



MINISTRY OF INDUSTRY
TRADE AND COOPERATIVES
State Department for Cooperative Development
MAIN REGISTRY

22 FEB 2019

No.
P.O. Box 30547 - 00100
GPO, NAIROBI, KENYA

**REPUBLIC OF KENYA
NAIROBI CITY COUNTY**

**CS/NO 9158
KINGA SACCO**

**CO OPERATIVE SOCIETY LIMITED
BALANCE SHEET & FINAL ACCOUNTS**

AS AT 31ST DECEMBER, 2018

**MINISTRY OF INDUSTRY, TRADE & COOPERATIVES,
DEPARTMENT OF CO-OPERATIVE DEVELOPMENT**

P.O. Box 40811 – 00100,

Tel. 2731531-9

Fax 2731511/2731507/0730080

Website: www.cooperative.go.ke

NAIROBI

9158 KINGA SACCO LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC-18

SOCIETY INFORMATION

MANAGEMENT COMMITTEE MEMBERS

CMC Members

Oscar Ochieng	Chairman
Bibianah Wanjiru	Vice- Chair
Benedict Chesire	Treasurer
Caroline Mukuhi	Secretary
Caroline Mbugua	Member
Dennis Mwambi	Member
Robert Githungo	Member
James Mwangi	Member
Wilson Amwayi	Member

SUPERVISORY COMMITTEE MEMBERS

Richard Masai	Chairman
Moses Alima	Secretary
George Okoth	Member

Registered office

Jumuia Place, Lenana Road
P.O.Box 22591- 00400
Nairobi

Principal Bankers

Co-operative Bank - University Way branch

Auditors

Ministry of Industry, Trade & Co operatives
P.O.Box 30547-00100
Nairobi

9158 KINGA SACCO LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

Report of the Management Committee

The members of the management committee submit their annual report together with the audited financial statement for the year ended 31/12/2018

Incorporation.

The society is incorporated in Kenya under the Co-operative Society Act, Cap 490 and is domiciled in Kenya.

Principal Activity

The principal activity of the society continued to be receiving savings from and provision of loans to its members.

Results


	2018	2017
	KES	KES
Surplus before Tax	2,236,552.90	1,996,661.51
Surplus after Tax	2,236,552.90	1,996,661.51
Retained Surplus for the year	73,992.32	117,579.21

The members of the management committee who served during the year and to date of this report is as listed on page 1.

Auditors

The auditors of the year, Ministry of Industry, Trade & Co operatives express their willingness to continue in office.

By order of Management Committee

Signature 
Secretary.

Date 15TH FEBRUARY 2019

9158 KINGA SACCO LTD**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018****STATISTICAL INFORMATION AS AT 31.12.2018**

	31.12.2018	31.12.2017
Number of members -Active	256	218
-Dormant		-

		KSHS
Members deposits	132,656,068.75	107,919,968.34
Share capital	4,001,000.00	3,319,000.00
Loans to members	147,851,176.19	123,421,957.16
Statutory reserves	7,841,137.43	7,393,826.85
Retained earnings	1,315,976.06	1,241,983.74
Current assets	2,746,225.99	838,623.53
Current liabilities	14,984,090.92	12,854,680.96
Turnover	17,206,795.99	13,827,098.43

KEY RATIOS

Liquidity ratio	0.18:1	0.065:1
Percentage of expense to revenue	19%	13%
Interest on member deposits (pro rata basis)	10.00%	10.36%

CS/NO 9158 KINGA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2018.

STATEMENT OF THE MANAGEMENT COMMITTEE RESPONSIBILITIES

The Co-operative Societies Act requires Management Committee to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Society at the end of the financial year and its operating results for that year in accordance with IFRS. It also requires the Management Committee to ensure that the Society keeps proper accounting records, which disclose, with reasonable accuracy, at any time the financial position of the Society. They are also responsible for safeguarding the assets of the Society and ensuring that the business has been conducted in accordance to its objectives, bylaws and any other resolutions made at the society's general meeting.

The Management Committee accepts responsibility for the Annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in a manner required by the Co-operative Societies Act cap 490. The Management Committee is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Society and its operating results in accordance with IFRS. The Management Committee further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of Internal Financial Control.

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

Approved by the management committee on 15TH FEBRUARY 2019 and signed on its behalf by

Chairman.....

Treasurer.....

Secretary For Rama.....

Date 15TH FEBRUARY 2019.....

**CS/NO 9158 KINGA SAVINGS CO-OPERATIVE SOCIETY LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2018**

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KINGA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD.

Opinion.

