

UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
C/S 20037
Annual Report and Financial Statements
For the Year Ended 31 December 2019
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C/S 20037
Annual Report and Financial Statements
For the year ended 31 December 2019
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MINISTRY OF INDUSTRY
TRADE AND COOPERATIVES
State Department for Cooperative
MAIN REGISTRY
04 MAR 2020
NO.
P.O. Box 30547 - 00100
GPO, NAIROBI, KENYA

**UNISA SAVINGS AND CREDIT CO-OPERATIVE
SOCIETY LIMITED**
C/S 20037
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

Report of the Board of Directors
Statement of Financial Position
Statement of Income and Expenses
Statement of Cash Flows
Notes

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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](mailto: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

Edward Nyaga
P.O.Box 33745-00200
Nairobi

UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
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Annual Report and Financial Statements
For the Year Ended 31 December 2019

Statistical Information as at 31 December 2019

		2019	2018
Membership	Active	516	390
	Left	(22)	(27)
	Dormant	102	137
Total		<u><u>596</u></u>	<u><u>500</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		80,540,590	59,921,019
Liquid Assets		3,096,775	1,626,843
Members deposits		72,816,415	55,339,800
Interest on Members Deposits		3,640,821	2,213,592
Proposed Dividend		315,600	-
Loans to Members		54,778,959	44,611,812
Investments		21,521,278	12,683,040
Core Capital		3,040,377	2,029,264
Share Capital		1,578,000	1,446,000
Institutional Capital		1,462,377	583,264
Total Revenue		8,540,303	5,654,711
Total Interest Income		5,965,707	4,036,668
Total expenses		3,570,475	3,232,790
Key ratios			
Capital Adequacy Ratio			
Core Capital/Total Assets		3.77%	3.39%
Core Capital/Total Deposits		4.18%	3.67%
Institutional Capital /Total Assets		1.82%	0.97%
Liquidity Ratio			
Liquid Assets/Total deposits & Long term liabilities		4.25%	2.94%
Operating Efficiency/Loan Quality Ratios			
Total Expenses/Total Revenue		41.81%	57.17%

UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

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Annual Report and Financial Statements

For the Year Ended 31 December 2019

Report of Board Of Directors

The Board of management submit their annual report together with the audited financial statements for the year ended 31 December 2019, 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

	2019 Shs	2018 Shs
Surplus(deficit) Before tax	1,329,008	208,329
Income tax expense	-	-
Net surplus(deficit) after tax	1,329,008	208,329
Retained Surplus/(deficit) for the year	<u>955,770</u>	<u>161,865</u>
Interest on Members Deposits	<u>3,640,821</u>	<u>2,213,592</u>

Investment Shares

The issued and paid up share capital of the society was increased during the year from Kshs 1,446,000 to Kshs 1,578,000

Dividend and Interest

The Board of Management are recommending payment of interest on member deposit at 5 % , 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

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 Directors

.....

Hon. Secretary

Date 28/02/...../2020

UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

C/S 20037

**Annual Report and Financial Statements
For the Year Ended 31 December 2019**

Statement of Board of Directors' Responsibility

The Sacco Societies Act No.14 of 2008 requires the directors 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 Directors to ensure that the Society keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Society. The Board of Directors is also responsible for safeguarding the assets of the Society.

The Board of Directors 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 directors 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:

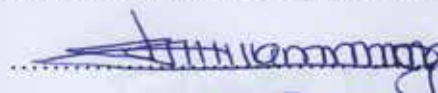
- i) Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error
- ii) Selecting and applying appropriate accounting policies; and
- iii. Making accounting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

of the state of the financial affairs of the Society and of its operations results. The Board of Directors 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 directors have assessed the society's ability to continue as a going concern. Nothing has come to attention of the Board of Directors to indicate that the Society will not remain a going concern for at least twelve months from the date of this statement.

