

**UNISA SAVINGS AND CREDIT CO-OPERATIVE
SOCIETY LIMITED**

C/S 20037

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020**



Unisa Savings and Credit Co-Operative Society Limited
C/S 20037
Annual Report and Financial Statements
For the Year Ended 31 December 2020

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SOCIETY INFORMATION

Board of Management

Chairman	Francis Ngunjiri
Vice Chairman	Martin Kibati Mwaura
Honourable Secretary	Polly Gathoni
Treasurer	Patrick Murugu Mbaria
Member	Stephen Theuri Nderitu
Member	Patrick Maingi Kibaara
Member	Lucy Wanjiru Kairu
Member	Daniel Muthua
Member	Liddon Muturi Muthumbi

Supervisory Committee

Chairman	David Karanja-Chairman
Secretary	Hannah Njeri-Secretary
Member	Elizabeth Wairimu Mugo- Member

Registered office

S.K.Business Centre
Ladhes Road ,2nd Floor
P.O. Box 33745 - 00600,
Nairobi
Email: unisacredit.co@gmail.com
info@unisasacco.co.ke

Auditors

Eunice Njuguna and Company
Certified Public Accountants (K)
P.O. Box 51443-00100,
Nairobi.
Tel : 0723102773

Principal Bankers

Co-operative Bank of Kenya Ltd
Nacico Branch
Nairobi

The Manager

James Maina Wang'ombe
P.O.Box 33745-00200
Nairobi

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STATISTICAL INFORMATION

	2020	2019
Membership		
Active	528	516
Left	(33)	(22)
Dormant	137	102
Total	<u><u>632</u></u>	<u><u>596</u></u>
Number of Branches	<u><u>1</u></u>	<u><u>1</u></u>
Employees of the Sacco	<u><u>2</u></u>	<u><u>2</u></u>
Financial	Kshs	Kshs
Total Assets	94,124,746	80,540,590
Liquid Assets	3,311,439	3,096,775
Members deposits	82,832,583	72,816,415
Interest on Members Deposits	4,141,629	3,640,821
Proposed Dividend	442,761	315,600
Loans to Members	56,832,410	54,778,959
Investments	33,007,758	21,521,278
Core Capital	5,229,517	3,040,377
Share Capital	2,213,805	1,578,000
Institutional Capital	3,015,712	1,462,377
Total Revenue	9,820,345	8,540,303
Total Interest Income	6,474,231	5,965,707
Total expenses	3,348,647	3,629,545
Key ratios		
Capital Adequacy Ratio		
Core Capital/Total Assets	5.56%	3.77%
Core Capital/Total Deposits	6.31%	4.18%
Institutional Capital /Total Assets	3.20%	1.82%
Liquidity Ratio		
Liquid Assets/Total deposits & Long term liabilities	4.00%	4.25%
Operating Efficiency/Loan Quality Ratios		
Total Expenses/Total Revenue	34.10%	42.50%
Interest on Members Deposit/Total Revenue	42%	43%
Interest rate on Members Deposit	5.57%	5%
Dividend Rate	20%	20%

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REPORT OF BOARD OF MANAGEMENT

The Board of Management submit their annual report together with the audited financial statements for the year ended 31 December 2020, which disclose the state of affairs of the society.

Incorporation

The society is incorporated in Kenya under the Co-operative Societies Act, Cap 490 and licensed under the Kenya Sacco Societies Act No. 14 of 2008, and is domiciled in Kenya.

Principal Activity

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

Results

	2020	2019
	Shs	Shs
Surplus before tax	2,330,069	1,269,938
Income tax expense	(333,972)	(134,296)
Net surplus after tax	1,996,097	1,135,642
Retained Surplus for the year	<u>1,596,877</u>	<u>908,514</u>
Interest on Members Deposits	<u>4,141,629</u>	<u>3,640,821</u>

Investment Shares

The issued and paid up share capital of the society increased during the year from Kshs 1,578,000 to Kshs 2,213,805.

Dividend and Interest

The Board of Management are recommending payment of interest on member deposit at 5.57 % , and a dividend of 20 % on share Capital is declared for the year.

Board of Directors

The Board of Management who served during the year to the date of this report are shown on page 1.

AUDITORS

The society's auditors, Eunice Njuguna and Company, has indicated willingness to continue in office in accordance with Sacco Societies Act No. 14 of 2008

By Order of the Board of Management

.....
Hon. Secretary

Date 26th Feb /2021

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STATEMENT OF BOARD OF MANAGEMENT RESPONSIBILITY

The Sacco Societies Act No.14 of 2008 requires the Board of Management to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Society as at the end of the financial year and of its surplus or deficit in accordance with the IFRS. It also requires the Board of Management to ensure that the Society keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Society. The Board of Management is also responsible for safeguarding the assets of the Society.

