result Based Management and M&E Certificate, Member- ESK

- Monitoring and evaluation of the Fund's interventions.
- Client capacity building.
- Performance contracting (Performance Monitoring and Management).
- Strategic Plan.
- Implementation of Management Systems - Information Security Management System (ISO/IEC 27001).
- Conduct regular surveys to test effectiveness and quality of interventions/results



Mrs. Catherine N. Otido
Assistant Manager, Supply Chain

Over 15 years' cumulative experience, 9 years in Supply Chain
Master in business administration, Bachelor of Education, Diploma in Purchasing & Supplies Management (KIM) and Diploma from Chartered Institute of procurement and Supplies
Member: KISM, CIPS

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



Mariam W. Sadik
Assistant manager, Legal

Bachelor of Laws (LLB), Post Graduate Diploma in Law (Dip-KSL), Master of Laws (LLM), Member – LSK.

- Fund secretarial services
- Contract management
- Dispute resolution and management
- Ensuring legal compliance by the Fund
- Legal Research and Writing
- Case Management

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

	<ul style="list-style-type: none"> • Formulation, implementation and coordination of ICT policies, strategies and programmes in the Fund; • Keeping up to date with emerging information communication technological trends communication, innovative and technological trends; • Ensuring timely implementation of ICT standards in line with the needs of the Fund and effective maintenance of ICT systems; • Preparation of ICT status reports and ensuring professional standards and guidelines are adhered to; • Management and coordination of the 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>Nilton Mutungi Deputy Manager, ICT</p> <p>Experience: Over 14 years in both the private and public sector. Qualifications: Master of Science in Data Communication, BSc. Information Technology.</p>	<ul style="list-style-type: none"> • Responsible for developing, reviewing and implementation of human resources strategies, policies, programs and procedures • Manage the employee resourcing processes in the organisation • Responsible for providing leadership in the development and review of human resource instruments including the Organisation structure & Staff Establishment, Career Progression Guidelines & Human resources Policy Manual • Oversee talent management and training and development in the Fund
	<p>Shadrack C. Mwamuye Deputy Manager, HRM & Training</p> <p>Over 15 years experience in both private and public sector. MBA (Strategic Management); BBM (HRM); H.Dip. HRM; Dip. Personnel Management. Member: IHRM, KIM</p>

V. CHAIRPERSON'S STATEMENT

Introduction

It is my pleasure to present to you the Financial Year 2022/2023 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.26,420,268,180** loans to **136,721** Self Help Groups and **2,063,147** individuals. During the year under review the Fund disbursed a total of **Ksh. 1.795 billion** benefiting more than **60,000** individuals. It is important to note that lending was stopped in the second half of the year as the Fund was expected to transition to offer loans through the Financial Inclusion Fund platform. Consequently, no loan was issued to the women groups.

On Capacity building, the Fund has cumulatively trained a total **1,773,355** of on entrepreneurship across the country with last year numbers standing at **124,383** beneficiaries.

Market Access and Linkages: - The Fund has supported **50,153** women globally, with **937** facilitated in the last financial year. To enhance financial inclusivity, two MOUs were signed with Strathmore Business School and the University of Nairobi Women Economic Hub on capacity building, market access, linkages and incubation respectively.

The Fund also engaged **58** attachees from various institutions of higher learning and **13** interns from Public Service Commission deployed to various departments/regions.

A total of **Ksh.23,529,537** worth of tenders were awarded for the AGPO category during the period, while a total of **Ksh.84,808,493** worth of tenders were awarded under Buy Kenya Build Kenya.

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, the Fund was relaunched by His Excellency the President to offer loans digitally by dialling *254# to women groups. This was aimed at reducing the turnaround time from 42 days to instant. The Fund contracted Safaricom PLC to provide the lending platform.

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's operations slowed down as we were putting up structures for the new model. The Fund has experienced tremendous growth despite the reduced staffing levels at the Secretariat, occasioned by exits. However, we are in the process of reviewing the organizational structure to fit the new business model.

Prospects and Strategy

During the year, my Board approved the operationalization of the USSD mobile application (*254#) to allow customers to borrow loan on the digital platform aimed at improving service delivery.

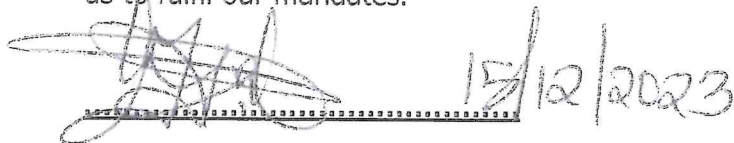
Other interventions that we have put in place include review of the Strategic Plan to align with the Bottom-Up Transformative Agenda (BETA).

The Fund continued to carry out financial training with the aim of developing entrepreneurial skills as well as pursuing 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, Gender, and Affirmative Action, 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 exchequer support..

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, staff and all other stakeholders who played a part in one way or another in enabling us to fulfil our mandates.



The image shows a handwritten signature in black ink, which appears to be 'Jane Langa't', written over a dotted line. To the right of the signature, the date '15/12/2023' is handwritten in black ink.

Dr. Jane Langa't

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

VI. REPORT OF THE CHIEF EXECUTIVE

I am delighted to present to you a summary of the Women Enterprise Fund's performance and operations for 2022/2023 Financial Year. The Fund has continued to report impressive performance and growth despite the current operational challenges spiraled with increased inflation and a weakened currency.

According to June, 2023 World Bank report, economic performance softened in 2022 with a GDP growth at 4.8 percent after the strong rebound from the COVID-19 crisis at 7.5 percent in 2021. The growth rate, however, has remained in line with Kenya's long-term growth trajectory, even though the economy faced challenging global financial conditions, fuel, and food price shocks, and a historic drought that affected the economy, especially in the second half of 2022.

The Fund continued to deliver on its mandate which broadly focusses on lifting those at the bottom of the pyramid through structured products in group lending and provision of business support services.

About 80% of Women Enterprise fund loans go to the agriculture sector helping to transform livelihoods across the country. The beneficiaries are however, exposed to challenges of climate change resulting in erratic rainfall, drought, and flood among others. These conditions have disrupted the borrower's income flows which in turn result to loan defaults and social tensions.

During the year, the Fund disbursed a total of Ksh.1,795,358,500 benefiting more than 60,100 individuals. The amount represents the loans disbursed through the Fund's manual delivery channels namely Constituency Women Enterprise Scheme (Tuinuke loans), Thamini loans, LPO financing, and Sacco lending.

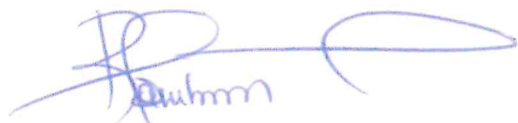
In addition, the Fund undertook capacity building/financial literacy and entrepreneurship training to 116,934 beneficiaries across the Country. Further, under the marketing facilitation mandate the Fund sensitized a total of 937 women on online marketing, business clubs, AGPO and SACCO formation.

