

KANISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD.

**FY2016 ANNUAL REPORT AND FINANCIAL
STATEMENTS**

25TH MARCH 2017

**THE KANISA SACCO 36TH AGM HELD ON 25TH MARCH 2017
AT THE DESMOND TUTU CONFERENCE CENTRE,
ALL AFRICA CONFERENCE OF CHURCHES (AACC)**

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VISION STATEMENT

To be the leading one-stop financial institution providing diverse products and services for members' economic empowerment.

MISSION STATEMENT

To promote thrift, prudent Management, member participation, regular education, development of dynamic systems that will ensure growth, security of funds and encourage a positive organizational culture.

VALUES

The core values of Kanisa SACCO are Integrity, Transparency, Professionalism and Teamwork. In addition to these, KANISA SACCO is also founded on the general cooperative values of:-

- Self-help
- Self-responsibility
- Democracy
- Equality
- Equity
- Solidarity



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AGM NOTICE

TO: ALL HONOURABLE MEMBERS

10th March 2017

RE: NOTICE OF THE 36TH KANISA SACCO SOCIETY LIMITED ANNUAL GENERAL MEETING

By the powers given under section 6 (6.2) of the Kanisa SACCO Society Limited By-Laws, notice is hereby given that an Annual General Meeting of Kanisa SACCO Society Limited is convened and will be held on Saturday, 25th March 2017 at Jubilee Hall, Desmond Tutu Conference Centre, AACC, Off Waiyaki Way, Westlands, Nairobi, starting from 7.30am.

Agenda

1. Call to order, opening prayers and welcome remarks.
2. To read the notice convening the Annual General Meeting.
3. To adopt the agenda of the Annual General Meeting.
4. To confirm and adopt the minutes of the 35th AGM held on Saturday, 12th March 2016.
5. Presentation of the Central Management Committee (CMC) report for the year 2016.
6. Presentation of the Supervisory Committee report for the year 2016.
7. To receive, consider and adopt the financial report for the period ended 31st December 2016.
8. To consider and approve the revised budget for 2017 financial year and the proposed budget for the 2018 financial year.
9. To appoint an external auditor for the year 2017.
10. To receive, consider and adopt the proposed resolutions.
11. To elect, pursuant to Rule 28(1) of the Cooperative Societies Rules, the one (1) member of the Supervisory Committee retiring each year by rotation.
12. To elect, pursuant to Rule 23 of the Cooperative Societies Rules, the three (3) members of the Central Management Committee (CMC) retiring each year by rotation.
13. To transact any other business whose notice will have been received by the Secretary in accordance with the By-Laws.

All other matters not included in the agenda and which you, as a member, feel should be discussed should be sent to info@kanisa-sacco.org by Friday, 17th March 2017.

A kind reminder that non-attendance of the AGM will attract a penalty of Kenya Shillings Five hundred (Kes. 500), apologies will attract a penalty of Kenya Shillings two hundred (Kes 200), and late attendance will attract a penalty of Kenya Shillings one hundred (Kes 100). Please note that attendance of the AGM is strictly for members only and non-members will not be allowed to attend.

Three (3) officials in the Central Management Committee and one (1) in the Supervisory Committee are retiring by rotation and are eligible to offer themselves for re-election.

Those interested in serving in the CMC and Supervisory Committee should complete the attached Candidates Details Form and forward it to the finance manager info@kanisa-sacco.org before Friday, 17th March 2017. Please note that Section 7 (7.2)



and Section 9(9.3) of Kanisa SACCO Society By-Laws requires, among others, that in order to be elected into office, one must be at least 18 years old, must have been an active member for at least two (2) consecutive years, and should have minimum deposits of Kenya Shillings one hundred thousand (Kes 100,000).

By Order of the Central Management Committee.

A handwritten signature in blue ink, appearing to be 'AK' with a flourish.

Ann Kioi,
Hon. Secretary.

