



MINISTRY OF INDUSTRIALIZATION
& ENTERPRISE DEVELOPMENT
MAIN REGISTRY

12 FEB 2016

No. 169
P. O. Box 30547-0010
GPO, NAIROBI, KENYA

REPUBLIC OF KENYA

NAIROBI COUNTY

C/S NO 9158

**KINGA SAVINGS AND CREDIT
CO-OPERATIVE SOCIETY LTD**

BALANCE SHEET & FINAL ACCOUNTS

AS AT 31ST DECEMBER, 2015

Ministry of Industrialization and Enterprise Development,

P.O. Box 40811 – 00100,

Tel. 2731531-9

Fax 2731511/2731507/0730080

Website: www.cooperative.go.ke

NAIROBI

C/S NO. 9158

KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December,2015

Contents	Page
Society Information	1
Report of the management Committee	2
Statistical Information	3
Statement of the Management Committee's Responsibilities	4
Report of theIndependent Auditor	5
Financial Statements	
Income Statement	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes	10 to 15

C/S NO.9158

KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December,2015

Society Information

Management and Supervisory Committee Members

MANAGEMENT COMMITTEE MEMBERS

CHAIRMAN	OSCAR OCHIENG
VICE CHAIRPERSON	BIBIANAH WANJIRU
TREASURER	NANCY KWAMA
SECRETARY	JACINTA MUTIE
MEMBER	BENEDICT CHESIRE
"	SAKINA KERRE
"	ROBERT GITHUNGO
"	CAROLINE MBUGUA
"	JAMES MWANGI

SUPERVISORY COMMITTEE MEMBERS

CHAIRMAN	RICHARD MASAI
SECRETARY	RAHAB MBOGO
MEMBER	GEORGE OKOTH

REGISTERED OFFICE

JUMUIA PLACE LENANA ROAD
P.O BOX 22591-00400
NAIROBI

PRINCIPAL BANKER

CO-OPERATIVE BANK OF KENYA
UNIVERSITY WAY BRANCH

AUDITORS

MINISTRY OF INDUSTRIALIZATION & ENTERPRISE DEVELOPMENT
P.O Box 40811-00100
NAIROBI

C/S NO. 9158

KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December, 2015

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 31st December 2015

INCORPORATION

The society is incorporated in Kenya under the cooperative society Act. cap 490 of 1997 ammended 2004 and is domicilled in Kenya.

Principal Activity

The principal activity of the society is receiving saving from and provision of loans to its members.


Results	31.12.2015	31.12.2014
	KSHS	KSHS
Surplus before tax	1,416,540.36	2,051,845.08
Net Surplus(deficit)	<u>1,416,540.36</u>	<u>2,051,845.08</u>
Retained Surplus/loss for the Year	188,382.36	97,626.06

Management Committee

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

By order of Management Committee

Signature.....^{For} .....Date.....^{4.2.16}.....

Secretary.....^{For} .....

C/S NO.9158

KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December,2015

Statistical Information as at 31st December 2015

	31.12.2015	31.12.2014
Number of members		
Active	229	216
Dormant		

Financial	KSHS	KSHS
Share Capital	2,699,000.00	2,459,000.00
Member Deposits	89,652,821.18	76,467,961.20
Statutory Reserve Fund	6,581,150.02	6,297,842.02
Retained earnings	921,276.42	732,894.06
Current assets	14,966,368.45	1,738,712.31
Current liabilities	9,819,972.65	522,195.16
Revenue	11,909,696.00	11,157,863.77

KEY RATIO

Liquidity Ratio	1.52:1	3.3:1
Percentage of expenses to revenue	14.17%	16.38%

CS/NO 9158

KINGA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2015

STATEMENT OF THE MANAGEMENT COMMITTEE RESPONSIBILITIES

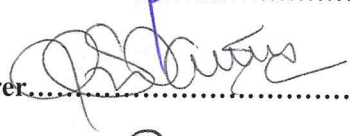
The Co-operative Societies Act Cap 490 requires Management Committee to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Society at the end of the financial year and its operating results for that year in accordance with IFRS. It also requires the 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 4.2.16and signed on its behalf by

Chairman.....

Treasurer.....

Secretary For .....

Date 4th FEBRUARY, 2016.....

**CS/NO 9158- KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LIMITED
ANNUAL REPORT AND FINANCIALS STATEMENTS FOR THE YEAR ENDED 31.12.2015
REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KINGA SAVINGS AND
CREDIT CO-OPERATIVE SOCIETY LTD
REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2015**

We have Audited the accompanying financial statements of Kinga Sacco Society as set out on pages 6-15 which comprise the balance sheet as at 31.12.2015, Notes, income statement, statement of changes in equity and cash flow for the year then ended, and summary of significant accounting policies and other explanatory notes.