The following are the highlights of the Financial Performance:

- i A total of **Ksh.116,419,480** was generated from exchange transactions. The breakdown is as under:
 - a. Administration fee on CWES loan 86,002,500
 - b. Interest on call deposits/Current account 25,871,697
 - c. Training fee for C-WES borrowers 1,498,200
 - d. Income from sale of loan tracker 1,061,800
 - e. Income from LPO financing 879,627
 - f. Income from Sacco lending 1,105,656
- ii Revenues from non-exchange transactions consist of **Ksh.197.22 million** being allocation in respect of recurrent exchequer.

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

- iii The total recurrent income for the period ended 30th June 2023 amounts to **Ksh.313,639,480.**
- iv Remittances in respect of development expenditure amounted to **Ksh.42.5 million** out of the approved estimates of **Ksh.170 million** for the year.
- v Total recurrent expenditure charge for the Fund as at 30th June 2023 stood at **Ksh. 534,528,714** composed of:
 - a) Staff costs 319,248,876
 - b) Mandate costs 120,332,579
 - c) Governance costs 19,706,044
 - d) Operations and Maintenance 63,239,434
 - e) Depreciation, Impairment & Provisions 12,001,781
- vi The operational deficit for the period amounted to **Ksh. 220,889,234.**
- vii The Fund value stood at **Ksh.4,262,788,003** compared to **Ksh.4,441,177,237** as at 30th June, 2022.



RAPHAEL KIMOLO
Ag. CHIEF EXECUTIVE OFFICER

Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.

VII. STATEMENT OF THE FUND'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

- i. Pillar 1: Access to Credit
- ii. Pillar 2: Business Development Services
- iii. 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 2022/2023 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.1,720,050,000 disbursed to 5,309 self-help groups Ksh.12,208,500 disbursed under LPO Financing Ksh.42,000,000 disbursed under Financial Intermediaries channel 97%
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	Beneficiaries trained on entrepreneurship Women linked to large enterprises	-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	Financial Literacy training undertaken to 116,934 women entrepreneurs The Fund participated in the following forums and Sensitizations: a) 67th Session of the UN Commission on Status of Women in March 6th to 17th 2023, in New York

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

	<ul style="list-style-type: none"> -To facilitate marketing of women products and services in local and international markets -To facilitate and support investment in infrastructure that support women enterprises. 	<p>Women facilitated through exhibitions, trade fairs, and WEF SOKO</p> <p>Women provided decent workspaces</p>	<ul style="list-style-type: none"> -Facilitate small enterprise to reach agreements with big companies -Participate in international and domestic exhibitions, and trade fairs -Secure market space in the established markets -Develop business incubation framework 	<p>City. The Fund hosted a side event on Accelerating Women Entrepreneurship through Digital technology.</p> <p>b) 602 women were facilitated to participate during the International Women Day on 2nd March 2023 at KICC, Nairobi.</p> <p>c) Launch of the New Reengineered WEF by the President; from manual loan process to digital platform, *254#</p> <p>d) Training on Financial literacy in collaboration with the UON WEE Hub incubation. 503 women in 17 counties participated in the program.</p> <p>e) 318 women were trained as WEF Ambassadors in the County Model Program in 9 counties</p>
Pillar 3: Strengthen Strategic Operations	<ul style="list-style-type: none"> -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 	<p>Status of automation</p> <p>Status of the work environment</p> <p>Compliance with financial management standards</p> <p>Level of brand visibility</p>	<ul style="list-style-type: none"> -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 	<ul style="list-style-type: none"> -ERP implementation ongoing -ISMS ISO certification ongoing

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

	<p>-To promote innovation and culture change -To strengthen Human Resource Management -Governance and Management</p>	<p>Level/rate of innovation Status of human resource Status of risk management practices</p>	<p>-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 -Form a taskforce to spearhead ISO certification -Undertake risk mapping and identify appropriate mitigations</p>	
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VIII. CORPORATE GOVERNANCE STATEMENT

Introduction

The Fund is committed to the highest standards of corporate governance and business ethics. Good corporate governance practices are essential to the delivery of long term and sustainable public service delivery. The Fund continues to adhere to its obligations as a Semi-Autonomous Agency set up under the Ministry of Public Service, Gender, and Affirmative Action in compliance with The Public Finance Management Act, 2012. The Fund also adheres to other regulations promulgated by the government and the ethical standards prescribed in the Mwongozo Code of Governance. In addition, WEF abides by the tenets of the Constitution of Kenya and all other laws as a law-abiding corporate citizen.

The Fund believes that good corporate governance is critical to the achievement of high level of integrity and professional ethics our dealings as part of the public service. In the financial year under review, we continued to achieve high levels of corporate governance by focusing on the following areas:

- Continued implementation of our Strategic Plan for the long-term sustainability of the Fund.
- Timely and relevant disclosures and financial reporting to the Office of the Auditor General for a clear understanding of the Fund's operations and compliance.
- Ensuring execution of strong audit procedures, audit independence and continuously enforcing strong internationally recognised accounting principles.
- Focus on clearly set out board and management duties and responsibilities.
- Ensuring Board competencies through induction for new Board members;
- Focusing on compliance with relevant laws and upholding the highest levels of integrity in the organization's culture and practices Board charter

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.

The Fund continues to enjoy high levels of corporate governance by adhering to the following principles amongst others:

- i. Adoption of appropriate strategies aimed at enabling and promoting the long-term prosperity of the Fund;

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

- 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.

Advisory Board size, composition, and appointments

The Advisory Board has ten out of the required eleven members. The ten Include a chairperson appointed by the head of state, Five Independent members and four members representing the line ministries who serve the Fund for a period of 3 years. The Board was constituted in February 2023 and subsequently inaugurated on 22nd March 2023. Subsequently the Board proceeded for a two-day orientation that took place on 23rd and 24th March 2023 and an additional Board induction training and development was conducted to the individual Board members by SCAC between 12- 26th April 2023.

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 Cabinet Secretary generally on the operations of the Fund.
- ii. Determining the Fund's mission, vision, purpose and core values;
- iii. Setting and overseeing the overall strategy and approve significant policies of the Fund;
- iv. Ensuring that the strategy is aligned with the purpose of the Fund and the legitimate interests and expectations of her stakeholders;
- v. Ensuring that the strategy of the Fund is aligned to the long-term goals of the Fund on sustainability so as not to compromise the ability of future generations to meet their own needs;
- vi. Approving the organizational structure of the Fund;
- vii. Approving the annual budget of the Fund;
- viii. Monitoring the Fund's performance and ensuring sustainability;

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

- 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.

WEF Board Charter

The Board Charter is critical to the Fund's governance framework, and offers guidance on matters including but not limited to the following; The separation of the roles, functions, responsibilities and powers of the board and its individual members; Powers delegated to the board committees; Matters reserved for final decision-making and approval by the board; Policies and practices of the board on matters of corporate governance, directors' declarations and conflict of interest, conduct of board and board committee meetings; and Nomination, appointment, induction, ongoing training and performance evaluation of the board and its committees

WEF Board meetings and Committees

The WEF Advisory Board has four standing committees: Finance, Human Resource & Administration Committee; Audit & Compliance Committee; Credit Committee; and Strategy, Innovation & Technology Committee. Each committee has formal and approved terms of reference. The board periodically reviews the terms of reference for each of these committees to ensure they are in line with current legislation and best practice. The committees are provided with all necessary resources to enable them to undertake their duties effectively.

