

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

20 FEB 2017

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, 2017

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

P.O. Box 40811 – 00100,

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Website: www.cooperative.go.ke

NAIROBI

9158 KINGA SACCO LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2017

SOCIETY INFORMATION

MANAGEMENT COMMITTEE 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 2017

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 31/12/2017

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


	2017	2016
	KES	KES
Surplus before Tax	1,996,661.51	2,066,722.64
Surplus after Tax	1,996,661.51	2,066,722.64
Retained Surplus for the year	117,579.21	233,128.11

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.......... Date.....13/2/2018.....
Secretary.

9158 KINGA SACCO LTD**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2017****STATISTICAL INFORMATION AS AT 31.12.2017**

		31.12.2017	31.12.2016
Number of members	Active	234	218
-	Dormant	-	-
		KSHS	KSHS
Members deposits		107,919,968.34	88,951,185.24
Share capital		3,319,000.00	2,909,000.00
Loans to members		123,421,957.16	92,244,268.48
Statutory reserves		7,393,826.85	6,994,494.55
Retained earnings		1,241,983.74	1,124,404.53
Current assets		838,623.53	7,368,607.05
Current liabilities		12,854,680.96	11,038,132.66
Turnover		13,827,098.43	13,302,054.14

KEY RATIOS

Liquidity ratio	0.065:1	0.67:1
Percentage of expense to revenue	13%	13%
Interest on member deposits (pro-rata basis)	10.36%	11.91%

**CS/NO 9158 KINGA SAVINGS CO-OPERATIVE SOCIETY LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2017.**

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 13.02.2018.....and signed on its behalf by

Chairman.....

Treasurer.....

Secretary.....

Date.....13TH FEBRUARY 2018

**CS/NO 9158 KINGA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2017**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KINGA SACCO SOCIETY LTD.

Opinion.

We have audited the accompanying financial statements of Society Limited, which comprise the statement of financial position as at 31 December 2017, 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 2017 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 Kenyan 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 directors, 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...15/2/2018.....

9158 KINGA SACCO LTD**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2017****INCOME STATEMENT FOR THE YEAR ENDED 31ST DEC 2017**

		2017	2016
REVENUE	Notes	Kshs.	Kshs.
Interest on loans		12,187,883.80	10,919,815.85
Other Interest Income	2(c)	7,100.75	294,935.04
Interest expense	2(a)	(10,064,025.80)	(9,504,320.00)
Net Interest Income		2,130,958.75	1,710,430.89
Other operating Income	2(b)	1,632,113.88	2,087,303.25
Net Revenue		3,763,072.63	3,797,734.14
Administration expenses	3	(1,711,707.00)	(1,674,775.00)
Other operating expenses	4	(54,704.12)	(56,236.50)
Net operating surplus/loss before tax		1,996,661.51	2,066,722.64
Income tax expense		-	-
Net operating surplus/loss after tax		1,996,661.51	2,066,722.64
20% Transfer to Statutory Reserve		(399,332.30)	(413,344.53)
Surplus available for distribution		1,597,329.21	1,653,378.11
Provision for honoraria/Staff bonus		(650,000.00)	(693,000.00)
Proposed dividends		(829,750.00)	(727,250.00)
Surplus/Loss to retained earnings		117,579.21	233,128.11

KINGA SAVINGS & CREDIT CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017
STATEMENT OF FINANCIAL POSITION

Assets	Notes	31.12.2017 <u>Kshs.</u>	31.12.2016 <u>Kshs.</u>
Cash and cash equivalent	5	838,623.53	7,349,457.05
Trade & other receivables	15	-	19,150.00
Loans to members	6	123,421,957.16	92,244,268.48
Other financial assets	7	9,109,504.20	12,016,466.45
Property, plant & equipment	8	59,375.00	87,875.00
Total Assets		<u>133,429,459.89</u>	<u>111,717,216.98</u>
Liabilities			
Member deposits	9	107,919,968.34	88,951,185.24
Trade & Accrued expenses	10	2,024,930.96	810,882.66
Interest on deposits	11	10,000,000.00	9,500,000.00
Proposed dividends	12	829,750.00	727,250.00
Total liabilities		<u>120,774,649.30</u>	<u>99,989,317.90</u>
Shareholders' Fund			
Share Capital	13	3,319,000.00	2,909,000.00
Reserves	14	9,335,810.59	8,818,899.08
Total Shareholders' Fund		<u>12,654,810.59</u>	<u>11,727,899.08</u>
Total Equity and Liabilities		<u>133,429,459.89</u>	<u>111,717,216.98</u>