The Board of management accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Sacco Societies Act No.14 of 2008.

The Board of Management accept responsibility for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Sacco Societies Act No. 14 of 2008. They also accept responsibility for:

- i) Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error
- ii) Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.


The Board of Management is of the opinion that these financial statements give a true and fair view of the state of the financial affairs of the Society and of its operations results. The Board of Management further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

In preparing these financial statements the Board of Management have assessed the society's ability to continue as a going concern.Nothing has come to attention of the Board of Mangement to indicate that the Society will not remain a going concern for at least twelve months from the date of this statement.

The Board of Management acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities

Approved by the board of Management on 26/02 2021 and signed on its behalf by

.....Chairman

.....Treasurer

.....Board Member

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INDEPENDENT AUDITORS'S REPORT TO THE MEMBERS OF UNISA SACCO LIMITED

Opinion.

We have audited the accompanying financial statements of Unisa Savings and Credit Cooperative Society Ltd, which comprise the Statement of financial position as at 31st December 2020, and the 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 31st December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion.

We conducted our audit in accordance with International Standards on Auditing (ISAs). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter.

Key audit matters are those matters that, in our professional judgment, 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 informing our opinion thereon, and we do not provide a separate opinion on these matters.

Board of Management responsibility for the Financial Statements

The Board of Management are responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and for such internal control as the Board of Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Sacco's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intend to liquidate the Sacco or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Sacco's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement 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.

Report on Other Legal Requirements

The Kenyan Sacco Societies Act of 2008 requires that we report the following matters in accordance with the Co-operative Act. We report that:

- (i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were considered necessary for the purposes of our audit;
- (ii) we have no evidence of irregularities or illegal acts that have been committed by Board of Management, employees or the Sacco Society itself; and,
- (iii) we have no grounds to believe that the Sacco Society is insolvent or that there is a significant risk that it may become insolvent.

The engagement partners responsible for the audit resulting in this independent auditor's report is CPA Eunice W. Njuguna-P/NO. 1888

Eunice Njuguna & company
Certified Public Accountants
Nairobi.

Date 01/03/2021



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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020 Ksh	2019 Ksh
Interest Income	2	6,474,231 ✓	5,965,707
Investment Income	3	2,226,480 ✓	1,182,285
Interest Expense	4	(4,141,629) ✓	(3,640,821)
Other Operating Income	5	<u>1,119,634</u> ✓	<u>1,392,312</u>
		<u>5,678,715</u> ✓	<u>4,899,483</u> ✓
Governance Expenses	6	867,985 ✓	1,279,445
Administrative Expenses	7	2,432,507 ✓	2,288,378
Financial Expenses	8	48,155 ✓	61,722
Total expenses		<u>3,348,647</u> ✓	<u>3,629,545</u> ✓
Net Operating surplus before income tax		<u>2,330,069</u> ✓	<u>1,269,938</u>
Income tax expense	9	<u>333,972</u> ✓	134,296
Net surplus for the year		<u>1,996,097</u> ✓	<u>1,135,642</u>
20% transfer to statutory reserve		(399,219) ✓	(227,128)
Surplus for the year		<u><u>1,596,877</u></u> ✓	<u><u>908,514</u></u> ✓

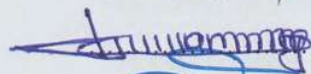


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As at 31st December 2020

STATEMENT OF FINANCIAL

	Notes	2020 Ksh	2019 Ksh
ASSETS			
Cash and cash equivalents	10	3,311,439 ✓	3,096,775
Investments	11	33,007,758 ✓	21,521,278
Trade and other receivables	12	230,616 ✓	295,064
Loan with members	13	56,832,410 ✓	54,778,959
Property, plant and equipments	14	717,022 ✓	774,868
Tax paid at source		-	43,047
Jiko Koa		25,500	30,600
Total Assets		94,124,746 ✓	80,540,590 ✓
LIABILITIES			
Members deposits	15	82,832,583 ✓	72,816,415
Trade and other payables	16	1,144,287 ✓	593,083
Tax Payable	10	333,972	134,296
Proposed dividend		442,761	315,600
Proposed interest on Members Deposit	4	4,141,625 ✓	3,640,821
Total Liabilities		88,895,228 ✓	77,500,214 ✓
EQUITY			
Share capital	17	2,213,805 ✓	1,578,000
Retaining Reserves	18	2,252,850 ✓	1,098,734
Statutory reserves	19	762,862 ✓	363,643
Total Equity		5,229,517 ✓	3,040,377
Total Liabilities and Equity		94,124,746 ✓	80,540,590 ✓