CC: County Cooperative Officer, Westlands Sub County, Nairobi.
County Cooperative Auditor, Nairobi City County.
County Commissioner, Nairobi City County.



PROGRAMME OF THE DAY

1. Arrival, morning tea and snacks and registration	7:30 AM - 8:15 AM
2. Calling the meeting to order and opening prayers	8:15 AM - 8:35 AM
3. Welcome remarks by the Chairperson	8:35 AM - 8:45 AM
4. Adoption of the Agenda	8.45 AM – 8.50 AM
5. Confirmation of the minutes of the 35th AGM	8:50 AM - 9:20 AM
6. Matters arising from the minutes of the 35th AGM	9:20 AM -10:00 AM
7. Central Management Committee report	10:00 AM - 10:45 AM
8. Tea Break	10:45 AM - 11:15 AM
9. Supervisory Committee Report	11:15 AM - 11:45 AM
10. Auditor's report	11:45 AM - 12:45 PM
11. Presentation and adoption of FY 2017 revised budget and FY 2018 budget	12:45 PM - 13:30 PM
12. Department of Cooperatives Officer's remarks	1:30 PM -1:55 PM
13. Appointment of auditors	1:55 PM - 2:15 PM
14. Elections of office bearers	2:15 PM - 2:45 PM
15. Presentation of resolutions	2:45 PM - 3:00 PM
16. Any other business	3:00 PM - 3:10 PM
17. Closing Prayers	3:10 PM - 3:15 PM
18. Lunch and Departure	3:15 PM



SOCIETY INFORMATION

Central Management Committee

Mr. Bernard Okok	Chairperson
Mr. Philip Tuei	Vice Chairperson
Mr. Boniface Maina	Treasurer
Ms. Ann Kioi	Hon. Secretary
Mr. Quinn Kariuki	Member
Mr. Wilfred Gitau	Member
Ms. Janet Masese	Member
Ms. Alice Agunda	Member
Mr. Patrick Gathenya	Member

Supervisory Committee

CPA Joyce Kangogo	Chairperson
CPA Richard Kola	Secretary
Ms. Salome Kihara	Member

Auditors

MINISTRY OF INDUSTRY, TRADE & CO-OPERATIVES
P.O. BOX 40811
NAIROBI

Bankers

CO-OPERATIVE BANK OF KENYA LTD
WESTLANDS BRANCH

COMMERCIAL BANK OF AFRICA
WESTLANDS BRANCH

Registered Office

AACC BUILDING, WAIYAKI WAY
P.O. BOX 1210 - 00606
SARIT CENTRE
NAIROBI



MINUTES OF THE 35TH ANNUAL GENERAL MEETING HELD ON 12TH MARCH 2016 AT THE DESMOND TUTU CONFERENCE CENTRE, NAIROBI

The 35th Annual General Meeting of Kanisa SACCO Limited was held at the Desmond Tutu Conference Centre, Nairobi on 12th March, 2016.

Present

There were 345 Members present (See attached list)

In Attendance

There were five (5) in attendance (See attached list).

Absent with Apology

Written apologies were received from 130 members (See attached list).

Agenda

1. Call to order, opening prayers and welcome remarks.
2. To read the notice convening the Annual General Meeting.
3. To adopt the agenda of the Annual General Meeting.
4. To confirm and adopt the minutes of the 34th AGM held on Saturday, 25th April 2015.
5. Presentation of the Central Management Committee (CMC) report for the year 2015.
6. Presentation of the Supervisory Committee report for the year 2015.
7. To receive, consider and adopt the financial report for the period ended 31st December 2015.
8. To consider and approve the revised budget for 2016 financial year and the proposed budget for the 2017 financial year.
9. To appoint an external auditor for the year 2016.
10. To receive, consider and adopt the proposed resolutions.
11. To elect, pursuant to Rule 28(1) of the Cooperative Societies Rules, the one (1) member of the Supervisory Committee retiring each year by rotation.
12. To elect, pursuant to Rule 23 of the Cooperative Societies Rules, the three (3) members of the Central Management Committee (CMC) retiring each year by rotation.