Board meetings are conducted at least on a quarterly basis (minimum four) and Board Committees meet as often as required (once per quarter minimum) and is guided by the Board Almanac that is developed and approved every year in line with the Mwongozo Code of Governance Guideline.

The meetings are attended both physically and via video/tele-conferencing facility in the WEF official digital platform. At least 2/3 of the directors (including the chairperson) are required to attend the Board meetings in person to ensure a quorum. Attendance by proxy is prohibited. The chairperson ordinarily chairs all sessions of the Board. In the absence of the chairperson at the meeting the members present shall appoint one of their number to preside over the meeting. An attendance register is signed by all the members in all meetings.

Conflict of interest

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

The Board directors is obligated to fully disclose to the Bard any real or potential conflict of interest, which comes to any director's attention, whether direct or indirect. The statutory duty to avoid situations in which the directors have or may have interests that conflict with those of The Fund has been observed by the board in the financial year under review. The Agendas of every meeting obligates individual directors to declare and register their interest (if any arises) and exclude himself / herself from any discussion or decision over the matter in question.

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

IX. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A: OPERATIONAL & FINANCIAL PERFORMANCE

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

- i. CWES loans worth **Ksh.1,720,050,000** disbursed to **5,309 Self Help Groups** benefiting **57,972 individuals** within the period against an annual target of **Ksh.2.8billion lending under CWES**).
- ii. CWES loan repayment rate stood at 97%. A total of **Ksh.2,614,946,135** has been received as repayments under the CWES channel against an annual target of Ksh2.8 billion.
- iii. **Ksh.21,100,000** was disbursed to **135 widow-led groups** benefitting **1,501 individuals**. A total of **Ksh.19,885,857** has been paid back from Thamini loans within the period.
- iv. **Ksh.12,208,500** disbursed to **14** clients under the LPO financing product while **Ksh.10,777,100** was paid back from LPO lending representing 85% repayment rate. The annual lending target is **Ksh.30 million** while the repayment target is **Ksh.15 million**.
- v. A total of **Ksh. 42Million** was disbursed to **three (3) Financial Intermediaries** within the financial year. **Ksh.28,686,631** was paid back from SACCO lending representing **107%** repayment rate.

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 financial literacy to 80,522 beneficiaries in the 290 Constituencies across the Country.
- ii. The Performance Contract FY 2022/2023 signed-off by the Cabinet Secretary Public Service, Gender and Affirmative Action.
- iii. Mid-term review of the Fund's Strategic Plan 2019-2024 and its alignment to the Kenya Kwanza Manifesto, Women Charter and MSME Priorities near finalization.
- iv. 22 new Credit Assistants trained as TOTs in Financial Literacy
- v. Program evaluation of the Fund's interventions underway. This has been funded by a partner IDinsight.
- vi. Development of the Fund's Theory of Change (ToC) ongoing. The ToC outlines the interventions and their outcomes and will be useful accountability for all the investments that the fund is undertaking.
- vii. The Fund participated in the following forums and Sensitizations:
 - a) 67th Session of the UN Commission on Status of Women in March 6th to 17th 2023, in New York City. The Fund hosted a side event on Accelerating Women Entrepreneurship through Digital technology.
 - b) 602 women were facilitated to participate during the International Women Day on 2nd March 2023 at KICC, Nairobi.
 - c) Launch of the New Reengineered WEF by the President; from manual loan process to digital platform, *254#

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

- d) Training on Financial literacy in collaboration with the UON WEE Hub incubation. 443 women in 17 counties participated in the program.
 - e) 318 women were trained as WEF Ambassadors in the County Model Program in 9 counties.
 - f) Sensitizations forums on Ending Violence Against Widowed Women and sensitizations on Thamina Loan in Migori, Homabay, Kilifi, Nairobi, and Turkana
 - g) Widows Economic Empowerment Seminar and Training in Taita Taveta on 3rd November 2022
 - h) Attended the "Sasa Sema" show on Citizen Television to address challenges that face Women groups on 9th November 2022
 - i) Huduma Mashinani in Kilifi County ON 22nd to 26th November 2022
 - j) WEF Wellness Programme to offer free cervical cancer screening in Kilifi County on 24th November 2022
 - k) Celebratory luncheon in honour of Prof. Margaret Kobia as a Trailblazer for promoting Women's agenda during her term as CS in charge of Gender and Women's affairs held on 29th November 2022
 - l) CS Cheque issuance function during the Launch of Mabena GBV Centre in Kwale County on 4th November 2022
 - m) Meeting with Kwale Governor on 22nd November 2022 in Kwale County
 - n) Jamhuri Day 2022 Tech and Innovation Forum at the KICC on 9th to 11th December 2022
 - o) Workshop on Women Empowerment Principles by UN-Women on 29th and 30th November 2022 in Naivasha
- viii. The Fund facilitated beneficiaries to participate in the following exhibitions/Trade Fairs:
- a) The East Africa Grain Council (EAGC) agribusiness Expo in Kilifi on 5th October 2022 where 2 beneficiaries exhibited their products.
 - b) Joined celebrations for the International Day for Rural Women held on 14th October 2022 in Kisii, giving 2 beneficiaries and opportunity to exhibit.
 - c) Kitale National Show held on 26th – 30th October 2022 where 12 beneficiaries participated and exhibited their products.
 - d) The Mombasa International Trade Fair on 2nd to 6th November 2022 where 6 beneficiaries show cased their products.
 - e) Egesa Women Conference held at Nyanturago Stadium in Kisii on 7th December 2022 where 8 women networked by displaying their products.
 - f) 22nd EAC MSME's Trade Fair on 8th to 18th December 2022 in Kampala, Uganda where two exhibitors attended and exhibited their products.

On Institutional Strengthening the following has been achieved:

1. **Medical Cover:** Procured medical cover for field staff and Group Life, GPA/WIBA for all staff.
2. **Youth employment opportunities:** Onboarded 16 attachees within the Fund.
3. Performance Review Coordinated Mid-Year Management Performance Review meeting and Regional Performance review meeting for staff.
4. **Employment opportunities:** Completed recruitment process for eight (8) field officers.
5. Staff sensitization: Undertook sensitisation of secretariat staff on Mental Health Wellness, HIV/AIDS and NCDs.
6. Employee Wellness Program: Conducted WEF Staff Wellness program in collaboration with Equity Afia.
7. **Data Auto-Backup:** This was done in November where all users at Head-office were set-up on One-Drive Auto-Backup to avoid loss of data.
8. **Printer Security Controls:** All Main Heavy-duty printers were enhanced with profile controls with security measures for maintaining confidentiality of data for each user. When a

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

document has been sent to the printer, it can only be printed by the owner where they have to key in their private code for the printer to proceed with processing the job.