The financial statements set out on pages 7-15 were approved by the Board of Directors on... 26/02/2021 ... 2021 and signed on its

...Chairman
...Treasurer
...Board member



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STATEMENT OF CHANGES IN EQUITY

	Share Capital	Retained Earnings	Statutory Reserves	Total
YEAR 2019	Ksh	Ksh	Ksh	Ksh
At 1st January 2019	1,446,000	446,750	136,514	2,029,264
Issue of share capital	132,000	-	-	132,000
Surplus/(Deficit) for the ye.	-	1,135,642	-	1,135,642
Transfer to statutory reserv	-	(227,128)	227,128	-
Over Provision for loan los	-	59,070	-	-
Paid during the year	-	-	-	-
Proposed Dividend-2019	-	(315,600)	-	(315,600)
At 31 December 2019	1,578,000	1,098,734	363,643	3,040,377

YEAR 2020

At 1st January 2020	1,578,000	1,098,734	363,643	3,040,377
Issue of share capital	635,805	-	-	635,805
Surplus/(Deficit) for the ye.	-	1,996,097	-	1,996,097
Transfer to statutory reserv	-	(399,219)	399,219	-
Over Provision for loan los	-	-	-	-
Paid during the year	-	-	-	-
Proposed Dividend-2020	-	(442,761)	-	(442,761)
At 31 December 2020	2,213,805	2,252,850	762,862	5,229,517

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STATEMENT OF CASH FLOWS

	Note	2020 Ksh	2019 Ksh
Cash flows from operating activities			
Interest receipts	2	6,474,231	5,965,707
Other interest income	3	2,226,480	1,182,285
Other operating income	5	1,119,634	1,392,312
Payments to employees and suppliers		(3,073,737)	(3,450,325)
Decrease / (increase) in:		6,746,608	5,089,978
Trade and other receivables		64,448	253,298
Increase / (decrease) in: Stock items-Jiko koa		5,100	30,600
Increase / (decrease) in: Net loans to members		(2,074,194)	(10,108,076)
Trade and other payables		551,204	260,720
Payment of interest on members deposit		(3,640,542)	(2,144,319)
Members deposits		10,016,168	17,476,615
Net cash from operating activities before tax		11,668,792	10,858,816
Income tax paid		(177,343)	(49,046)
Net cash from operating activities after tax		11,491,449	10,809,770
Cash flow from investing activities			
Purchase of property and equipment		(123,110)	(633,600)
Purchase of investment securities		(11,486,480)	(8,838,238)
Net cash from investing activities		(11,609,590)	(9,471,838)
Cash flows from financing activities			
Share capital contributions		635,805	132,000
Dividends paid/Capitalized		(303,000)	-
Net cash generated from financing activities		332,805	132,000
Net increase in cash and cash equivalents		214,664	1,469,932
Cash and cash equivalents at 1st January	10.7	3,096,775	1,626,843
Cash and cash equivalents at 31st December	10.7	3,311,439	3,096,775

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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

a) Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards under the historical cost convention, and are presented in the functional currency, Kenya Shillings (Shs)

b) Revenue recognition

Interest on loans to members is calculated on a Flat rate method at the monthly rate of 1.0%. Interest income is recognized on a time proportion basis by reference to the principal outstanding and the effective interest rate applicable.

c) Provision for liabilities and charges

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

d) Loans and receivables

quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

e) Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

f) Statutory reserves

Transfers are made to the statutory reserve fund at a rate of 20% of net operating surplus after tax in compliance with the provision of the Co-operative Societies Act.

g) Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate. A provision for impairment is recognized in the profit and loss account in the year when the recovery of the amount due as per the original terms is doubtful. The provision is based on the difference between the carrying amount and the present value of the expected cash flows, discounted at the effective interest rate.

Receivables not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account in the year of recovery

h) Trade and other Payables

Finance charges, including premiums payable on the settlement or redemption, are accounted for on accrual basis and added to the carrying amount of the instruments to the extent that they are not settled in the period in which they arise. Trade payables are stated at their amortized cost.

I) 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 an insignificant risk of changes in value.