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

Approved by the board of directors on 28/02 2020 and signed on its behalf by

.....Chairman

.....Treasurer

.....Board Member

UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
C/S 20037
Annual Report and Financial Statements
For the Year Ended 31 December 2019

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 2019, 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 2019, 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 directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and for such internal control as the directors 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 directors 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

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 directors, 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

03/03/2020



UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
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Annual Report and Financial Statements
For the Year Ended 31 December 2019

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2019 Ksh	2018 Ksh
Interest Income	2	5,965,707	4,036,668
Investment Income	3	1,182,285	831,812
Interest Expense	4	(3,640,821)	(2,213,592)
Other Operating Income	5	1,392,312	786,231
		<u>4,899,483</u>	<u>3,441,119</u>
Governance Expenses	6	1,279,445	755,540
Administrative Expenses	7	2,288,378	2,399,355
Financial Expenses	8	61,722	77,895
Total expenses		<u>3,629,545</u>	<u>3,232,790</u>
Net Operating surplus/(deficit) before income tax		<u>1,269,938</u>	<u>208,329</u>
Income tax expense	9	134,296	5,999
Net surplus/(deficit) for the year		<u>1,135,642</u>	<u>202,331</u>
20% transfer to statutory reserve		(227,128)	(40,466)
Surplus/(Deficit) for the year		<u><u>908,514</u></u>	<u><u>161,865</u></u>

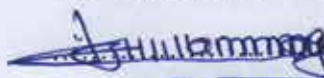

UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
C/S 20037
Annual Report and Financial Statements
As at 31st December 2019

STATEMENT OF FINANCIAL

	Notes	2019 Ksh	2018 Ksh
ASSETS			
Cash and cash equivalents	10	3,096,775	1,626,843
Investments	11	21,521,278	12,683,040
Trade and other receivables	12	295,064	548,362
Loan with members	13	54,778,959	44,611,812
Property, plant and equipments	14	774,868	270,988
Tax paid at source		43,047	118,773
Jiko Koa		30,600	61,200
Total Assets		80,540,590	59,921,019
LIABILITIES			
Members deposits	15	72,816,415	55,339,800
Trade and other payables	16	593,083	332,364
Tax Payable	10	134,296	5,999
Proposed dividend		315,600	-
Proposed interest on Members Deposit	4	3,640,821	2,213,592
Total Liabilities		77,500,214	57,891,755
EQUITY			
Share capital	17	1,578,000	1,446,000
Retaining Reserves	18	1,098,734	446,750
Statutory reserves	19	363,643	136,514
Total Equity		3,040,377	2,029,264
Total Liabilities and Equity		80,540,590	59,921,019



The financial statements set out on pages 7-15 were approved by the Board of Directors on..... 2020 and signed on its

 Chairman
 Treasurer
 Board member



UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
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 Annual Report and Financial Statements
 For the Year Ended 31 December 2019

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Retained Earnings	Statutory Reserves	Total
	Ksh	Ksh	Ksh	Ksh
At 1st January 2018	1,152,000	284,885	96,048	1,532,933
Issue of share capital	294,000			294,000
Surplus/(Deficit) for the year		202,331		202,331
Transfer to statutory reserve		(40,466)	40,466	-
Paid during the year		-		-
Proposed Dividend-2018	-	-	-	-
At 31 December 2018	1,446,000	446,750	136,514	2,029,264
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 year		1,135,642		1,135,642
Transfer to statutory reserve		(227,128)	227,128	-
Over Provision for loan loss		59,070		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

UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
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Annual Report and Financial Statements

For the Year Ended 31 December 2019

STATEMENT OF CASH FLOWS

	Note	Ksh	2019	2018
				Ksh
Cash flows from operating activities				
Interest receipts				
Other interest income	2	5,965,707	✓	4,036,668
Other operating income	3	1,182,285	✓	831,812
Payments to employees and suppliers	5	1,392,312	✓	786,231
Decrease / (increase) in:		(3,450,325)	✓	(2,573,648)
Trade and other receivables		<u>5,089,978</u>	✓	<u>3,081,063</u>
Increase / (decrease) in: Stock items-Jiko koa		253,298	✓	(143,254)
Increase / (decrease) in Net loans to members		30,600	✓	(61,200)
Trade and other payables		(10,108,076)	✓	(18,672,594)
Payment of interest on members deposit		260,720	✓	101,127
Members deposits		(2,144,319)	✓	-
Net cash from operating activities before tax		<u>17,476,615</u>	✓	<u>19,252,275</u>
Income tax paid		<u>10,858,816</u>	✓	<u>3,557,417</u>
Net cash from operating activities after tax		<u>(49,046)</u>	✓	<u>(118,772)</u>
		<u>10,809,770</u>	✓	<u>3,438,645</u>
Cash flow from investing activities				
Purchase of property and equipment		(633,600)	✓	(13,600)
Purchase of investment securities		(8,838,238)	✓	(12,673,040)
Net cash from investing activities		<u>(9,471,838)</u>	✓	<u>(12,686,640)</u>
Cash flows from financing activities				
Share capital contributions		132,000	✓	294,000
Dividends paid		-	✓	-
Net cash generated from financing activities		<u>132,000</u>	✓	<u>294,000</u>
Net (decrease) in cash and cash equivalents		1,469,932	✓	(8,953,995)
Cash and cash equivalents at 1st January	7	<u>1,626,843</u>	✓	<u>10,580,838</u>
Cash and cash equivalents at 31st December	7	<u>3,096,775</u>	✓	<u>1,626,843</u>