9. **Desktop/Laptop Maintenance:** All Head office machines were assessed on their status condition and upgraded to the current windows 11 from Windows 10. Some were not compatible with windows 11 hence they were not upgraded. Antivirus was upgraded and configured for all the machines.
10. **Office Wireless network** enhancements: Head Office wireless was upgraded, and downtimes were noted to be very minimal afterwards. A guest Wireless network was configured to separate Local Network and guest network for security purposes.
11. **MoUs and MoAs:** entered into various agreements with various strategic partners to advance the mandate of the Fund at county levels e.g., Strathmore University.
12. Entered into a consultancy agreement with international partners to aide in the visibility of the fund and gather data on the performance of the Fund e.g. IDinsight agreement

On Procurement, the Fund achieved the following:

- i. Awarded **Ksh 15,140,900** worth of tenders for the AGPO category during the period against a target of **Ksh 31,164,542** for the period.
- ii. Awarded a total of **Ksh 74,254,955** worth of tenders were awarded under Buy Kenya Build Kenya against the target of 41,552,724 for the period.
- iii. Implementation of presidential directives- the fund successfully uploaded awarded tenders on to the public procurement information portal.

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 implementing.

The following programs are being undertaken:

- i. The Fund is implementing an online/digital lending product in partnership with Safaricom PLC where our women borrowers will be able to access funding via the short code *254#. The product features include among others a 5% savings component, a 3.5% p.a interest and a 2.5% administration fee.
- ii. Constituency Women Enterprise Scheme (CWES) loan is being phased out and being replaced with the digital product. CWES offered interest free loans to registered self-help groups for start-ups or expansion of businesses. The loans ranged from Ksh.100,000 to Ksh 750,000.
- iii. LPO financing. This program targets individual women with registered businesses or women owned companies. The loans range from Ksh 50,000 Ksh 5,000,000. This product is geared towards ensuring that women gain access to the 30% government procurement opportunities by financing LPOs/LSOs.
- iv. 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 20 million.
- v. Implementation of the Information Security Management System (ISMS)
- vi. Implementation of the Enterprise Resource Planning (ERP) system.

SECTION D: Major risks facing the Fund

Operational Risks

These arise due the following risk factors: -

- i. Lost business opportunities during transition from manual system to new Digital Lending Model
- ii. Anxiety amongst staff arising from the uncertainty about the outcome of the ongoing changes (from manual loan application to automated loan application) which has resulted in halting disbursements for the last three months. The Fund management has kept staff abreast with developments during the transition period.
- iii. Risk of frauds during transition period since staff are anxious about what the new remodelled WEF holds for them. There is close monitoring and supervision by credit department team which acts as deterrence measure against frauds. Secondly The Fund management has kept staff abreast with developments during the transition period.
- iv. Possibility of Frauds since gullible potential clients can be duped to pay people to help them register into the new mobile lending platform. To mitigate against this risk the Fund in conjunction with the service provider (Safaricom) has developed a self-explanatory Video on how to onboard into the digital lending platform.
- v. Lack of adequate motor vehicles to ensure adequate supervision and loan recovery efforts, the Fund has mitigated against this risk by purchasing four more vehicles which will increase loan recovery efforts. The Fund also pools available vehicles and shares them within the 16 regions.

Credit Risk

Loan default risk attributable to arrears of Ksh 71,330,000 from Financial Intermediaries Partners, Ksh 1,106,057,104 from CWES loans, Ksh 369,049 from Thamini loans, Ksh 15,384,000 from LPO Loans and Ksh 2,231,433 from Sacco loan Product. The Fund has however intensified loan collection efforts which is yielding significant results.

Litigation Risk

Risk of losing court cases where the Fund has Sued for recovery of loans or money defrauded by its officers and cases where it has been sued for Wrongfully dismissing former staff. Currently the fund is dealing with the following cases: -

- i. There are three cases in court where the Fund is suing former staff failing to remit loan repayments from clients worth Ksh 9,557,604
- ii. There are four cases where the Fund is suing former staff for diverting clients' cheques worth Ksh 6,381,094
- iii. There are three Cases where the Fund is suing financial intermediaries/saccos to recover overdue debts amounting to Ksh 22,660,000
- iv. There are six Cases where the Fund is pursuing LPO loan beneficiaries via court process for repayment of loans worth Ksh 2,013,000
- v. There are six LPO loans cases ruled in our favour and the Fund is pursuing recovery of the cash totalling Ksh 2,040,460
- vi. There is one case in court with claims amounting to Ksh 8,221,764 where WEF has been sued for unlawfully terminating a staff.

Financial/Liquidity Risk

Risk of Inadequate operational cash due to Low Cash inflows from loan repayment, reduced annual budget allocation from the exchequer and reliance on Government Funding.

To deal with liquidity Risk the Fund has taken the following measures:

- i. Lobbying for increase in budget allocation from the Exchequer
- ii. Intensifying loan collection efforts
- iii. Practicing austerity measures to ensure costs are reduced.
- iv. The Fund undertakes joint sensitization and capacity building functions with other affirmative actions like Uwezo and Youth Fund which lead to economies of scale.

Regulatory & Compliance Risk

The Fund faces risk of being penalized in the event of late payment and submission of statutory obligations such as NHIF, NSSF, HELB, PAYE or submission of mandatory returns to regulatory/Supervisory bodies. This risk is minimal since the Fund is fully compliant with submission of both statutory and requisite regulatory/Supervisory/performance monitoring returns.

ICT Risks

The Fund's Website has not been working well during the period thereby affecting engagement with key stake holders. The Fund is at an advanced stage of developing a new website which is scalable and which cuts across all client population generation together with partners.

The Main UPS (Uninterruptible Power Supply) at the server room failed and has been causing the servers, and the network to fail. The fund is currently in the process of procuring a new since the old UPS repair is not feasible.

The Fund lacks a CCTV surveillance system for security purposes. Procurement process is ongoing. The fund does not have Office Access Control Systems for monitoring and limiting access to the office. It is currently procuring an Access Control System for installation at both Main Doors and Server Room.

Environmental Risk

Current political environment (demonstrations) that affected Client' businesses negatively thus negatively affecting their ability to repay loans

Current inflationary trend and high food cost which has negatively affected loans uptake and repayments

The just ended prolonged drought situations that negatively affected loans uptake and repayment. The Fund is however mitigating against this risk by intensifying loan recovery efforts.

SECTION E: Material arrears in statutory/financial obligations

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

SECTION G: Strategic Plan

The 2019-2024 Strategic Plan is on its fourth year of implementation and midterm review has commenced.

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

There are no serious financial Probity and governance issues affecting the Fund reported by either external or internal auditors.

There are no serious governance issues among the board or management staff neither is there any conflict of interest reported.

X. ENVIRONMENTAL AND 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 Activities in different counties.

In fulfillment of the Presidential directive on the National Tree Planting Campaign, the Fund involved stakeholder in various counties to undertake the exercise as outlined below.

