

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

C/S 20037

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022**

UNISA SAVINGS AND CREDIT CO-OPERATIVE
SOCIETY LIMITED

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UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

C/S 20037

Annual Report and Financial Statements

For the Year Ended 31 December 2022

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UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

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For the Year Ended 31 December 2022

SOCIETY INFORMATION

Board of Management

Chairman	Stephen Theuri Nderitu
Vice Chairman	Polly Gathoni Waweru
Honourable Secretary	Patrick Maingi Kibaara
Treasurer	Patrick Murugu Mbaria
Member	George Gichimu Wanjahi
Member	Lucy Wanjiru Kairo
Member	John Maina Mwaniki
Member	Lydia Njambi Muigai

Supervisory Committee

Chairman	David Karanja
Secretary	Hannah Njeri
Member	Elizabeth Wairimu Mugo

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

		2022	2021
		No.	No.
Membership	Active	435	527
	Left	(21)	(38)
	Dormant	422	175
Total Membership		<u>836</u>	<u>664</u>
Number of Branches		<u>1</u>	<u>1</u>
Employees of the Sacco		<u>3</u>	<u>2</u>
Financial		Kshs	Kshs
Total Assets		107,085,255	93,933,882
Liquid Assets		3,183,714	1,918,490
Members deposits		91,589,364	78,758,475
Interest on Members Deposits		5,064,892	4,725,509
Proposed Dividend		-	1,092,032
Loans to Members		56,051,531	55,925,741
Investments		47,173,032	35,266,364
Core Capital		9,868,079	8,749,930
Share Capital		6,086,266	5,460,161
Institutional Capital		3,781,813	3,289,770
Total Revenue		11,434,402	10,665,515
Total Interest Income		6,723,838	6,571,837
Total expenses		5,366,466	4,133,285
Key ratios			
Capital Adequacy Ratio			
Core Capital/Total Assets		9.22%	9.31%
Core Capital/Total Deposits		10.77%	11.11%
Institutional Capital /Total Assets		3.53%	3.50%
Liquidity Ratio			
Liquid Assets/Total deposits & Long term liabilities		3.48%	2.44%
Operating Efficiency/Loan Quality Ratios			
Total Expenses/Total Revenue		46.93%	38.75%
Interest on Members Deposit/Total Revenue		44.30%	44.31%
Interest rate on Members Deposit		5.98%	6.00%
Dividend Rate		0.00%	20.00%

**UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
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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 2022, 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

	2022 Kshs	2021 Kshs
Surplus before tax	1,003,044	1,806,722
Income tax expense	(511,000)	(449,791)
Net surplus after tax	492,043	1,356,931
Retained Surplus for the year	<u>393,635</u>	<u>1,085,545</u>
Interest on Members Deposits	<u>5,064,892</u>	<u>4,725,509</u>

Investment Shares

The issued and paid up share capital of the society increased by kshs 626,106 during the year.

Dividend and Interest

The Board of Management are recommending a payment of interest on member deposit of 5.98% on prorata basis.

Board of Directors

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

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 12th / 01 / 2023

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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 Management 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 13/01 2023 and signed on its behalf by

.....Chairman

.....Treasurer

..... Member

UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

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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 2022, 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 2022, 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

18/01/2023



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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022 Kshs	2021 Kshs
Interest Income	2	6,723,838	6,571,837
Investment Income	3	3,406,668	2,998,606
Interest Expense	4	(5,064,892)	(4,725,509)
Other Operating Income	5	<u>1,303,895</u>	<u>1,095,072</u>
		<u>6,369,510</u>	<u>5,940,007</u>
Governance Expenses	6	1,585,256	1,153,886
Administrative Expenses	7	3,727,749	2,920,935
Financial Expenses	8	53,461	58,464
Total expenses		<u>5,366,466</u>	<u>4,133,285</u>
Net Operating surplus before income tax		<u>1,003,044</u>	<u>1,806,722</u>
Income tax expense	9	<u>511,000</u>	<u>449,791</u>
Net surplus for the year		<u>492,043</u>	<u>1,356,931</u>
20% transfer to statutory reserve		(98,409)	(271,386)
Surplus for the year		<u><u>393,635</u></u>	<u><u>1,085,545</u></u>

UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
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As at 31st December 2022

STATEMENT OF FINANCIAL POSITION

	Notes	2022 Kshs	2021 Kshs
ASSETS			
Cash and cash equivalents	10	3,183,714	1,918,490
Investments	11	47,173,032	35,266,364
Trade and other receivables	12	128,195	189,729
Loan with members	13	56,051,531	55,925,741
Property, plant and equipments	14	548,783	610,609
Jiko Koa		-	22,950
Total Assets		107,085,255	93,933,882
LIABILITIES			
Members deposits	15	91,589,364	78,758,475
Trade and other payables	16	546,693	525,517
Tax Payable	9	16,228	82,423
Proposed dividend		-	1,092,032
Proposed interest on Members Deposit	4	5,064,892	4,725,505
Total Liabilities		97,217,177	85,183,952
EQUITY			
Share capital	17	6,086,266	5,460,161
Retaining Reserves	18	2,649,156	2,255,521
Statutory reserves	19	1,132,657	1,034,248
Total Equity		9,868,079	8,749,930
Total Liabilities and Equity		107,085,255	93,933,882

REGISTERED
 SEC. 25(7) Co-operative Societies
 ACT CAP 490 (Amended 2004)
 20 JAN 2023
 Sign: *Javel M. Murira*
 JAVEL M. MURIRA
 FOR: COMMISSIONER OF CO-OPERATIVES

The financial statements set out on pages 7-16 were approved by the Board of Management
 2023 and signed on its behalf by:

[Signature] Chairman
[Signature] Treasurer
[Signature] Board member



UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
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STATEMENT OF CHANGES IN EQUITY

	Share Capital	Retained Earnings	Statutory Reserves	Total
YEAR 2021	Kshs	Kshs	Kshs	Kshs
At 1st January 2021	2,213,805	2,252,850	762,862	5,229,517
Issue of share capital	3,246,356	-	-	3,246,356
Surplus/(Deficit) for the year	-	1,356,931	-	1,356,931
Transfer to statutory reserve	-	(271,386)	271,386	-
Over Provision for loan loss	-	9,158	-	-
Proposed Dividend	-	(1,092,032)	-	(1,092,032)
At 31 December 2021	5,460,161	2,255,521	1,034,248	8,749,931

YEAR 2022	Kshs	Kshs	Kshs	Kshs
At 1st January 2022	5,460,161	2,255,521	1,034,248	8,749,931
Issue of share capital	626,106	-	-	626,106
Surplus/(Deficit) for the year	-	492,043	-	492,043
Transfer to statutory reserve	-	(98,409)	98,409	-
Over Provision for loan loss	-	-	-	-
Proposed Dividend	-	-	-	-
At 31 December 2022	6,086,266	2,649,156	1,132,657	9,868,080

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STATEMENT OF CASH FLOWS

	Note	2022 Kshs	2021 Kshs
Cash flows from operating activities			
Interest receipts	2	6,723,838	6,571,837
Other interest income	3	3,406,668	2,998,606
Other operating income	5	1,303,895	1,095,072
Payments to employees and suppliers		<u>(5,163,140)</u>	<u>(3,961,872)</u>
Decrease / (increase) in:		6,271,262	6,703,644
Trade and other receivables		61,534	40,887
(Increase) /decrease in:Stock items-Jiko koa		22,950	2,550
Increase / (decrease) ir Net loans to members		(127,060)	915,827
Trade and other payables		21,176	(618,770)
Payment of interest on members deposit		<u>(4,724,233)</u>	<u>(4,141,625)</u>
Members deposits		<u>12,830,889</u>	<u>(4,074,108)</u>
Net cash from operating activities before tax		14,356,518	(1,171,595)
Income tax paid		<u>(577,196)</u>	<u>(701,340)</u>
Net cash from operating activities after tax		13,779,322	(1,872,935)
Cash flow from investing activities			
Purchase of property and equipment		(141,500)	(65,000)
Purchase of investment securities		<u>(11,906,668)</u>	<u>(2,258,606)</u>
Net cash from investing activities		(12,048,168)	(2,323,606)
Cash flows from financing activities			
Share capital contributions		626,106	3,246,356
Dividends paid/Capitalized		<u>(1,092,032)</u>	<u>(442,761)</u>
Net cash generated from financing activities		(465,927)	2,803,595
Net increase in cash and cash equivalents		1,265,224	(1,392,949)
Cash and cash equivalents at 1st January	10	<u>1,918,490</u>	<u>3,311,439</u>
Cash and cash equivalents at 31st December	10	3,183,714	1,918,490