The financial statements on pages 6-13 were authorised for issue by the management committee on 13.02.2018 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 2017**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2017

	Share Capital KES	Retained Earning KES	Statutory Reserve KES	General Reserve KES	Total KES
Changes in equity in 2016					
At Start of the year	2,699,000.00	921,276.42	6,581,150.02	700,000.00	10,901,426.44
Prior year adjustment (Note 15)		(30,000.00)			(30,000.00)
Surplus for the year		2,066,722.64			2,066,722.64
20% Statutory reserve		(413,344.53)	413,344.53		-
Share capital issue	210,000.00				210,000.00
Proposed Dividends		(727,250.00)			(727,250.00)
Provision for Honoraria		(693,000.00)			(693,000.00)
As at 31st December 2016	2,909,000.00	1,124,404.53	6,994,494.55	700,000.00	11,727,899.08

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

KINGA SAVINGS & CREDIT CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

STATEMENT OF CASH FLOWS

	31.12.2017	31.12.2016
<u>Cash flow from operating activities</u>		
Interest received on loans	12,187,883.80	10,919,815.85
Other operating income	1,143,378.88	1,270,360.45
Interest payments	(9,542,009.30)	(8,780,950.00)
Payment to employees and suppliers	(1,695,911.12)	(1,661,806.50)
Prior year adjustment (note 15)	-	(30,000.00)
	2,093,342.26	1,717,419.80
<u>Increase/Decrease in operating assets</u>		
Loans to members	(31,177,688.68)	(1,068,192.06)
Trade and other receivables	19,150.00	(19,150.00)
	(31,158,538.68)	(1,087,342.06)
<u>Increase/Decrease in operating liabilities</u>		
Deposits from members	18,968,783.10	(701,635.94)
Short term loan	1,186,087.00	-
Trade and other payables	(686,055.20)	(561,510.00)
	19,468,814.90	(1,263,145.94)
Net cash from operating activities before tax	(9,596,381.52)	(633,068.20)
Net cash from operating activities after tax	(9,596,381.52)	(633,068.20)
<u>Cash Flow from investing activities</u>		
Purchase of property and equipment	-	(95,000.00)
Other financial assets	2,906,962.25	(7,805,871.05)
Interest received	7,100.75	294,935.04
Dividends received	488,735.00	816,942.80
Net cash from investing activities	3,402,798.00	(6,788,993.21)
<u>Cash flow from financing activities</u>		
Share capital contributions	410,000.00	210,000.00
Dividends paid	(727,250.00)	(404,850.00)
Net cash from financing activities	(317,250.00)	(194,850.00)
Net(Decrease)/Increase in cash and equivalent	(6,510,833.52)	(7,616,911.40)
Cash and cash equivalent at the beginning of the year	7,349,457.05	14,966,368.45
Cash and cash equivalent at the end of the year	838,623.53	7,349,457.05

KINGA SACCO LTD**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017
NOTES ON THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31.12.2017****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

	31.12.2017 Kshs.	31.12.2016 Kshs.
Note 2 (a) Interest expense		
Interest on deposits	10,000,000.00	9,500,000.00
Interest on Holiday savings	5,764.80	4,320.00
Interest on short term loan	58,261.00	-
	<u>10,064,025.80</u>	<u>9,504,320.00</u>
(b) Other operating Income		
Co-op shares dividend Income	382,934.00	393,740.80
CYTONN Cash Management Systems	867,171.05	316,969.55
FAULU KENYA LTD	107,700.00	-
Sale of Co-operative Shares	-	563,491.00
KUSCCO Dividend Income	105,801.00	423,202.00
Insurance Rebates	85,995.00	305,800.00
Entrance fees	51,000.00	31,000.00
Miscellaneous Income	47.83	99.90
Non-Interest Income (AGM & loan penalties plus others)	22,950.00	53,000.00
Income on sale of tanks	8,515.00	-
	<u>1,632,113.88</u>	<u>2,087,303.25</u>
(c) Other interest income		
Interest from Kuscco CFF	7,100.75	294,935.04