We have audited the accompanying financial statements of KINGA SACCO Society Limited, which comprise the statement of financial position as at 31 December 2018, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenya Co-operative Societies Act.

Key Audit Matter.

Key audit matters are those matters that in our professional judgement were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Management Committee's responsibility for the financial statements

The management committee of the Society are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Co-operative Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Committee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

REPORT ON OTHER LEGAL REQUIREMENTS.

As required by the Kenyan cooperative societies Act we report to you that the financial statements are in agreement with the books kept by the society and that, based on our audit, nothing has come to our attention that causes us to believe that the society's business has not been conducted:

(A) In accordance with the provisions of the Cooperative Societies Act.

(B) In accordance with the Co-operatives objectives, by-laws and any other resolutions made by the Society at a general meeting.

For and on behalf of

MINISTRY OF INDUSTRY, TRADE AND CO-OPERATIVES



**CPA BETTY C RONO
DEPUTY COUNTY DIRECTOR CO-OP AUDIT
NAIROBI CITY COUNTY.**

Date.....20/02/2019.....

9158 KINGA SACCO LTD**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2018****STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DEC 2018.**

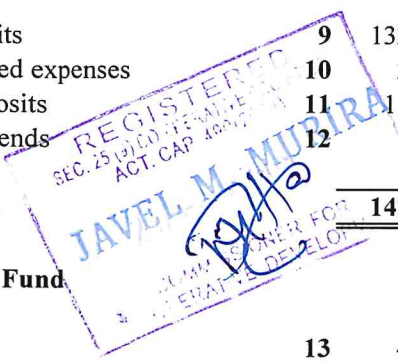
		2018	2017
REVENUE	Notes	Kshs.	Kshs.
Interest on loans		15,393,763.98	12,187,883.80
Other Interest Income	2(c)	4,896.78	7,100.75
Interest expense	2(a)	(11,620,478.70)	(10,064,025.80)
Net Interest Income		3,778,182.06	2,130,958.75
Other operating Income	2b	1,808,135.23	1,632,113.88
Net Revenue		5,586,317.29	3,763,072.63
Administration expenses	3	(3,298,399.76)	(1,711,707.00)
Other operating expenses	4	(51,364.63)	(54,704.12)
Net operating surplus/loss before tax		(3,349,764.39)	1,996,661.51
Income tax expense		-	-
Net operating surplus/loss after tax		2,236,552.90	1,996,661.51
20% Transfer to Statutory Reserve		(447,310.58)	(399,332.30)
Surplus available for distribution		1,789,242.32	1,597,329.21
Provision for honoraria/Staff bonus		(715,000.00)	(650,000.00)
Proposed dividends		(1,000,250.00)	(829,750.00)
Surplus/Loss to retained earnings		73,992.32	117,579.21

9158 KINGA SACCO LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2018

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2018

Assets	Notes	31.12.2018	31.12.2017
		<u>Kshs.</u>	<u>Kshs.</u>
Cash and cash equivalent	5	2,746,225.99	838,623.53
Loans to members	6	147,851,176.19	123,421,957.16
Other financial assets	7	10,869,995.98	9,109,504.20
Property, plant & equipment	8	30,875.00	59,375.00
Total Assets		161,498,273.16	133,429,459.89
Liabilities			
Member deposits	9	132,656,068.75	107,919,968.34
Trade & Accrued expenses	10	2,383,840.92	2,024,930.96
Interest on deposits	11	11,600,000.00	10,000,000.00
Proposed dividends	12	1,000,250.00	829,750.00
Total liabilities		147,640,159.67	120,774,649.30
Shareholders' Fund			
Share Capital	13	4,001,000.00	3,319,000.00
Reserves	14	9,857,113.49	9,335,810.59
Total Shareholders' Fund		13,858,113.49	12,654,810.59
Total Equity and Liabilities		161,498,273.16	133,429,459.89



The financial statements on pages 6-13 were authorised for issue by the management committee on 15TH FEB 2019 and signed on behalf by:

Chairman

Committee member

Committee member



**9158 KINGA SACCO LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2018

	Share Capital	Retained Earning	Statutory Reserve	Share Capital Reserve	General Reserve	Total
	<u>KES</u>	<u>KES</u>	<u>KES</u>	<u>KES</u>	<u>KES</u>	<u>KES</u>
Changes in equity in 2017						
At Start of the year	2,909,000.00	1,124,404.53	6,994,494.55	-	700,000.00	11,727,899.08
Surplus for the year		1,996,661.51				1,996,661.51
20% Statutory reserve		(399,332.30)	399,332.30			-
Share capital issue	410,000.00					410,000.00
Proposed Dividends		(829,750.00)				(829,750.00)
Provision for Honoraria		(650,000.00)				(650,000.00)
As at 31st December 2017	3,319,000.00	1,241,983.74	7,393,826.85	-	700,000.00	12,654,810.59