THE MANAGEMENT COMMITTEE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS.

The Management Committee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of Kenyan Cooperative Societies Act. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements and that they are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. The Kenyan Cooperative Societies Act also requires the management to ensure that the society maintains proper books of accounts which are in agreement with the balance sheet and the profit and loss account.

AUDITORS RESPONSIBILITY

Our responsibility is to express an independent opinion on the financial statements based on our Audit. We conducted our Audit in accordance with the International Auditing standards. Those standards require that we comply with ethical requirements and plan and perform the Audit to obtain reasonable assurance 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 judgment, including assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the society'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 society'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 an evaluation of 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.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the society's financial affairs as at 31st Dec 2015

and results of its operations and cash flow for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Co-operative Societies Act

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 Co-operative 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 INDUSTRIALIZATION & ENTERPRISE DEVELOPMENT

 9/2/2016
**CPA DANIEL NGUTI
AG. COUNTY DIRECTOR- CO-OPERATIVE AUDITOR
NAIROBI COUNTY**

C/S NO. 9158

KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st Dec,2015

Income statement for the year ended 31st December 2015

REVENUE	NOTES	31.12.2015 KSHS	31.12.2014 KSHS
Interest on members loans		11,490,773.16	9,661,641.96
Other interest income	2a	70.92	-
Interest Expense	2b	<u>-8,805,650.00</u>	<u>-7,500,000.00</u>
		2,685,194.08	2,161,641.96
Net Interest Income			
Other operating income	2c	<u>418,922.84</u>	<u>1,496,221.81</u>
Net Revenue		3,104,116.92	3,657,863.77
Administrative Expenses	3	-1,632,911.06	-1,550,870.69
Other Operating Expenses	4	<u>-54,665.50</u>	<u>-55,148.00</u>
		-1,687,576.56	-1,606,018.69
Net operating surplus/deficit before tax		1,416,540.36	2,051,845.08
Income tax expense		<u>-</u>	<u>-</u>
Net operating surplus/deficit after tax		1,416,540.36	2,051,845.08
20% transfers to Statutory reserve		<u>-283,308.00</u>	<u>-410,369.02</u>
Surplus available for distribution		1,133,232.36	1,641,476.06
Provision for Honoraria/Staff bonus		-540,000.00	-475,000.00
Proposed dividends		-404,850.00	-368,850.00
Transfer to General reserve		-	-700,000.00
Surplus to Retained Earnings		188,382.36	97,626.06

C/S NO.9158

KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December,2015

Balance Sheet as at 31st December, 2015

ASSETS	NOTES	31.12.2015 KSHS	31.12.2014 KSHS
Cash and Cash equivalent	5	14,966,368.45	1,738,712.31
Loans to Members	6	91,176,076.42	89,290,280.13
Other financial Assets	7	4,210,595.40	3,935,030.00
Poperty, Plant & Equipment	8	21,180.00	84,720.00
Total Assets		110,374,220.27	95,048,742.44
LIABILITIES			
Members Deposits	9	89,652,821.18	76,467,961.20
Trade and other payables	10	615,122.65	522,195.16
Interest on members deposits	11	8,800,000.00	7,500,000.00
Proposed Dividends	11(b)	404,850.00	368,850.00
Total Liabilities		99,472,793.83	84,859,006.36
SHARE HOLDERS FUNDS			
Share Capital	12	2,699,000.00	2,459,000.00
Reserves	13	8,202,426.44	7,730,736.08
Total Shareholders' Funds		10,901,426.44	10,189,736.08
Total Liabilities and Share holders Equity		110,374,220.27	95,048,742.44

The financial statement on pages 6-15 were authorized by the management committee

on 4TH FEB 2016 and signed on its behalf by,

CHAIRMAN.....

SECRETARY.....

TREASURER.....

DATE 4TH FEBRUARY 2016



C/S NO.9158													
KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD													
Annual Report and Financial Statements for the year ended 31st December, 2015													
STATEMENT FOR CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2015													
NOTES	SHARE CAPITAL KSHS	RETAINED EARNINGS KSHS	STATUTORY RESERVE KSHS	GENERAL RESERVE KSHS	TOTALS								
Year ended 31/12/2014													
At start of the year	2,301,000.00	645,268.00	5,887,473.00	-	8,833,741.00								
Prior year adjustment (15)		-10,000.00			-10,000.00								
Surplus for the Year		2,051,845.08			2,051,845.08								
Statutory Reserve fund		-410,369.02	410,369.02		0.00								
Share capital issue	158,000.00				158,000.00								
Proposed dividends		-368,850.00			-368,850.00								
Transfer to General reserve		-700,000.00		700,000.00	0.00								
Provision for Honoraria		-475,000.00			-475,000.00								
Balance C/F 31/12/2014	2,459,000.00	732,894.06	6,297,842.02	700,000.00	10,189,736.08								
Year ended 31/12/2015													
At start of the year	2,459,000.00	732,894.06	6,297,842.02	700,000.00	10,189,736.08								
changes of accounting policy													
Contribution for the year													
Surplus for the Year		1,416,540.36			1,416,540.36								
20% Statutory Reserve fund		-283,308.00	283,308.00		0.00								
Share capital issue	240,000.00				240,000.00								
Proposed dividends		-404,850.00			-404,850.00								
Provision for Honoraria		-540,000.00			-540,000.00								
Balance C/F 31/12/2015	2,699,000.00	921,276.42	6,581,150.02	700,000.00	10,901,426.44								