13. To transact any other business whose notice will have been received by the Secretary in accordance with the By-laws.

Min. 01/35/AGM/12/03/2016: Call to Order, Confirmation of the Quorum and Opening Prayer

The Annual General Meeting was called to order by the Chairperson, Bernard Okok, at 8.30am having ascertained the quorum as per the society's By-Laws section 6 (6.3) (a) which provides that:

'the presence of at least 25% of the total members of the Society or 75 members of the Society, whichever is lower, shall constitute a quorum for the conduct of the business at a General Meeting'.

The meeting opened with a word of prayer said by Nancy Kamau.

Min. 02/35/AGM/12/03/2016: Welcome Remarks by the Chairperson and Reading of the Notice Convening the General Meeting

The Chairperson welcomed members to the meeting. He appreciated members for coming up early called for active participation in the deliberations. He introduced members of the Leadership and Management and expressed the apologies of Boniface Maina – the Treasurer – who had some urgent and unavoidable family matters to attend to. He explained that due to his absence, agenda number eight (8) in the program would be presented by the SACCO Manager. He recognized, welcomed and appreciated new members attending the meeting for the first time.

Key persons recognized at the meeting included Mr. Davis Kathurima (Ministry of Industrialization and Enterprise Development Officer); Ms. Lydia Wainaina (Auditor from the Department of Cooperatives, Ministry of Industrialization and Enterprise Development); Dr. Bright Mawudor (Deputy General Secretary, All Africa Conference of Churches); and John Marewa and Mark Kiambo of the Kanisa Housing Cooperative Society.

Min. 03/35/AGM/12/03/2016: Adoption of Agenda

The Management presented the AGM Agenda. After few questions and clarifications, the agenda was proposed for adoption by Angela Kilonzo and seconded by Hilary Mwangi. They were then accepted to be used in the meeting.



Min. 04/35/AGM/12/03/2016: Confirmation of the Minutes of the 34th AGM

The minutes of the 34th AGM held on Saturday, 25th April 2015 were read by the Honorary Secretary, Ann Kioi. These minutes were received for discussions after being proposed by Wilfred Gitau and seconded by Alice Agunda. Thereafter they were tabled for discussions.

Min. 05/35/AGM/12/03/2016: Matters Arising

1. Dr. Francis Kuria asked a question on Pg. 19 on KHL Property Loan asking why a default of this loan for a period of sixty (60) days will result in the property under consideration being reoffered for sale to other interested parties and a refund of the monies paid by the loanee so far under this product less 10% of the value of the property. Instead, he proposed that a member should lose the 10% of the amount of the money he /she had paid and not the value of the property.

The Management in response, welcomed the suggestion and stated that this is an issue and it will be taken into consideration by the Management as it comes up with proposals for product review.

2. Moses Musia asked a question on the numbers presented on Page 8, as members present, and Page 9 on the growth realized in the Society which, according to him, was contradicting. He sought clarification from the Management on the missing link.

The manager explained that the numbers presented on Page 8 were a reflection of those who were present on that day and those who sent apologies whereas the growth indicated on page 9 is the total membership as at 31st December 2015. The missing link can be attributed to or assumed that the missing numbers did not communicate to the Society.

After the clarifications, the minutes were adopted after being proposed by Moses Muasia and seconded by Davis Njeru.

Min. 06/35/AGM/12/03/2016: The Central Management Committee (CMC) Report

The Management Committee report was presented by the Chairperson, Bernard Okok Obuoga.