KINGA SACCO LTD**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****NOTES ON THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31.12.2017 CONT.**

	31.12.2017	31.12.2016
	Kshs.	Kshs.
Note 3 Administration expenses		
AGM expenses	120,000.00	119,300.00
Salary & wages	463,320.00	396,000.00
Telephone & postage	16,605.00	17,100.00
Depreciation charge	28,500.00	28,305.00
Insurance	300,983.00	286,650.00
Managing Committee Allowances	613,500.00	600,500.00
Managing committee expenses	25,350.00	32,430.00
Printing and stationery	1,960.00	24,692.00
KUSCCO Service fee	-	-
Software expense	6,039.00	29,498.00
Audit & Supervision fees	42,000.00	40,900.00
Supervisory committee allowance	82,500.00	66,000.00
Supervisory committee expense	4,650.00	3,600.00
Training costs	-	9,000.00
Travelling expenses	4,300.00	7,800.00
Legal costs	-	-
General expenses	2,000.00	13,000.00
	<u>1,711,707.00</u>	<u>1,674,775.00</u>
Note 4 Other operating expenses		
Bank Charges	54,704.12	56,236.50
Note 5 Cash and cash equivalent		
Co-op bank current account(reconciled)	708,657.23	7,219,490.75
Co-op bank MDL collateral account	119,966.30	119,966.30
Cash in hand	10,000.00	10,000.00
	<u>838,623.53</u>	<u>7,349,457.05</u>
Note 6 Loans to members		
Balance b/f	92,244,268.48	91,176,076.42
Issued during the year	86,586,288.00	55,004,272.82
Repayments	<u>(55,408,599.32)</u>	<u>(53,936,080.76)</u>
Balance c/f	<u>123,421,957.16</u>	<u>92,244,268.48</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	6,000,000.00	4,000,890.00
FAULU KENYA LTD	-	4,000,000.00
KUSSCO CFF	15,078.20	1,026,951.45
KUSCCO Shares	2,694,426.00	2,588,625.00
	<u>9,109,504.20</u>	<u>12,016,466.45</u>

KINGA SACCO LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

NOTES ON THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31.12.2017 CONT.

	31.12.2017	31.12.2016
Note 8 Property, Plant & Equipment		
Depreciation rate 30%	Kshs.	Kshs.
Cost as at 01.01.2017	95,000.00	
Additions	-	
	95,000.00	
Accumulated depreciation		
As at 01.01.2017	7,125.00	
Charge for the year	28,500.00	
As at 31.12.2017	<u>35,625.00</u>	
NBV as at 31.12.2016	87,875.00	
NBV as at 31.12.2017	59,375.00	
Note 9 Member deposits		
Opening balance	88,951,185.24	89,652,821.18
Contribution in the year	25,000,000.00	15,000,000.00
Refunds	(6,031,216.90)	(15,701,635.94)
Bal c/f	107,919,968.34	88,951,185.24
MPA	107,919,968.34	88,951,185.24
Difference	Nil	Nil
Note 10 Trade and other payables		
Short term loan	1,186,087.00	-
Audit & Supervision fees	42,000.00	40,900.00
Provision for Honoraria/Staff bonus	650,000.00	693,000.00
Unpaid Holiday Savings	23,084.80	12,240.00
Unclaimed interest on deposits	79,980.16	59,792.66
Withholding tax	6,779.00	4,950.00
Creditor ex_members	37,000.00	-
	<u>2,024,930.96</u>	<u>810,882.66</u>
Note 11 Interest on deposits		
	10,000,000.00	9,500,000.00
Rate of Interest on deposits (pro-rata basis)	10.36%	11.91%
Note 12 Proposed dividends		
	829,750.00	727,250.00
Rate of dividends on shares net 5% WHT	25%	25%
Note 13 Share Capital		
Bal b/f	2,909,000.00	2,699,000.00
Contribution during the year	410,000.00	210,000.00
Bal c/f	<u>3,319,000.00</u>	<u>2,909,000.00</u>
Note 14 Reserves		
Statutory reserve	7,393,826.85	6,994,494.55
Retained earnings	1,241,983.74	1,124,404.53
General reserve	700,000.00	700,000.00
	<u>9,335,810.59</u>	<u>8,818,899.08</u>
Note 15 Trade & other receivables		
Debtors :KUSCCO	-	19,150.00