C/S NO. 9158

KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December,2015

Cashflow for the year ended 31st December,2015

	31.12.2015	31.12.2014
	KSHS	KSHS
Cashflows from operating activities		
Interest Receipts	11,490,773.16	9,661,641.96
Other Operating income	138,425.84	1,051,652.16
Interest payment	-7,481,852.51	-6,500,000.00
Payment to Employees & Suppliers	-1,585,336.56	-1,508,178.69
Prior year adjustment	-	-10,000.00
	2,562,009.93	2,695,115.43
Increase/Decrease in Operating Assets		
Loans to Members	-1,885,796.29	-13,945,422.13
Trade and other receivables	-	369.00
	-1,885,796.29	-13,945,053.13
Increase/Decrease in Operating Liabilities		
Deposits from members	13,184,859.98	6,824,921.20
Trade and accounts payables	-509,570.00	-420,574.84
Dividends paid	-368,850.00	
	12,306,439.98	6,404,346.36
Net cashflow from operating activities	12,982,653.62	-4,845,591.34
Net cashflow from investing		
Purchase of investment securities	-275,565.40	216,500.00
Interest received	70.92	-
Dividends received	280,497.00	444,569.65
	5,002.52	661,069.65
Cashflow from financing activities		
Increase in share capital	240,000.00	158,000.00
Net Decrease/Increase in cash and cash equivalent	13,227,656.14	-4,026,521.69
Cash and cash equivalent at the beginning of the year	1,738,712.31	5,765,234.00
Cash and cash equivalent at the end of the year	14,966,368.45	1,738,712.31

C/S NO.9158

KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December,2015

Notes to the Audited Accounts as at 31.12.2015

1. Summary of significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below

a) Statement of compliance & basis of Preparation

The financial statements are prepared in accordance and comply with International Reporting Standards. This financial statement are presented in the functional currency, Kenya Shillings (Kshs) and prepared under the historical cost convention, as modified by revaluation of assets as prescribed by IFRS.

b) Revenue Recognition

Interest on loan to members is calculated on reducing balance method at monthly rate of 1%. Interest income is recognized on a time proportion basis by reference to the principal outstanding and the effective interest rate applicable.

c) Property, Plant and Equipment

All property, plant and equipment are initially recorded at cost. Certain classes of property, plant and equipment are subsequently shown at revalued amount, based on periodic valuation by the independent valuers. All the other property, plant and equipment are stated at historical cost less depreciation.

Depreciation is calculated using the straight line method to write down the cost of each asset to its residual value over estimated useful life. The annual depreciation rate in use are

Assets	Rates
Office Equipment	12.50%
Computer	30%

d) Statutory Reserves

Transfers are made to the statutory reserve fund at the rate of 20% of the net operating surplus after tax provision of section 47(1&2) of the cooperative society act Cap490

e) Trade and other Payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method

Cash and Cash equivalent

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

C/S NO. 9158

KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December, 2015

Notes to the Accounts for the year ended 31st December 2015

	31.12.2015	31.12.2014
	KSHS	KSHS
2a Other Interest Income		
Interest income	70.92	-
2b Interest expense		
Interest on Members deposits	8,800,000.00	7,500,000.00
Interest expense	5,650.00	-
	<u>8,805,650.00</u>	<u>7,500,000.00</u>
2c Other operating income		
Dividend income -Coop bank	280,497.00	444,569.65
Entrance fee	24,000.00	21,000.00
Miscellaneous income	131.34	614.35
Penalties	114,294.50	243,000.00
Commissions		87,323.71
Income from sale of shares		699,714.10
	<u>418,922.84</u>	<u>1,496,221.81</u>
3 Administrative Expenses		
Committee expenses	28,910.00	25,470.00
Committee sitting allowance	596,500.00	600,000.00
Supervisory committee allowances	57,700.00	82,500.00
Agm expenses	150,600.00	99,500.00
Salaries and wages	282,000.00	282,000.00
Audit and supervision Fee	38,700.00	34,300.00
Depreciation	63,540.00	63,540.00
Training	14,000.00	19,500.00
Travelling expenses	15,950.00	13,050.00
Printing and stationery	2,070.00	2,014.00
Insurance	273,000.00	260,000.00
Telephone and postage	30,255.00	30,500.00
Advertisement	10,150.00	-
Repair and maintenance	37,299.00	21,132.00
Professional fees		10,000.00
Legal fees	200.00	-
Search fee	500.00	-
Kuscco service fee	4,600.00	-
General expenses	26,937.06	7,364.69
Totals	<u>1,632,911.06</u>	<u>1,550,870.69</u>