NOTES

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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For the Year Ended 31 December 2019
NOTES

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 approved the purchase and installation of Microsoft Navision Software to help them oversee the accounting function. This system was properly migrated and is working as expected. We hope to achieve up to 80 % efficiency in year 2020

UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
C/S 20037

Annual Report and Financial Statements

For the Year Ended 31 December 2019

NOTES

	2019 Ksh	2018 Ksh
2 Interest on Loans and advances		
Interest on Loans	5,965,707	4,036,668
	<u>5,965,707</u>	<u>4,036,668</u>
3 Other Interest Income		
CIC Interest Income	942,285	791,812
KUSCCO interest income	240,000	40,000
	<u>1,182,285</u>	<u>831,812</u>
4 Interest on Members Expense		
Proposed Interest on Members Deposit	<u>3,640,821</u>	<u>2,213,592</u>
5 Other Operating Income		
Activation fee	59,890	36,360
Penalties	375,472	359,638
Entrance fees	117,600	138,000
Bridging Charges	93,385	243,533
Jiko Koa	8,400	8,700
Insurance fee charges	737,565	-
	<u>1,392,312</u>	<u>786,231</u>
6 Governance expenses		
AGM expenses	264,280	289,500
Committee meeting expenses	37,035	218,370
Committee Sitting allowances	258,520	-
Honararia	300,000	-
Members Education	301,150	198,370
Committee Training	118,460	49,300
	<u>1,279,445</u>	<u>755,540</u>
7 Administration expenses		
Staff training	23,500	30,410
Licences	69,500	69,500
Legal fees	5,000	20,000
Office Expenses	107,615	128,590
Printing and stationeries	94,725	88,230
Rent and service charge	486,336	464,232
Repair and Maintenance	31,000	1,700
Salaries and wages	755,496	684,741
Bulk SMS and Internet	63,861	35,280
Telephone	46,600	43,800
Transport and travelling expenses	89,100	81,430
Marketing expenses	25,900	42,000
Audit Fees	38,000	38,000
Supervision fees	4,000	4,500
Electricity	8,000	7,800
Professional fees	7,500	-
Insurance	302,525	-
Depreciation and amortization	129,720	46,749
Provision for Loan loss		612,393
	<u>2,288,378</u>	<u>2,399,355</u>
8 Financial Expenses		
Bank charges	61,722	77,895
	<u>61,722</u>	<u>77,895</u>

UNISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
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Annual Report and Financial Statements