Key highlights of the Central Management Committee (CMC) report were:

- a) Various products and services were implemented based on the resolutions adopted in the 2015 AGM. These included

trustee loan, deposit boosting facility, Mali Mali Loan and KHL Property Loan;

- b) Progress made toward registration with the Credit Reference Bureaus (CBRs);
- c) The Society realized a 21.26% growth in membership in 2015;
- d) A total of 41 members withdrew from the SACCO compared to 37 in 2014;
- e) Financials - the Society turnover rose from Kes 20.5M in 2014 to Kes 26.9M in 2015 recording a 31.3% growth; Members' deposits increased by 22% from 165.4M in 2014 to 201.8M in 2015; the Share Capital increased from Kes 6.6M in 2014 to Kes 8.1 in 2015 representing a 23.2% growth; and Loan portfolio grew from Kes 182.7M in 2014 to Kes 217.5M in 2015 registering a 19.03% growth;
- f) Interest on Deposits and Dividends – proposal for 9.2% Interest on Deposit and first and final dividend of Kes 1.36 per share with a proposal to pay interest on deposit of 8% and 1.2% be ploughed back to the deposits while dividends will be capitalized;
- g) Leadership Changes and Staff Capacity - it was reported that one member of the Management, Mutua Mulonzya, tendered his resignation during the year in question. At the same time, the Society's staff capacity increased by employment of an additional staff, Casper Simiyu, as Accounts Assistant;
- h) Diversification of investments were realized through Kanisa Holdings Limited (KHL). The Company developed and implemented Business plan to guide its operations during the year and finalized the Isinya Project and initiated Kantafu project along Kangundo Road;
- i) The challenges included the unidentified receipts (which rose from Kes 460,987 in 2014 to Kes. 759,320 in 2015); Guarantorship (members seem to be facing problems to get guarantors when applying for loans); Credit policy adherence (some members seem not fully conversant with the policy); Affidavits (the method of administration seem to be exposing the Society and members to risks; and Loan defaults (members continue suffering deposit deductions in times when the loanes they guarantee fail to pay up); and



- j) Defaulted loans recoveries - Mr. Joshua Olang cleared his amounts; while Bernard Mwinzi, did not only show the commitment to clear the balance but highly reduced the loan by big margin. The two cases that are still pending are that of Margaret Itto and Abel Mboo who have existed in the Society's books for so many years.

The report highlighted the following as key strategies to mitigate the named challenges:

- i) Unidentified receipts – use of alternative and efficient services such as M-pesa and depositing in the Society's bank account at the Commercial Bank of Africa (CBA); calling on members to regularly make follow up whenever they do deposits; and regular sending of members' statements;
- ii) Guarantorship – plan to develop, with full consultation with the Ministry, alternative mechanisms that members can use either in isolation or in complimentary with Guarantorship when applying for loans;
- iii) Affidavits – this will be reviewed and either reformed or discarded all together; and
- iv) Loan Defaults – to enhance follow up in locating and recovering the loans of Margaret Itto and Abel Mboo and bring updates in the next AGM and/or propose the way forward on the two cases. Further, the internal control systems are being strengthened to ensure that such cases do not recur.

The meeting was also informed that Mr. Francis Asena, a member of the CMC, was retiring from the Management and is not willing to continue. Mr. Asena is one of the Society founding members and has been a member since then (for over 35 years) and has served in the Management in different capacities. A token of appreciation and two certificates, appreciation and excellence, were respectively presented to him by Dr. Bright Mawudor and Rev. Dr. Johnson Mbillah. Both of them thanked Asena for exemplary services to the Society and called on members to emulate him.

The Management report was received for discussion after being proposed by Francis Juma and seconded by Bernard Otieno.

Discussions on the management report:

1. Kennedy Kamau commended the Management for the membership growth and retention strategy as indicated in the report and sought clarification on what causes

the increase in dormancy and what is the Management doing to mitigate the phenomenon and are there any loan default among the dormant members and, if so, what are the measures to recover such loans.

The Management explained that key factors that lead to dormancy include loss of employment and/or relocations. Measures to mitigate this include continued education to members that one can still continue membership even after leaving employment and can still continue remitting their contributions regardless of their location even in the Diaspora. In regard to loans among the dormant members, it was explained that measures are taken to ensure that such loans are recovered before one is declared dormant as per membership policy.