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**



23rd November 2022, during the launch of the Women Wellness Program held in Kilifi County. The Cabinet Secretary, Ministry of Public Service, Gender, and Affirmative Action, Hon. Aisha Jumwa led staff of WEF & Huduma Kenya and the community in a tree planting exercise and 5,000 trees were planted in Gogoni Youth Empowerment Centre in Magarini Constituency.



17th January 2023, WEF in collaboration with Maendeleo Ya Wanawake (MYWA) planted 1,000 trees in Migori County during the distribution of Water tanks to 50 women groups. The groups

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

received loans worth ksh.2.4 million and invested in buying water tanks for ease of water harvesting a project that marked the 70th celebration of MYWA.



5th May 2023, Director Chepchumba Koskei led WEF staff, opinion leaders, school pupils and community members and other Partners in planting 5,000 tree seedlings in Mogotio Constituency. (Kipsogon Primary and Secondary School, Kipsogon Dispensary, Kipsogon ACK, AIC and Full Gospel Churches, Logiri Primary School, Logiri Borehole, Kelelwa Primary School and Kelelwa Borehole.)



12th May 2023, The Cabinet Secretary, Ministry for Cooperatives and Micro and Small Enterprise, Hon. Simon Chelugui officiated a tree planting exercise organized by WEF Board and management in several parts of Baringo County. 10,000 tree seedlings were planted.



23rd May 2023, Director Yvonne Tonkei partnered with opinion leaders, school pupils community members and WEF staff in planting 10,000 tree seedlings in Kajiado East Constituency. (Samuli Primary School, Oltinka Primary School, Samuli KAG Church, FPC Samuli, Esarunoto Primary School, Oltinka Baptist Church, MCK Oltinka, Oltukai Primary, Elerai Secondary School and Masimba Primary School).



1st June 2023, Director Racheal Musyoki led teachers and students from various schools in Mariakani and Kayafungo wards to plant 1,000 trees. Go Green Mariakani Initiative was launched with the aim of planting one million trees in the next three years. (Mariakani Primary School and Sub County hospital, police station, Our lady of Mercy Dispensary, Mwareni Secondary School, Mariakani Junior and secondary School)

**Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Summary of the Tree Planting Initiative FY 2022/2023

SN	Date	Targeted Area	No. Trees Planted
1	23 rd November 2022	Magarini Constituency, Kilifi County	5,000
2	17 th January 2023,	Suna East Constituency, Migori Town	1,000
3	5 th May 2023,	Mogotio Constituency	5,000
4	12 th May 2023,	Mogotio Constituency Baringo County	10,000
5	23 rd May 2023	Kajiado East Constituency, Kajiado County	10,000
6	1 st June 2023,	Mariakani & Kayafungo Wards, Mombasa County	1,000
7	April 2023	Chepalungu, Kericho & Kitale	1,000
	TOTAL		33,000

2. 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 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.

3. Market place practices-

- i. The Fund has embraced a collaborative approach in addressing matters competition. With other Affirmative Funds, WEF participated in joint sensitization programs 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.

4. 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)

5. 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.

6. Product stewardship

The Fund works with producers and retailers on educating the public about the stewardship programs. Goals and performance standards are set after consultation with stakeholders. All programs within a product category are accountable to the same goals and performance standards.

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.

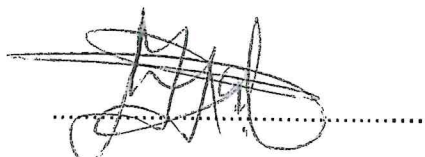
The Directors are responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the period ended 30th June 2023. This responsibility includes: (i) maintaining adequate financial management 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 period ended 30th June 2023, 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.

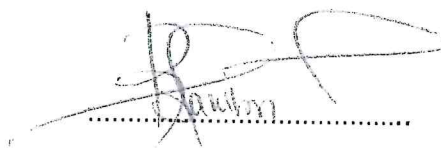
Nothing has come to the attention of the Directors to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 25th September 2023 and signed on its behalf by:



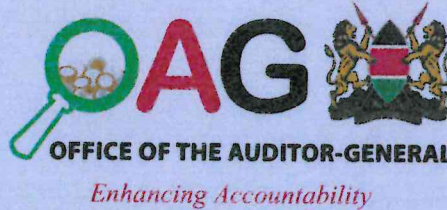
Chairperson of the Board



Chief Executive Officer

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, 2023

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 the 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 2 to 26, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of 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, 2023, 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 Legal Notice No.147 Of 2004 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.2,911,306,830 as disclosed in Note 17 to the financial statements. The balance includes loans relating to LPO financing of Kshs.17,295,000 and Kshs.2,474,419,644 as amounts due from Constituency Women Enterprise Schemes (CWES) out of which Kshs.15,704,964 and Kshs.59,166,930 respectively have been outstanding for more than one (1) year contrary to the loans policy of the Fund.

Further, the balance includes amounts due from eight (8) financial intermediary partners totalling Kshs.71,330,000. However, the financial intermediary partners' loan balance is non-performing and as previously reported, there are ongoing court cases between the Fund and the Intermediaries. No specific provisions by way of bad debt adjustments were made in the financial statements to recognize the impairment.

In the circumstances, the recoverability and completeness of the receivables from exchange transactions balance of Kshs.2,911,306,830 could not be confirmed.

2. Inaccuracy in the Financial Statement

The statement of receipts and payments reflects total expenses of Kshs.534,528,714 and surplus for the period of Kshs.220,889,234 whereas the statement of comparison of budget and actual amounts reflects total expenditure of Kshs.533,695,644 and a surplus for the period of Kshs.220,056,164 resulting to unreconciled variance of Kshs.833,070 respectively.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Women Enterprise Fund Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

1. Uncertainty Related to Going Concern of the Fund

I draw attention to the statement of financial performance indicating that the Fund recorded total revenue and expenditure of Kshs.313,639,480 and Kshs.534,528,714 respectively resulting in a deficit of Kshs.220,889,234. The deficit increased by Kshs.89,923,441 from Kshs.130,965,793 in the year ended 30 June, 2022. The Fund therefore continues to operate at a loss, which, if not managed, may affect its future operations and sustainability of services.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual on comparable basis of Kshs.350,770,000 and Kshs.313,639,480 respectively resulting in revenue shortfall of Kshs.37,130,520 or 11% of the budget. Similarly, the statement reflects actual expenditure of Kshs.533,695,644 against an approved budget of Kshs.620,133,581 resulting in an under expenditure of Kshs.86,437,937 or 14% of the budget. Management did not provide justification for the underperformance.

Further, the under-funding and under-expenditure may have affected the operations and planned activities of the Fund and hence impacted negatively on service delivery to the public.

My opinion is however, not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

As disclosed under follow-up on the auditor's recommendations on prior year audit issues, various prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided reasons 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 matter 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

Unbalanced Budget

The statement of comparison of budget and actual amounts reflects budgeted revenue and budget expenditure of Kshs.350,770,000 and Kshs.620,133,581 respectively, resulting in an unbalanced budget of Kshs.269,363,581. This is contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that the budget shall be balanced.