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j) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

k) Property, plant and equipment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	<u>Rate - %</u>
Freehold land	Nil
Office equipment	12.50
Fixtures and Fittings	12.50
Motor Bike	25.00
Computer & Accessories	30.00

l) Intangible assets

Software licence costs are stated at historical cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to write down the cost of the software to its residual value over the estimated useful life using an annual rate of 20%.

m) Retirement benefit obligations

The Society and the employees contribute to the National Social Security Fund, a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the profit and loss account in the year to which they relate.

n) Employee entitlements

Employee entitlements to long service awards are recognised as a liability based on the service rendered by the employees up to the balance sheet date. The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

o) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

p) Taxation

Tax expense in the profit and loss account is the aggregate of the current income tax and deferred income tax.

q) Significant changes during the year

During the year, the Board of Management approved a waiver of the penalty charged on late loan repayment to mitigate the effects of Covid-19 on businesses. Most of our members are in small and Medium businesses and we witnessed major loans offset with members deposits due to uncertainty created by the pandemic. There was no major disruption that could impair the going concern of the society.

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	2020 Ksh	2019 Ksh
2 Interest on Loans and advances		
Interest on Loans	6,474,231	5,965,707
	<u>6,474,231</u>	<u>5,965,707</u>
3 Other Interest Income		
CIC Interest Income	1,986,480	942,285
KUSCCO interest income	240,000	240,000
	<u>2,226,480</u>	<u>1,182,285</u>
4 Interest on Members Expense		
Proposed Interest on Members Deposit	<u>4,141,629</u>	<u>3,640,821</u>
5 Other Operating Income		
Activation fee	31,480	59,890
Penalties	141,608	375,472
Entrance fees	78,000	117,600
Bridging Charges	103,657	93,385
Jiko Koa	1,900	8,400
Insurance fee charges	762,989	737,565
	<u>1,119,634</u>	<u>1,392,312</u>
6 Governance expenses		
AGM expenses	20,000	264,280
Committee meeting expenses	71,410	37,035
Committee Sitting allowances	348,375	258,520
Honararia	300,000	300,000
Members Education	0	301,150
Committee Training	128,200	118,460
	<u>867,985</u>	<u>1,279,445</u>
7 Administration expenses		
Staff training	20,000 ✓	23,500
Licences	89,800 ✓	69,500
Legal fees	-	5,000
Office Expenses	113,584 ✓	107,615
Printing and stationeries	23,980 ✓	94,725
Rent and service charge	480,315 ✓	486,336
Computer Repair and Maintenance	32,950 ✓	31,000
Salaries and wages	879,552	755,496
Bulk SMS and Internet	27,500 ✓	63,861
Telephone	51,530 ✓	46,600
Transport and travelling expenses	2,000 ✓	89,100
Marketing expenses	7,952	25,900
Audit Fees	50,000	38,000
Supervision fees	5,200	4,000
Electricity	9,000 ✓	8,000
Software Maintenance	87,860 ✓	-
Professional fees	-	7,500
Insurance	349,586 ✓	302,525
Depreciation and amortization	180,956	129,720
Provision for Loan loss	20,742	-
	<u>2,432,507</u>	<u>2,288,378</u>
8 Financial Expenses		
Bank charges	48,155	61,722
	<u>48,155</u>	<u>61,722</u>

NOTES TO THE FINANCIAL STATEMENTS

	2020 Ksh	2019 Ksh
9 a) Taxation		
Non-members income	2,226,480	1,182,285
Taxable amount(50%)	1,113,240	591,142
Tax (30%)	333,972	177,343
Less: Tax paid at Source	-	(43,047)
Tax Payable	333,972	134,296
b) Current Tax		
Tax b/f	134,295	5,999
Charge for the year	333,972	134,296
Paid during the year	(134,295)	(5,999)
Tax payable	333,973	134,295
10 Cash and cash Equivalent		
Co-operative bank Current account	2,872,620	2,273,167
Co-operative bank Haba na Haba	267,204	59,370
Cash in Hand	8,715	784
B2C safaricom account	105,420	357,062
Cash at Paybill	57,480	406,391
	3,311,439	3,096,775
11 Investments		
KUSCCO (Shares)	10,000	10,000
CIC Investments	29,957,758	18,471,278
KUSCCO Central Finance Fund	3,040,000	3,040,000
	33,007,758	21,521,278
12 Trade and other receivables		
Deposits and prepayments	128,195	128,195
Interest on Loans receivable	102,421	166,869
	230,616	295,064
13 Loans with Members		
Normal loan	51,302,034	49,415,593
School fees loans	818,056	1,243,565
Emergency loans	658,118	804,901
Quick fix loans	29,709	199,912
Asset finance Loan	4,598,558	3,638,546
Dividend Advance	-	29,765
Less: Provision for Loan Loss	(574,065)	(553,323)
	56,832,410	54,778,959
a) Movement in provision for loan loss		
At 1 January	553,323	612,393
Increase/ (decrease) in provision for loan during the	20,742	(59,070)
At 31 December	574,065	553,323
Ageing of Loan		
Performing Loans	57,406,475	55,332,281
1-30 days (Watch-5%)	-	-
	57,406,475	55,332,281
Ageing of past due impaired		
Performing Loans(1%)	574,065	553,323
1-30 days (Watch-5%)	-	-
	574,065	553,323
The board of management agreed to make a provision of 1% of all the loans since all the loans are performing and appropriate recoveries measures have been put in place incase of default.		
b) Insider Loans		
Management Committee members	8,834,947	8,609,253
Employee	75,054	69,019
	8,910,001	8,678,272