Timely communication is done to members to inform them of possibility of their accounts becoming dormant and engage such members to address the phenomenon.

2. Dr. Bright Mawudor commended the Management for continued excellent services to the members despite the high inflation rates experienced during the year under review and full implementation of the resolutions passed at the 2015 AGM. He noted that there is nothing so discouraging than passing resolutions and not implementing them saying he is pleased to read that all the resolutions have been implemented.
3. Moses Musia suggested that members should market the SACCO by recruiting more members and appreciated the Society for opening the common bond that has allowed individuals to join. However, he proposed that this be opened further to allow groups, organizations and Churches to join as entities.

The Management said that it is possible for groups, organizations and churches to join as entities but drew the attention of the members to Kanisa SACCO By-laws Section 4 (4.2)(b)) which states that: For any group, organization, association or corporation to be admitted as a member of the Society, the members of the Society shall pass a special resolution at a General Meeting outlining the terms and conditions of engagement between corporate member and the Society" Thus, such a proposal will be received by the Management and brought to an Annual General Meeting for consideration.

4. Alice Agunda commended the Management of the SACCO for the job well done. On the Strategic Plan implementation, she sought clarification on the details of these objectives and how they have been achieved as well as how to ensure members are retained.



The Management clarified that the objectives not illustrated on investment is in the realm of KHL and while it is in the Strategic Plan of Kanisa SACCO, its realization pursued by the KHL.

5. Wycliffe Kijereji and Emma Kabue both sought clarification on membership retention and continuity especially on the note that a total of 41 members leaving the SACCO in a year. They pointed out that this could be a sign of deep challenge. They wanted to know what strategies are being developed and implemented by the Management to ensure that this trend is controlled and the number reduced and also how one can retain membership upon losing employment or becoming dormant

The Management explained that some of the ways is through intensive education and awareness creation that one can still be a member of the SACCO even after changing places of employment or leaving employment. In addition, there is also face to face conversation with such members through which different options of retaining their membership are offered after they explain their challenges.

The meeting was informed that as long as a member has not transferred or sold off his/her shares, such member is still a shareholder. Key innovative way of membership retention is the development and implementation of payment-friendly mechanisms such as the use of M-pesa.

6. John Githiora, on membership development drive, stated that Kanisa SACCO does not have desks in most hotels and asked the Management what it was doing to increase members and make the SACCO visible in these institutions open days.

The Management urged members who work in these institutions to inform the office on these available opportunities with their organizations/institutions. Once these opportunities are identified, the Management can then strategize on how to pursue line of engaging with the management of such institutions.

7. Rev. Dr. Johnson Mbillah sought clarification on guarantorship and why members were not willing to guarantee others. Further, what are these alternative to guarantorship stated in the Management report and is there any provision for the SACCO to come with alternatives to guarantorship. On defaulters, he asked what measures have been taken and where are these defaulters and who are their guarantors?

The Management explained that guarantorship is based on trust

and the Management cannot force members to guarantee each other. Key means that the Management has adopted to achieve this is through convening and facilitating members' interactive forums/platforms such as the AGM, Education Days and CSR events.

Alternatives to guarantorship are collateral that are charged to the Society. The Management is working close with the Ministry of Industrialization and Enterprise Development to ensure that by developing such does not contravene any law.

On the defaulter's whereabouts, the Management explained that these are old cases that have been there in the Society's books for several years. The Management is doing all within its possible abilities to locate the individuals and recover the funds.

8. Dr. Bright Mawudor noted the increase on membership and stated that this also comes with increase in the risks. He appealed to members to increase the share capital as the share capital increases we can also protect ourselves from the risks associated.