In the circumstances, Management was in breach of the law.

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

REPORT ON 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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Incomplete Fixed Asset Register

Note 18 to the financial statements reflects a property, plant and equipment balance of Kshs.95,388,966 as at 30 June, 2023. However, review of the fixed assets registers and physical verification of the assets at the head office and the regional offices in Nakuru, Eldoret, Kakamega, Nyeri, Isiolo and Embu revealed that furniture, computers and other equipment of the Fund have not been tagged for ease of identification and tracking.

In the circumstances, the effectiveness of preventative mechanisms put in place by Management to eliminate theft, security threats, losses, wastage, and misuse of assets as required by Regulation 139 (1) and (2) of the Public Finance Management (National Government) Regulations, 2015, could not be confirmed.

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 controls 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability 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 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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 controls 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 controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 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 controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 January, 2024

**XIII. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 30TH JUNE 2023**

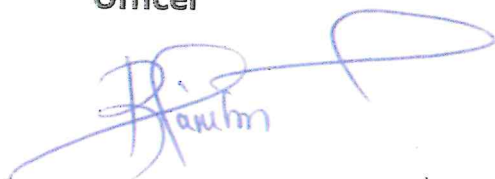
	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	5 (a)	197,220,000	197,220,000
Sub Total		197,220,000	197,220,000
Revenue from exchange transactions			
Rendering of services	6	90,547,783	158,570,038
Finance income -Interest on call deposits	7	25,871,697	15,183,729
Sub Total		116,419,480	173,753,767
Total revenue		313,639,480	370,973,767
Expenses			
Use of goods and services	8	22,248,919	28,518,989
Employee costs	9	319,248,876	304,311,579
Remuneration of Directors	10	19,706,044	10,732,283
Repairs and maintenance	11	9,820,163	14,771,104
General Expenses	12	151,502,931	124,508,885
Depreciation and amortization/Impairment expense	13, 14	22,154,870	17,344,540
Increase/ (Decrease) in provision for bad & doubtful debts	14	(10,153,089)	1,752,180
Total expenses		534,528,714	501,939,560
Surplus/ (deficit) for the period		(220,889,234)	(130,965,793)
Attributed to:			
Deficit attributable to owners of controlling entity		(220,889,234)	(130,965,793)

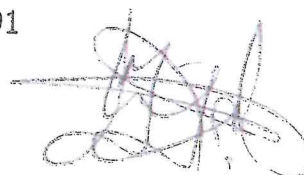
The notes set out on pages 7 to 27 form an integral part of these Financial Statements

Raphael Kimolo
Ag. Chief Executive
Officer

CPA Felix Mushila
Ag. Finance Manager
ICPAK Member No: 7491

Dr. Jane Lang'at
Chairperson of the Board





Date...15.12.2023

Date...15.12.23

Date...15/12/23

Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023.

	Notes	2022-23	2021-22
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	16	1,339,999,599	601,872,675
Receivables from Exchange Transactions	17	2,911,306,830	3,826,850,526
Total Current Assets		4,251,306,429	4,428,723,201
Non-Current Assets			
Property, Plant and Equipment	18	95,388,966	74,353,489
Intangible Assets	19	-	1,889,957
Total Non- Current Assets		95,388,966	76,243,446
Total Assets		4,346,695,395	4,504,966,647
Liabilities			
Current Liabilities			
Trade and Other Payables	20(a)	-	-
Employee Benefit Obligation	20(b)	83,907,392	63,789,410
Total Liabilities		83,907,392	63,789,410
Net Assets		4,262,788,003	4,441,177,237
Reserves		4,408,774,393	4,366,274,393
Accumulated Surplus/Deficit		(145,986,390)	74,902,844
Total Net Assets and Liabilities		4,262,788,003	4,441,177,237

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

Raphael Kimolo
Ag. Chief Executive

CPA Felix Mushila
Ag. Finance Manager
ICPAK Member Number:

Dr. Jane Lang'at
Chairman of the Board

7491

Date...15.12.2023

Date...15.12.23

Date...15/12/2023

WOMEN ENTERPRISE FUND
Annual Report and Financial Statements
for the year ended June 30, 2023.

XV. STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED 30TH JUNE 2023

Description	Note	Capital Replacement reserve/ Capital Reserve Kshs	Revaluation reserve Kshs	Accumulated Surplus. Kshs	Total Kshs
As at July 1, 2021		4,219,050,000	27,224,393	205,868,637	4,452,143,030
Surplus/ deficit for the year		0	0	-130,965,793	-130,965,793
Capital/development grants received during the year	6(b)	120,000,000	0	0	120,000,000
As at June 30, 2022		4,339,050,000	27,224,393	74,902,844	4,441,177,237
As at July 1, 2022		4,339,050,000	27,224,393	74,902,844	4,441,177,237
Surplus/ (deficit) for the year		0	0	-220,889,234	-220,889,234
Capital/development grants received during the year	6(b)	42,500,000	0	0	42,500,000
As at June 30, 2023		4,381,550,000	27,224,393	-145,986,390	4,262,788,003

WOMEN ENTERPRISE FUND
Annual Report and Financial Statements
for the year ended June 30, 2023.

XVI. STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30TH JUNE 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Surplus/ (Deficit) for the year/ period		(220,889,234)	(130,965,793)
Adjustments for:			
Depreciation	18	21,356,862	16,840,472
Provision for doubtful debts	15(a)	25,902,782	1,752,180
Impairment	15(b)	798,008	504,068
Operating profit before working capital changes		(172,831,582)	(111,869,073)
(Increase)/ Decrease in trade and other receivables	18	821,027,149	(171,806,055)
Increase/ (Decrease) in trade and other payables	21	19,145,520	(914,022)
Net cash flows from/ (used in) operating activities		667,341,087	(284,589,150)
Cash flows from investing activities			
Purchase of PPE and Intangible assets		28,285,837	(50,319,542)
Net cash flows from/(used in) investing activities		28,285,837	(50,319,542)
Cash flows from financing activities			
Capitalization from exchequer receipts	6(b)	42,500,000	120,000,000
Net cash flows used in financing Activities		42,500,000	120,000,000
Net increase/(decrease) in cash & Cash equivalents		738,126,924	(214,908,692)
Cash and cash equivalents at 1st July		601,872,675	816,781,367
Cash and cash equivalents at 30th June 2023	16	1,339,999,599	601,872,675

WOMEN ENTERPRISE FUND
Annual Report and Financial Statements
for the year ended June 30, 2023.