C/S NO. 9158

KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December, 2015

Notes to the Accounts for the year ended 31st December 2015

	31.12.2015	31.12.2014
	KSHS	KSHS
4 Other operating expenses		
Bank charges	54,665.50	55,148.00
5 Cash and Cash equivalent		
Co-op bank current account (reconciled)	14,836,402.15	1,606,946.52
Co-op bank MDL Collateral account	119,966.30	121,765.79
Cash in hand (unverified)	10,000.00	10,000.00
Total	<u><u>14,966,368.45</u></u>	<u><u>1,738,712.31</u></u>
6 Loans to members		
At start of the year	89,290,280.13	75,344,858.00
Granted during the year	51,827,549.00	60,149,340.84
Repayment during the year	-49,941,752.71	-46,203,918.71
At the end of the year	<u><u>91,176,076.42</u></u>	<u><u>89,290,280.13</u></u>
7 Other Financial Assets		
8997 Co-op bank shares @ 100.00	899,700.00	899,700.00
25886 Kuscco shares @ 100.00	2,588,625.00	2,610,330.00
Kuscco CFP Savings	722,270.40	425,000.00
	<u><u>4,210,595.40</u></u>	<u><u>3,935,030.00</u></u>
9 Members deposits		
At start of the year	76,467,961.00	69,643,040.00
Contribution during the year	13,184,860.18	6,824,921.20
Refunds during the year	-	-
Totals	<u><u>89,652,821.18</u></u>	<u><u>76,467,961.20</u></u>

CS/NO 9158

KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December, 2015

Notes to the Accounts for the year ended 31st December 2015

	31.12.2015 KSHS	31.12.2014 KSHS
10 Trade and other payables		
Audit & Supervision fees	38,700.00	34,300.00
Provision for tax	-	270.00
Unpaid interest on deposits	36,422.65	12,625.16
Provision for Honoraria/Staff bonus	540,000.00	475,000.00
Totals	<u><u>615,122.65</u></u>	<u><u>522,195.16</u></u>
11 Interest on members deposits	8,800,000.00	7,500,000.00
Management proposes to pay interest on deposits @ 10.64 % on prorata basis subject to AGM approval. This is less 5% withholding tax.		
11(b) Proposed Dividends	404,850.00	368,850.00
Management proposes to pay dividends @15 % subject to AGM approval net 5% withholding tax.		
12 Share Capital		
At the start of the year	2,459,000.00	2,301,000.00
issued during the year	240,000.00	158,000.00
Total	<u><u>2,699,000.00</u></u>	<u><u>2,459,000.00</u></u>
13 Reserves		
Statutory Reserve	6,581,150.02	6,297,842.02
Retained Earnings	921,276.42	732,894.06
General Reserve	700,000.00	700,000.00
Totals	<u><u>8,202,426.44</u></u>	<u><u>7,730,736.08</u></u>

CS/NO 9158

KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December, 2015

Notes to the Accounts for the year ended 31st December 2015

	31.12.2015 KSHS	31.12.2014 KSHS
14 Members deposits and Loan balances		
	Deposits	Loans
Balance as per control	89,652,821.18	91,176,076.42
Balance as per schedule	<u>89,652,821.18</u>	<u>91,176,076.42</u>
Difference	<u>-</u>	<u>-</u>

15 Budget

The society's expenses were within the approved budget.

General Observation

The society registered significant growth during the year under review.
Management should keep up the trend.

CS/NO 9158

KINGA CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December, 2015

Notes to the Accounts for the year ended 31st December 2015

8 Property, Plant & Equipment

	Computer KSHS	Software KSHS	Total KSHS
Depreciation rate	30%	30%	
Cost	61,800.00	150,000.00	211,800.00
Accumulated depreciation			
As at 1.1.2015	37,080.00	208,000.00	245,080.00
Charge for the year	18,540.00	45,000.00	63,540.00
As at 31.12.2015	55,620.00	253,000.00	308,620.00
NBV 31.12.2014	24,720.00	60,000.00	84,720.00
NBV 31.12.2015	6,180.00	15,000.00	21,180.00