For the Year Ended 31 December 2019

NOTES

	2019 Ksh	2018 Ksh
9 a) Taxation		
Non-members income	1,182,285	831,812
Taxable amount(50%)	591,142	415,906
Tax (30%)	177,343	124,772
Less: Tax paid at Source	(43,047)	(118,773)
Tax Payable	<u>134,296</u>	<u>5,999</u>
b) Current Tax		
Tax b/f	5,999	-
Charge for the year	134,296	5,999
Paid during the year	(5,999)	-
Tax payable	<u>134,295</u>	<u>5,999</u>
10 Cash and cash Equivalent		
Co-operative bank Current account	2,273,167	1,208,502
Co-operative bank Haba na Haba	59,370	29,970
Quick fix cash account	-	92,980
Cash in Hand	784	3,941
B2C safaricom account	357,062	-
Cash at Paybill	406,391	291,450
	<u>3,096,775</u>	<u>1,626,843</u>
11 Investments		
KUSCCO (Shares)	10,000	10,000
CIC Investments	18,471,278	9,673,040
KUSCCO Central Finance Fund	3,040,000	3,040,000
	<u>21,521,278</u>	<u>12,683,040</u>
12 Trade and other receivables		
Deposits and prepayments	128,195	128,195
Interest on Loans receivable	166,869	380,167
KUSCCO interest receivable	-	40,000
	<u>295,064</u>	<u>548,362</u>
13 Loans with Members		
Normal loan	49,415,593	44,150,304
School fees loans	1,243,565	549,735
Emergency loans	804,901	361,965
Quick fix loans	199,912	126,201
Asset finance Loan	3,638,546	-
Dividend Advance	29,765	-
Jiko Koa Loan	-	36,000
Less: Provision for Loan Loss	(553,323)	(612,393)
	<u>54,778,959</u>	<u>44,611,812</u>
Movement in provision for loan loss		
At 1 January	612,393	-
Increase/ (decrease) in provision for loan during	(59,070)	612,393
At 31 December	<u>553,323</u>	<u>612,393</u>
Ageing of Loan		
Performing Loans	55,332,281	44,254,553
1-30 days (Watch-5%)	-	478,453
31-180 days (Substandard-25%)	-	398,699
181-360 days(Doubful-50%)	-	92,500
>360Day (Loss Account -100%)	-	-
	<u>55,332,281</u>	<u>48,224,205</u>
Ageing of past due impaired		
Performing Loans(1%)	553,323	442,546
1-30 days (Watch-5%)	-	23,923
31-180 days (Substandard-25%)	-	99,675
181-360 days(Doubful-50%)	-	46,250
>360Day (Loss Account -100%)	-	-
	<u>553,323</u>	<u>612,393</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 in case of default.

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14 Property, plant and equipment

	Furnitures and Fittings Shs	Computer & Accessories Shs	Total Shs
COST			
At 1st January 2018	343,218	82,000	425,218
Additions	13,600	-	
Disposals	-	-	
Balance as at 1st January 2019	356,818	82,000	438,818
Additions	-	90,000	90,000
Disposals	-	-	
Balance as at 31 December 2019	356,818	172,000	528,818
DEPRECIATION			
Balance as at 1st January 2018	79,261	41,820	121,081
Charge for the year	34,695	12,054	46,749
Disposals	-	-	
Balance as at 1st January 2019	113,956	53,874	167,830
Disposals	-	-	
Charge for the year	30,358	26,513	56,871
Balance as at 31 December 2019	144,314	80,387	224,701
CARRYING AMOUNT			
As at 31 December 2019	212,504	91,613	304,117
As at 31 December 2018	242,862	28,126	270,988

14b) Amortization of Intangible assets

	Cost	Amortization	Balance
As at 31 December 2019	543,600	(72,849)	470,751

15 Members' Deposits

	2019 Ksh	2018 Ksh
At the start of the year	55,339,800	36,087,525
Deposits during the year	18,875,393	20,261,515
Withdrawal/Refund during the year	(1,398,778)	(1,009,240)
	72,816,415	55,339,800

16 Trade and other payables

Audit fees	38,000	38,000
Supervision fees	4,000	4,000
Interest on deposit payable	30,896	-
Kuscco Insurance	134,455	48,020
Withholding tax payable	78,232	-
Proposed Honararia	300,000	-
Professional fees	7,500	242,344
	593,083	332,364

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	2018	2017
	Ksh	Ksh
17 Share Capital		
Balance b/f	1,446,000	1,152,000
Contribution for the year	132,000	294,000
	<u>1,578,000</u>	<u>1,446,000</u>
18 Retained Reserves		
Prior year retained earnings	446,750	284,885
Current year's surplus/(deficit)	1,194,712	202,331
Statutory reserve	(238,942)	(40,466)
Proposed Dividend	(315,600)	-
	<u>1,086,919</u>	<u>446,750</u>
19 Statutory reserves		
As at 01/01/2019	136,514	96,048
Statutory reserve for the year	238,942	40,466
	<u>375,457</u>	<u>136,514</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) Liquity risk management

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