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget Kshs	Adjustments Kshs	Final budget Kshs	Actual on comparable basis Kshs	Performance difference Kshs	% of utilization
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments entities	197,220,000	-	197,220,000	197,220,000	0	100%
Rendering of Services	156,500,000	-	133,500,000	90,547,783	(42,952,217)	68%
Finance Income	15,000,000	-	15,000,000	25,871,697	10,871,697	172%
Resource Mobilization	5,000,000	-	5,000,000	0	(5,000,000)	0%
Other Income	50,000	-	50,000	0	(50,000)	0%
Total Income	373,770,000	-	350,770,000	313,639,480	(37,130,520)	89%
Expenses						
Use of Goods and Services	38,496,918	-	38,496,918	22,248,919	16,247,999	58%
Employee costs	325,072,112	-	325,072,112	319,248,876	5,823,236	98%
Remuneration of Directors	13,719,700	8,642,545	22,362,245	19,706,044	2,656,201	88.3%
Repairs and Maintenance	26,060,160	-	26,060,160	9,820,163	16,239,997	38%
General Expenses	191,959,375	(8,642,545)	183,316,830	151,502,931	34,733,959	82.5%
Depreciation and Amortization Expense	20,000,000	-	20,000,000	22,154,870	(2,154,870)	111%
Increase in provision for bad and doubtful debt	4,825,316	-	4,825,316	(10,153,089)	14,978,405	-210%
Total Expenditure	620,133,581	0	620,133,581	533,695,644	86,437,937	86%
Surplus for the period	188,742,119	0	(188,742,119)	(220,056,164)	31,314,045	117%
Capital Expenditure	40,547,000	0	40,547,000	28,285,837	12,261,163	70%

Women Enterprise Fund
Annual Report and Financial Statements
for the year ended June 30, 2023

Budget notes

Rendering of services- The decline in Revenue from Rendering of services was attributable to the disruption of lending that happened in January 2023 to give room for re-engineering of the Fund's operation and adoption of digital lending. This resulted to loss of revenue during the second half of the year.

Finance Income- Increase in revenues from finance income is attributable to Interest earned from increased bank balances. This was as a result of discontinuation of lending in the second half of the FY. Funds were placed on call pending disbursement under the new model.

Use of Goods- The under-expenditure was as a result of austerity measured undertaken during the year.
Compensation of Employees- Actual expenditure was within the budget margins.

Remuneration of Directors – The expenditure was above budgeted amounts owing to re-allocation of Funds to the vote to cater for expenditure on the new board appointed including induction of the board , medical insurance and special board meetings

General Expenses : The under-expenditure was as a result of austerity measured undertaken during the year.
Repairs and Maintenance costs- The under-expenditure was largely as a result of a new fleet of Motor Vehicles whose maintenance was low. In addition, the new office premises did not require much maintenance since the Fund's HQ had only moved in.

Depreciation and Amortization expense- This represents a non-cash outflow item. The item contributed 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. (IPSSAS 24.29)

There was revision of the budget on governance costs to cater for board expenses after a new Advisory was inaugurated.

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.

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Women Enterprise Fund is a Semi-Autonomous Government Agency under the Ministry of Public Service, Gender, Gender and Affirmative Action 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. 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.

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.

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

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 2022-23 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 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.

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

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

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

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

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.

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:

a) Motor vehicles	–	25%
b) Computers & Software	–	33.3%
c) Furniture and fittings	–	12.5%
d) 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.

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 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 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:

- a) Raw materials: purchase cost using the weighted average cost method.
- b) 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.

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.

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

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

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

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.

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions.

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Provisions

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

u) Subsequent events

There have been no events after the financial year end with a significant impact on the financial statements for the period ended June 31, 2023

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

5. (a) Transfers from Other Government entities

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional Grants		
Operational Grant	197,220,000	197,220,000
Total Government Grants and Subsidies	197,220,000	197,220,000

The recurrent grants are meant for payment of personnel emoluments.

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers (Current FY)	Insert Comparative FY
	KShs	KShs	KShs	KShs	KShs
State Department of gender	197,220,000	-	42,500,000	239,720,000	317,220,000
Total	197,220,000	-	42,500,000	239,720,000	317,220,000

6. Rendering of Services

Description	2022-2023	2021-2022
	KShs	KShs
Administration fee on CWEs loan	86,002,500	150,535,000
Training Fees for CWEs borrowers	1,498,200	3,938,300
Income from sale of loan Tracker booklets	1,061,800	2,113,200
Income from LPO financing	879,627	892,805
Sacco Processing fee & income from Bid bonds & penalties	1,105,656	1,090,733
Total Revenue from Rendering of Services	90,547,783	158,570,038

7. Finance Income-Interest on Call Deposits

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest on call deposits	25,871,697	15,183,729
Total finance income	25,871,697	15,183,729

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

8. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Communication, Electricity, Water other supplies and services	12,562,689	13,046,319
Hospitality supplies & services	1,949,271	3,208,686
Office & General supplies & services	2,887,228	6,719,068
Refined Fuels and Lubricants	4,849,731	5,544,844
Total good and services	22,248,919	28,518,989

9. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	293,291,891	280,906,311
Accrued Gratuity for the period	25,956,985	23,405,268
Employee Costs	319,248,876	304,311,579

10. Remuneration of Directors

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman Honoraria & Board allowances, conference expenditure	19,706,044	10,732,283
Total Director emoluments	19,706,044	10,732,283

11. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Motor Vehicles	3,415,043	4,133,659
Furniture and Fittings	66,350	458,309
Non – IT Equipment	49,500	0
Building	12,900	0
Computer and accessories	6,276,370	10,179,136
Total Repairs and Maintenance	9,820,163	14,771,104

12. General Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Printing, Advertising, Information supplies	9,982,990	7,968,115
Travel, Conferences and accommodation	60,847,671	38,179,810
Insurance	33,355,069	30,560,926
Rental	19,372,000	18,754,870
Training & Capacity building	27,242,999	26,579,416
Other general Operating Expenses	702,202	2,468,748
Total General Expenses	151,502,931	124,508,885

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

13. Depreciation & Amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant and Equipment & Intangible Assets	20,852,794	17,344,540
Total Depreciation	20,852,794	17,344,540

14. Provision for bad debts

Description	2022-2023	2021-2022
	Kshs	Kshs
CWES	2,474,419,644	3,448,153,192
Thamini	21,100,000	18,670,997
Sacco	65,300,458	51,727,976
FI	71,330,000	71,330,000
LPO	17,295,000	15,704,964
Total	2,649,445,102	3,605,587,129
Current Year`s Provision	25,902,782	36,055,871
Previous Year`s Provision	36,055,871	25,017,216
Decrease/ Increase in Provision	-10,153,089	11,038,656

15. Impairment loss

Description	2022-2023	Insert 2021-2022
	Kshs	Kshs
Intangible assets	798,008	504,068
Total finance costs	798,008	504,068

16. (a) Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	196,882,659	134,956,303
On - Call Deposits	1,034,753,395	456,418,879
Others-Safaricom M-pesa	108,363,545	10,497,493
Total Cash and Cash Equivalents	1,339,999,599	601,872,675

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

(b) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank			
• Main Account	1109218818	11,968,424	20,036,704
• Collection Account	1111394423	23,157,185	23,270,209
• Loan Disbursement Account	1157880533	67,834,623	26,802,438
• Staff Gratuity Account	1150260386	93,922,427	64,846,952
Sub- Total		196,882,659	134,956,303
b) On - Call Deposits			
Kenya Commercial Bank			
Sub- Total		1,034,753,395	456,418,879
c) Others			
M-pesa			
Sub- Total		108,363,545	10,497,493
Grand Total		1,339,999,599	601,872,675