Changes in equity in 2018

At Start of the year	3,319,000.00	1,241,983.74	7,393,826.85	-	700,000.00	12,654,810.59
Surplus for the year		2,236,552.90				2,236,552.90
20% Statutory reserve		(447,310.58)	447,310.58			-
Share capital issue	682,000.00					682,000.00
Proposed Dividends		(1,000,250.00)				(1,000,250.00)
Provision for Honoraria		(715,000.00)				(715,000.00)
As at 31st December 2018	4,001,000.00	1,315,976.06	7,841,137.43	-	700,000.00	13,858,113.49

9158 KINGA SACCO LTD**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018****STATEMENT OF CASH FLOWS**

	31.12.2018	31.12.2017
	<u>KSHS</u>	<u>KSHS</u>
<u>Cash flow from operating activities</u>		
Interest received on loans	15,393,763.98	12,187,883.80
Other operating income	966,258.83	1,143,378.88
Interest payments	(10,020,478.70)	(9,542,009.30)
Payment to employees and suppliers	(1,799,652.63)	(1,695,911.12)
	4,539,891.48	2,093,342.26
<u>Increase/Decrease in operating assets</u>		
Loans to members	(24,429,219.03)	(31,177,688.68)
Trade and other receivables	-	19,150.00
	(24,429,219.03)	(31,158,538.68)
<u>Increase/Decrease in operating liabilities</u>		
Deposits from members	24,736,100.41	18,968,783.10
Short term loan	(1,186,087.00)	1,186,087.00
Trade and other payables	(691,614.80)	(686,055.20)
	22,858,398.61	19,468,814.90
Net cash from operating activities before tax	2,969,071.06	(9,596,381.52)
Net cash from operating activities after tax	2,969,071.06	(9,596,381.52)
<u>Cash Flow from investing activities</u>		
Purchase of property and equipment	-	-
Other financial assets	(1,760,491.78)	2,906,962.25
Interest received	4,896.78	7,100.75
Dividends received	841,876.40	488,735.00
Net cash from investing activities	(913,718.60)	3,402,798.00
<u>Cash flow from financing activities</u>		
Share capital contributions	682,000.00	410,000.00
Dividends paid	(829,750.00)	(727,250.00)
Net cash from financing activities	(147,750.00)	(317,250.00)
Net(Decrease)/Increase in cash and equivalent	1,907,602.46	(6,510,833.52)
Cash and cash equivalent at the beginning of the year	838,623.53	7,349,457.04
Cash and cash equivalent at the end of the year	2,746,225.99	838,623.52

9158 KINGA SACCO LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2018
NOTES ON THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31.12.2018

Note 1 Summary of significant accounting policies

The principle accounting policies adopted in the preparation of these financial statements are set below:

(a) Statement of compliance & basis of preparation

The financial statements are prepared in accordance and comply with International Financial Reporting Standards. They are presented in the functional currency, Kenya shillings and prepared under historical cost convention, as modified by revaluation of certain assets as prescribed by IFRS

(b) Statutory Reserve

Transfers are made to the statutory reserve fund at a rate of 20% of net operating surplus after tax provision of Section 47(1 & 20) of the Co-operative Society's Act Cap 490

(c) Trade and other payables

Trade and other payables are recognized initially at fair values and subsequently measured at amortised cost using the effective interest method

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value

	31.12.2018 Kshs.	31.12.2017 Kshs.
Note 2 (a) Interest expense		
Interest on deposits	11,600,000.00	10,000,000.00
Interest on Holiday savings	10,633.70	5,764.80
Interest on short term loan	9,845.00	58,261.00
	<u>11,620,478.70</u>	<u>10,064,025.80</u>
(b) Other operating Income		
Co-op shares dividend Income	509,005.40	382,934.00
CYTONN Cash Management Systems	869,654.80	867,171.05
FAULU KENYA LTD	-	107,700.00
KUSCCO Dividend Income	332,871.00	105,801.00
Insurance Rebates	0	85,995.00
Entrance fees	45,000.00	51,000.00
Miscellaneous Income	65.03	47.83
Non-Interest Income(AGM & loan penalties plus others)	1,824.00	22,950.00
Income on sale of tanks	39,515.00	8,515.00
Sundry income	10,200.00	-
	<u>1,808,135.23</u>	<u>1,632,113.88</u>
© Other interest income		
Interest from Kuscco CFF	4,896.78	7,100.75

9158 KINGA SACCO LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

NOTES ON THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31.12.2018 CONT.