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NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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

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

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not 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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NOTES TO THE FINANCIAL STATEMENTS

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>
Office equipment	12.50
Fixtures and Fittings	12.50
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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NOTES TO THE FINANCIAL STATEMENTS

	2022	2021
	Kshs	Kshs
2 Interest on Loans and advances		
Interest on Loans	6,723,838	6,571,837
	<u>6,723,838</u>	<u>6,571,837</u>
3 Other Interest Income		
CIC Interest Income	3,406,668	2,798,606
KUSCCO interest income	0	200,000
	<u>3,406,668</u>	<u>2,998,606</u>
4 Interest on Members Expense		
Proposed Interest on Members Deposit	<u>5,064,892</u>	<u>4,725,509</u>
5 Other Operating Income		
Activation fee	158,230	9,846
Penalties	1,500	292
Entrance fees	87,600	85,200
Bridging Charges	171,515	136,481
Jiko Koa	-	950
Share Capital tranfer commission	9,500	4,500
Insurance fee charges	855,550	857,803
Grant Income	20,000	-
	<u>1,303,895</u>	<u>1,095,072</u>
6 Governance expenses		
AGM expenses	305,462	118,356
Committee meeting expenses	57,173	58,845
Committee Sitting allowances	473,104	302,099
Honararia	300,000	350,000
Members Education	330,794	246,362
Committee Training	118,724	78,224
	<u>1,585,256</u>	<u>1,153,886</u>

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NOTES TO THE FINANCIAL STATEMENTS

	2022	2021
	Kshs	Kshs
7 Administration expenses		
Staff training	55,614	13,300
Licences	129,500	69,500
Staff Bonus	90,000	90,000
Office Expenses	134,037	118,307
Printing and stationeries	31,009	30,490
Rent and service charge	491,760	485,678
Repair and Maintenance	125,930	36,500
Salaries and wages	1,406,006	1,103,622
Bulk SMS and Internet	87,438	70,395
Telephone	36,300	44,721
Transport and travelling expenses	33,955	38,530
Marketing expenses	139,971	43,867
Audit Fees	55,000	55,000
Supervision fees	5,700	5,700
Electricity	26,050	23,548
Software Maintenance	141,848	91,860
Professional fees	15,000	4,000
Kuscco Subscriptions	5,000	5,000
Insurance	513,033	419,503
Depreciation and Amortization	203,326	171,413
Provision for Loan loss	1,271	-
	<u><u>3,727,749</u></u>	<u><u>2,920,935</u></u>

NOTES TO THE FINANCIAL STATEMENTS

	2022 Kshs	2021 Kshs
8 Financial Expenses		
Bank charges	53,461	58,464
	<u>53,461</u>	<u>58,464</u>
9 a) Taxation		
Non-members income	3,406,668	2,998,606
Taxable amount(50%)	1,703,334	1,499,303
Tax (30%)	511,000	449,791
Less: Tax paid during the year	(494,772)	(367,368)
Tax Payable	<u>16,228</u>	<u>82,423</u>
b) Current Tax		
Tax b/f	82,423	333,973
Charge for the year	511,000	449,791
Paid during the year	(577,196)	(701,340)
Tax payable	<u>16,228</u>	<u>82,423</u>
10 Cash and cash Equivalent		
Co-operative Bank Current account	1,746,130	1,524,049
Cash in Hand	13,332	237
B2C Safaricom Account	215,190	121,894
Paybill Account	1,209,062	272,310
	<u>3,183,714</u>	<u>1,918,490</u>
11 Investments		
KUSCCO (Shares)	10,000	10,000
CIC Investments	47,163,032	35,256,364
	<u>47,173,032</u>	<u>35,266,364</u>
12 Trade and Other receivables		
Deposits and prepayments	128,195	128,195
Interest on Loans receivable	-	61,534
	<u>128,195</u>	<u>189,729</u>