17. Receivables from Exchange Transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Loan to FI partners	71,330,000	71,330,000
Loans to CWES's	2,474,419,644	3,413,671,660
Sacco Loans	65,300,458	51,210,597
LPO Loans/ Financing	17,295,000	15,704,964
PikiPiki Loan Financing	308,333.24	507,170
Thamini Loan Product	21,100,000	13,534,287
Car & Mortgage Scheme	258,717,140	258,717,140
Imprests & Advances	2,836,255	2,174,708
Total Current Receivables	2,911,306,830	3,826,850,526

	Kshs	Kshs
Current Receivables		
Loan to FI partners	71,330,000	71,330,000
Loans to CWES's	2,415,252,714	3,413,671,660
Sacco Loans	65,300,458	51,210,597
LPO Loans/ Financing	17,295,000	15,704,964
PikiPiki Loan Financing	308,333.24	507,170

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

Thamini Loan Product	21,100,000	13,534,287
Car & Mortgage Scheme	258,717,140	258,717,140
Imprests & Advances	2,836,255	2,174,708
Total Current Receivables	2,852,139,900	3,826,850,526

18. Property, Plant and Equipment

Cost	Motor vehicles.	Furniture and Fittings.	Computers	Office Equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
As at 30th June 2022	33,209,704	65,530,572	40,564,192	3,426,193	145,464,602
Additions/ Revaluation	25,710,000	207,000	1,905,237	463,600	28,285,837
As at 30th June 2023	58,919,704	65,737,572	42,469,429	3,889,793	171,016,500
Depreciation					
At 1st July 2022	8,302,426	11,772,047	30,786,561	3,409,735	54,270,670
Depreciation charge for the period	14,729,926	5,933,970	635,015	57,950	21,356,862
As At 30th June 2023	23,032,352	17,706,018	31,421,477	3,467,685	75,627,533
Net Book Values					
As at 30th June 2023	35,887,352	47,959,402	11,047,952	422,108	95,388,966
As at 30th June 2022	16,604,852	48,463,499	9,274,166	10,972	74,353,489

19. Intangible Assets- Software

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At beginning of the year	27,941,775	26,398,904
Additions	0	1,542,871
At end of the year	27,941,775	27,941,775
Amortization and impairment		
At beginning of the year	26,051,818	25,547,750
Amortization	798,008	504,068
At end of the year	26,849,826	26,051,818
NBV	1,091,949	1,889,957

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

20. (a) Trade and Other Payables

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	0	0
Total trade and other payables	0	0

(b) Employee benefit obligation/ Gratuity

Description	2022-2023	2021-2022
	Kshs	Kshs
Employee Benefit Obligations		
Staff accrued gratuity	83,907,392	63,789,409

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 Entity'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 Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity'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.

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

The entity has significant concentration of credit risk on amounts due from 2010. The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Ksh	Ksh	Ksh	Ksh
At 30th June 2023				
Trade payables	-	-	-	-
Total	-	-	-	-
At 30th June 2022				
Trade payables	-	-	-	-
Total	-	-	-	-

iii) Market risk

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

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.

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

iv) 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 Funds overall risk management programme focusses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks in its performance by setting acceptable levels of risks.

The organization 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:

v) 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:

	June, 2023	June, 2022
	Ksh	KSh
Revaluation reserve	27,224,393	27,224,393
Retained earnings	(145,986,390)	74,902,844
Capital reserve	4,381,550,000	4,339,050,000
Total Funds	4,262,788,003	4,441,177,237

22. Related Party Disclosures

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, Gender and Affirmative Action. The Fund receives Exchequer from the National Treasury for her operations (Current Expenditure) and for lending to women (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:

Notes to the Financial Statements (Continued)

- a. The National Government;
- b. The Parent Ministry;
- c. County Governments
- d. Key management;
- e. Board of directors;

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

ii. Related party transactions

	2022-23 Ksh	2021-22 Ksh
Transfers from related parties	239,720,000	317,220,000
Transfers to related parties	-	-

23. Contingent assets and contingent liabilities

Contingent liabilities	2022/23 KSh	2021/22 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
Total	8,221,764	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 Semi- Autonomous Government Agency under the Ministry of Public Service Gender and Affirmative action. Its ultimate parent is the Government of Kenya.

26. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

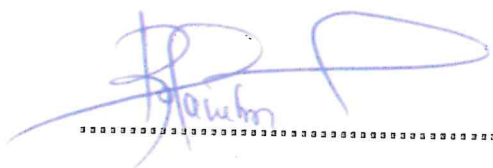
Appendix 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following summary of issues raised by the external auditor and management comments that were provided to the auditor.

Reference No.	Issue/Observation from Auditor	Management comments	Status	Timeframe
1.1	Doubtful Recivables-LPO loans/financing Loans relating to LPO financing of Ksh. 15,8704,964 outstanding for more than one (1) year contrary to the loans policy of the fun. Recoverability of these loans is doubtful.	Recovery of these amounts is ongoing. An amount of Ksh9,185,464 has been collected leaving a balance of Ksh.6,619,500.	On-going	June, 2024
1.2	Doubtful receivables-constituency women enterprise scheme loans (CWES) An amount due from constituency women enterprise scheme of Kshs.915,472,422 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.	Concerted recovery for these amounts involving the field staff with the HQ support ongoing.	On-going	June, 2024
1.3	Non-Performing Loans to Financial Intermediates Partners Amounts due from eight (8) financial intermediary partners with non-performing	Advocates were appointed to follow up Ksh.60.6 million. Consequently, judgment was entered in favour of the fund for the Ksh.40 million.	On-going	June, 2024

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

	loans totalling Ksh.71,330,00	Auctioneer appointed to repossess the securities provided for a loan of Ksh.4.528 million.		
1.4	Pikipiki Loan Financing Non-performing loans totalling Ksh. 283,333 from members who have failed to repay the loans over several years.	Recovery efforts for these amounts ongoing.	On-going	June,2024
1.5	Imprest and Advances An amount of Ksh. 148,081 owed by former staff who have exited the service.	Recovery efforts for these amounts ongoing. Current outstanding balance stand at Ksh.148,081	On-going	June,2024



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Chief Executive Officer
Date:.....15.12.2023

WOMEN ENTERPRISE FUND
Annual Reports and Financial Statements
for the year ended June 30, 2023.

Appendix 2: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received					
	as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KSH	Statement of Financial Performance	Capital Fund- Statement of Changes in Net Assets	Total Transfers during the Year
Ministry of Public Service, Gender & Affirmative Action	Various –see appendix ii above	Recurrent	197,220,000	197,220,000	-	197,220,000
Ministry of Public Service, Gender & Affirmative Action	Various –see appendix ii above	Development	42,500,000		42,500,000	42,500,000
Total			239,720,000	197,220,000	42,500,000	239,720,000