	31.12.2018	31.12.2017
	Kshs.	Kshs.
Note 3 Administration expenses		
AGM expenses	155,200.00	120,000.00
Salary & wages	509,688.00	463,320.00
Telephone & postage	19,500.00	16,605.00
Depreciation charge	28,500.00	28,500.00
Insurance	337,101.00	300,983.00
Managing Committee Allowances	592,000.00	613,500.00
Managing committee expenses	29,530.00	25,350.00
Printing and stationery	1,500.00	1,960.00
Software expense	5,939.00	6,039.00
Audit & Supervision fees	43,100.00	42,000.00
Supervisory committee allowance	66,000.00	82,500.00
Supervisory committee expense	1,610.00	4,650.00
Training costs	23,500.00	-
Travelling expenses	4,720.00	4,300.00
Provision for loan loss	1,478,511.76	-
General expenses	2,000.00	2,000.00
	<u>3,298,399.76</u>	<u>1,711,707.00</u>
Note 4 Other operating expenses		
Bank Charges	<u>51,364.63</u>	<u>54,704.12</u>
Note 5 Cash and cash equivalent		
Co-op bank current account(reconciled)	2,616,259.69	708,657.23
Co-op bank MDL collateral account	119,966.30	119,966.30
Cash in hand	10,000.00	10,000.00
	<u>2,746,225.99</u>	<u>838,623.53</u>
Note 6 Loans to members		
Balance b/f	123,421,957.16	92,244,268.48
Issued during the year	82,843,297.48	86,586,288.00
Repayments	(58,414,078.45)	(55,408,599.32)
Balance c/f	<u>147,851,176.19</u>	<u>123,421,957.16</u>
Note 7 Other Financial assets		
Co-op bank shares		
Class "A" shares(4,000 shares @ 100.00)	400,000.00	400,000.00
CYTONN CASH MANAGEMENT SOLUTION	7,500,000.00	6,000,000.00
KUSSCO CFF	79,974.98	15,078.20
KUSCCO Shares	2,890,021.00	2,694,426.00
	<u>10,869,995.98</u>	<u>9,109,504.20</u>

9158 KINGA SACCO LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2018

NOTES ON THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31.12.2018 CONT.

Note 8 Property, Plant & Equipment

Depreciation rate 30%	
Cost as at 01.01.2018	95,000.00
Additions	-
	95,000.00
Accumulated depreciation	
As at 01.01.2018	35,625.00
Charge for the year	28,500.00
As at 31.12.2018	<u>64,125.00</u>
NBV as at 31.12.2017	59,375.00
NBV as at 31.12.2018	30,875.00

Note 9 Member deposits

	31.12.2018	31.12.2017
	KSHS	KSHS
Opening balance	107,919,968.34	88,951,185.24
Contribution in the year	29,007,610.13	25,000,000.00
Refunds	(4,271,509.72)	(6,031,216.90)
Bal c/f	132,656,068.75	107,919,968.34
MPA	132,656,068.75	107,919,968.34
Difference	Nil	Nil

Note 10 Trade and other payables

Short term loan	-	1,186,087.00
Audit & Supervision fees	43,100.00	42,000.00
Provision for Honoraria/Staff bonus	715,000.00	650,000.00
Unpaid Holiday Savings	2,000.00	23,084.80
Unclaimed interest on deposits	106,105.16	79,980.16
Withholding tax	2,124.00	6,779.00
Provision for loan loss	1,478,511.76	-
Creditor ex_members	37,000.00	37,000.00
	<u>2,383,840.92</u>	<u>2,024,930.96</u>

Note 11 Interest on deposits

	11,600,000.00	10,000,000.00
Rate of Interest on deposits (pro-rata basis)	10.00%	10.36%

Note 12 Proposed dividends

	1,000,250.00	829,750.00
Rate of dividends on shares net 10% WHT	25%	25%

Note 13 Share Capital

Bal b/f	3,319,000.00	2,909,000.00
Contribution during the year	682,000.00	410,000.00
Bal c/f	<u>4,001,000.00</u>	<u>3,319,000.00</u>

Note 14 Reserves

Statutory reserve	7,841,137.43	7,393,826.85
Retained earnings	1,315,976.06	1,241,983.74
General reserve	700,000.00	700,000.00
	<u>9,857,113.49</u>	<u>9,335,810.59</u>