The Management appreciated the observation

9. Zipporah Mwaura commented on diaspora membership and congratulated the Management on the step taken to ease their remittances. However, she sought clarification on why Commercial Bank of Africa (CBA) was selected yet there are other banks like Equity bank and if the Management sought the views of the diaspora membership. Mark Kiambo also sought clarification on the currency conversion and the cost to the Society and how it is going to affect the operations due to the inflation rate. He suggested that the Society have a Diaspora account where the costs related to the currency conversion can be borne by the member

A thorough analysis of all the banks in terms of their viability, charges and accessibility was carried out and CBA was found to be suitable. Further, Kanisa SACCO already has an account at CBA and hence transaction will be easy in converting the foreign currency into Kenya Shillings.

On currency conversion and bearing of the costs related to it, the Management explained that the costs will be met by the member. Further, it is important to note that this is only for the purpose of collecting foreign currency remitted by diaspora members. In the area of inflation, the Management clarified that these are some of the things on which they will hold regular consultations with the bank in order to mitigate the effects.



MINUTES OF THE 35TH ANNUAL GENERAL MEETING HELD ON 12TH MARCH 2016 AT THE DESMOND TUTU CONFERENCE CENTRE, NAIROBI (Cont.)

10. Peter Kimani commented on membership growth presented and queried the Society's preparedness to move into a FOSA.

The Management responded that the move to FOSA is being discussed. One of the ways is to work on increasing share capital through calling on members to, among other things, ploughing back their interest on deposits.

11. Samson Ekuru congratulated the Management for the additional staff and the increase in growth as projected in the report and urged the Management to work hard to maintain this growth. He suggested that there be some motivation for members on increasing their savings.

The Management appreciated the comment and said that key motivating factor to savings is that members who have a savings account earn a guaranteed 4% on the savings.

12. Alice Achieng and Geoffrey Waira commented on Charity day event where they sought clarification on how members can be encouraged to participate in such events and be there for the less fortunate as well as how else members can contribute to such events.

The Management sends out regular member's updates and such events are communicated in this updates. Also collection boxes are placed at the SACCO office as well as in particular organizations for members to give their donations. Further the Management participates in this event by giving back to the society but the attendance by members is usually low.

13. Peter Kimani sought clarification on ways of retaining members and how to market Kanisa SACCO name and brand can be used to attract more people into its membership.

The Management pointed out that member retention is a huge challenge and more efforts are needed to ensure the withdrawal rate is reduced.

The 'Kanisa' name has been of great benefit as it sells. However, the most important factor in all these are efficient service delivery and honest management style that has been put into practice.

14. Concepter Obiero commented on Mjengo Loan and its features and wondered why the Management is introducing a vision loan. She asked if there are inhibiting factors on Mjengo Loan and, if so, how will Vision Loan be different.

The Management responded by stating that since its introduction, only five members have applied and benefited from Mjengo Loan. While it is not being scrapped, the development of Vision loan is supposed to provide platforms for members with low deposits to benefit from loan services. In addition, Vision Loan is considered to serve members in a way Bank mortgages do but with friendly terms. In this case, the Management noted that it is its view to ensure that members who have already bought the KHL-provided investment opportunities get financial assistance to realize their development.

15. Gordon Masara thanked the Management Committee for the good work done. He commented on the Zidisha deposit boosting and sought clarification on how this boosting will be implemented compared to individual boosting.

The Management appreciated the compliment. It was explained that Deposit boosting is charged at 10% whereas Zidisha deposit boosting will attract a 15% charge. Further this is one of the membership retention strategy where the Society will have all services under one roof.

16. Jackson Kadima sought clarification on affidavits and how they will be done away with. He asked why the Management cannot come up with ways of charging the affidavit Kes 100 instead of Kes 500 charged by the lawyers. Further, why can't the Society change the lawyers who have been there for 10 years?

The Management responded by stating that affidavits were first introduced by RSC staff who are members of the Society as their internal control system. However, it was later on accepted by the wider SACCO members. The Management is in consultation with the legal professionals and more appropriate action will be communicated on the way forward.

On lawyers' retention, the Management observed that the Society currently has a total of five lawyers from whom members can freely choose. Members can also get in touch with the office for a background check if not sure of a certain lawyer on the pool.