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NOTES TO THE FINANCIAL STATEMENTS

14 Property, plant and equipment

	Fittings & Equipments Shs	Computer & Accessories Shs	Total Shs
COST			
Balance as at 1st January 2020	356,818	172,000	528,818
Additions	107,110	16,000	123,110
Disposals	-	-	-
Balance as at 31 December 2020	<u>463,928</u>	<u>188,000</u>	<u>651,928</u>
DEPRECIATION			
Balance as at 1st January 2020	144,314	80,387	224,701
Disposals	-	-	-
Charge for the year	39,952	32,284	72,236
Balance as at 31 December 2020	<u>184,266</u>	<u>112,671</u>	<u>296,937</u>
CARRYING AMOUNT			
As at 31 December 2020	<u>279,662</u>	<u>75,329</u>	<u>354,991</u>
As at 31 December 2019	<u>212,504</u>	<u>91,613</u>	<u>304,117</u>

14b Amortization of Intangible assets

	Cost	Amortization	Balance
As at 31 December 2020	<u>543,600</u>	<u>(181,569)</u>	<u>362,031</u>
At at 31 December 2019	<u>543,600</u>	<u>(72,849)</u>	<u>470,751</u>

	2020 Ksh	2019 Ksh
15 Members' Deposits		
At the start of the year	72,816,415	55,339,800
Deposits during the year	21,081,412	18,875,393
Withdrawal/Loan Recoveries during the year	(11,065,244)	(1,398,778)
	<u>82,832,583</u>	<u>72,816,415</u>

16 Trade and other payables

Audit fees	50,000	38,000
Supervision fees	5,200	4,000
Interest on deposit and Dividend Payable	43,775	30,896
Kuscco Insurance	161,347	134,455
Withholding tax payable	275,409	78,232
Proposed Honararia(2019 and 2020)	600,000	300,000
Payroll Liabilities	8,556	-
Professional fees	-	7,500
	<u>1,144,287</u>	<u>593,083</u>

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	2020 Ksh	2019 Ksh
17 Share Capital		
Balance b/f	1,578,000	1,446,000
Contribution for the year	635,805	132,000
	<u>2,213,805</u>	<u>1,578,000</u>
18 Retained Reserves		
Prior year retained earnings	1,098,733	446,750
Current year's surplus/(deficit)	1,996,097	1,135,642
Statutory reserve	(399,219)	(227,128)
Proposed Dividend	(442,761)	(315,600)
Loan Overprovision 2019	-	59,070
	<u>2,252,850</u>	<u>1,098,733</u>
19 Statutory reserves		
As at 01/01/2019	363,643	136,514
Statutory reserve for the year	399,219	227,128
	<u>762,862</u>	<u>363,643</u>

20 Financial risk management objectives

The sacco operations are exposed to financial risk due to the changing marketing conditions. These risk include market risks, credit risk, liquidity risk and cash flow interest rate risk. The sacco's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effect on the Sacco's financial performance.

i) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual resulting in financial loss to the Sacco and arises principally from the sacco's loan and advances to its members. The Sacco policy is to deal with creditworthy counterparties and obtain sufficient collateral, undertakes by placing limits on amount of risk accepted in relation to one borrower or group of borrowers. The Sacco does not have any significant credit risk exposure to any counterparty as all its loans to members are fully guaranteed.

ii) Liquidity risk management

The Sacco manages liquidity risk by maintaining adequate reserves, banking facilities and reserves borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.