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NOTES TO THE FINANCIAL STATEMENTS

	2022	2021
	Kshs	Kshs
13 Loans with Members		
Normal loan	52,487,306	52,104,704
School fees loans	887,708	506,103
Emergency loans	1,165,221	574,991
Quick fix loans	26,896	56,980
Asset finance Loan	1,913,258	3,247,870
Dividend Advance Loan	137,319	-
Less: Provision for Loan Loss	(566,177)	(564,906)
	<u>56,051,531</u>	<u>55,925,741</u>
a) Movement in provision for loan loss		
At 1 January	564,906	574,065
Increase/ (decrease) in provision for loan	1,271	(9,158)
At 31 December	<u>566,177</u>	<u>564,906</u>
Ageing of Loan		
Performing Loans	56,617,708	56,490,648
1-30 days (Watch-5%)	-	-
	<u>56,617,708</u>	<u>56,490,648</u>
Ageing of past due impaired		
Performing Loans(1%)	566,177	564,906
1-30 days (Watch-5%)	-	-
	<u>566,177</u>	<u>564,906</u>

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.

	2022	2021
	Kshs	Kshs
b) Insider Loans		
Management Committee members	10,143,206	6,787,045
Employee	272,900	334,665
	<u>10,416,106</u>	<u>7,121,710</u>

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14 Property, plant and equipment

	Fittings & Equipments Kshs	Computer & Accessories Kshs	Total Kshs
COST			
Balance as at 1st January 2022	528,928	188,000	716,928
Additions	10,000	131,500	141,500
Disposals			
Balance as at 31 December 2022	538,928	319,500	858,428
DEPRECIATION			
Balance as at 1st January 2022	224,232	135,270	359,502
Disposals	-	-	-
Charge for the year	39,337	55,269	94,606
Balance as at 31 December 2022	263,569	190,539	454,108
CARRYING AMOUNT			
As at 31 December 2022	275,359	128,961	404,320
As at 31 December 2021	304,696	52,730	357,426

14b) Amortization of Intangible assets

	Cost	Amortization	Balance
As at 31 December 2022	543,600	(399,137)	144,463
At at 31 December 2021	543,600	(290,417)	253,183

15 Members' Deposits

	2022 Ksh	2021 Ksh
At the start of the year	78,758,475	82,832,583
Deposits during the year	25,355,766	24,743,541
Withdrawal/Loan Recoveries during the year	(12,524,877)	(28,817,649)
	91,589,364	78,758,475

Members deposits/savings increased from saving by 12,830,889 during the year.

16 Trade and other payables

Audit fees	55,000	55,000
Supervision fees	5,700	5,700
Interest on deposit and Dividend Payable	5,069	7,115
Local Creditors	19,075	-
Proposed Honararia	350,000	350,000
Proposed Staff Bonus	90,000	90,000
Payroll Liabilities	21,849	17,702
	546,693	525,517

The proposed honararia for the year is Kshs 300,000. The 50,000 is balance due from last year provision and is payable to retired Board members whose payments are in progress.

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	2022	2021
	Kshs	Kshs

17 Share Capital

Balance brought forward	5,460,161	2,213,805
Contribution during the year	626,106	3,246,356
	<u>6,086,266</u>	<u>5,460,161</u>

During the year the Share Capital increased by Kshs 626,106 due to new members share Capital top up to Kshs 10,000 per person which was deducted from the member savings.

18 Retained Reserves

Prior year retained earnings	2,255,521	2,252,850
Current year's surplus/(deficit)	492,043	1,356,931
Statutory reserve	(98,409)	(271,386)
Proposed Dividend	-	(1,092,032)
Loan Overprovision	-	9,158
	<u>2,649,156</u>	<u>2,255,521</u>

19 Statutory reserves

Balance brought Forward	1,034,248	762,862
Statutory reserve for the year	98,409	271,386
	<u>1,132,657</u>	<u>1,034,248</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.