17. Rolex Mwamba sought clarification on the increase in the unidentified receipts and what the Management was doing about it. He stated that the statements are not regular and suggested that the statements be sent twice a year to the members.

The Management reported that the causes have been identified as internal and external. The Management is addressing the



internal challenges by sending regular statements to members and urged members to get back to the office should they note any inconsistency in their statements. On external challenges, the Management urged members to make use of payment mechanisms such as M-pesa and CBA account which captures all the details of the members when making payments to the Society.

Dr. Bright Mawudor applauded the visionary leadership offered by the CMC and the creativity in coming up with innovative approaches to move the SACCO forward. He urged the Management to continue with this creativity and commendable leadership and urged the members to appreciate the Management and to pray for its leadership.

There being no any other issues on the report, it was proposed for adoption by Jacinta Okumu and seconded by Kennedy Kamau.

Min. 07/35/AGM/12/03/2016: Auditor's Report

The audited accounts of Kanisa SACCO Society Limited were presented by Lydia Wainaina, an Auditor from the Department of Cooperatives, Ministry of Industrialization and Enterprise Development. The audited accounts were received after being proposed by Francis Kuria and seconded by Apollo Obiero.

Discussions and Questions on the Audited Accounts

1. Francis Kuria sought to know the meaning of the rebates from KHL indicated as Kes 1M. He also asked for the KHL report to show how it performed in the year and whether it has held its AGM and how the earning of Kes 2.5M from KHL in one year can be explained?

It was explained that KHL it is guided by the Companies Act. In its leadership and decision making, the Supervisory and Central Management Committees convene and form the AGM of KHL. This is also where the Directors are elected and profits such as rebates to the SACCO are declared. The AGM has already taken place.

2. Mark Kiambo commented on page 49 on the loan granted to KHL and the differences in the repayment details. On the loan defaulters why not write off these loans?

The management reported that the loan was fully paid. KHL gave dividends of Kes 2.5 M and Kes 1 M in terms of expenses refund. The difference of Kes 159,000 was due to members depositing money for KHL in the SACCO account.

On default, explanation had been given and at the Management report questions and answers session on what the Management expects to do.

3. Rev. Dr. Johnson Mbillah – commented on pg 39 on trade and other receivables and sought clarification on debtor's employers and loan defaulters and why loan defaulters should be referred to as trade and why the organizations are being referred to as debtors? He also wanted to know what happens to the others who are individuals and where are they categorized in this report?

The Management clarified that on trade and other receivables, the notes are put there for members' understanding of the accounts. A debtor here is someone who is supposed to pay money to the Society but had not done so by the close of that particular year.

For members who do individual contributions, such amounts are captured as it is received and recognized as an income at that particular time and it cannot be backdated and cannot earn interest backwards. That is why the individual contributors and their income cannot be listed.

Based on the response given, Rev. Dr. Mbillah offered a suggestion that a word debtor be dropped and, instead of it, use 'accounts receivable'.

4. John Marewa – sought clarification on the opinion of the auditor on Kanisa Holdings Limited and the rebates arguing that KHL is a company of the SACCO. He stated that members should propose a resolution that KHL accounts be presented at this AGM for members to know how KHL is performing.

The Management appreciated the comment saying that it is guided by Public Ethics Act and Constitution on leadership and integrity emphasizing transparency and accountability is core. However, it was indicated that it would be improper for a resolution of that nature to be proposed and discussed as that kind of resolution should have been proposed and shared with all members prior to its debate and action. The Management, however, accepted to facilitate the sharing of the Company's accounts with the wider SACCO membership for information and accountability.

The accounts were proposed for adoption by Wilfred Gitau and seconded by John Marewa.

Min. 08/35/AGM/12/03/2016: Supervisory Committee Report

The report was presented by Joyce Kangogo, the Supervisory Committee Chairperson. Key issues and observations in the report included the following:



- a) The Supervisory Committee carried out its work without hindrances during the year;
- b) The Society grew considerably, in the year under review - Membership grew from 1,222 in 2014 to 1,503 in 2015 while loans to members increased from KES 182,217,582.00 to 217,486,057.00;
- c) The overall turnover grew from KES 20,506,693.00 in 2014 to KES 26,916,347.00;
- d) Noted that the investment by KHL, a subsidiary of Kanisa SACCO contributed towards the profitability hence the increase in interest on members' deposits to 9.2%;
- e) Recognized the visionary direction taken by the Management in the creation of the investment opportunities;
- f) On deducted deposits due to loan defaults, the CMC is in the process of putting measures in place to ensure that affected members have avenues through which they can recover their hard earned cash from loan defaulters. Such measures included engaging debt collectors and registering the SACCO with Credit Reference Bureau (CRB) as resolved during the 2015 AGM;
- g) No member applied for the trustee loan;
- h) Nominees' forms - most members have not been updating their nominee's or next of kin or beneficiaries details as per the By-laws; and
- i) Unidentified receipt – that has risen up from KES. 460,987.00 (in 2014) to KES. 759,320.00 (in 2015);

In conclusion, the Committee commended the Management for, among other things, the efficiency in which service delivery was realized during the year under review. This includes staff appraisals, availability of all required items for review, engaging with and advising members on the loan processes and openness in handling the SACCO matters. The Committee, on the other hand, challenged the Management to always try and set the goals higher and try to achieve double digit returns to members in the coming year. The report concluded by recommending, among others: awareness creation on the existence of the loan products and services such as trustee loan and also examine their appropriateness; hasten the process of registering the SACCO with CRB and engagement with debt collectors; ensure that all defaulters are barred from accessing SACCO products and services; continuously remind members to update the nominee/next of kin details as required by the

law or as often as changes occur; and develop mechanisms of dealing with unidentified receipts such as regularly sending statements to members.

The Supervisory Committee report was received for consideration after being proposed by Moses Musia and seconded by Stephen Shumila.

Discussions and Questions on the Supervisory Committee Report

There were no questions on the Supervisory Committee report and it was proposed for Adoption by Jacinta Okumu and seconded by George Karani.

Min. 9/35/AGM/12/03/2016: Presentation and Adoption of the Budget

The budget proposals for the year 2017 and the revised 2016 budget were presented by Godfrey Mwangi, the Manager of Kanisa SACCO.

Key budget items that realized changes worth noting included:

- a) Interest income was revised from the approved Kenya Shillings (KES) 400,000 to KES 500,000 (2016) and KES 600,000 (proposed 2017);
- b) Investment income was revised from the approved KES 4,000,000 (2016) to 2,500,000 proposed 2016 and 2,500,000 proposed for 2017;
- c) Strategic Plan and Policy Development - the Management revised the approved budget of KES 100,000 to KES 350,000 (2016) and KES 100,000 (proposed 2016) to cater for the printing of the strategic plan for 2016 to 2019 and its implementation; and

d) Expenditure

- i) Salaries and wages were revised from the approved KES 2,500,000 to 2,677, 735 in 2016 and KES 2,860,000 proposed (2017)
- ii) Capital expenditure - Computer and equipment was revised from the approved KES 200,000 2016 to KES 300,000 and KES 350,000 (proposed 2017).

The budget was received for consideration after being proposed by Peter Maleto and seconded by Nancy Kamau.

Discussions and Questions on the Budget

- 1. Wilfred Gitau noted that provision for the Supervisory Committee still remain the same for the last year and it



is important to include another meeting for KHL accounts review

The Management explained that the budget presented was for the Society and not KHL.

2. George Gathimba proposed that communication expenses, web portal and website, all be taken and be covered under the website. Further what is the importance of the T-Shirts?

The Management informed the member that the communication budget does not only cater for the website but also covers telephone costs and the T-Shirts help in marketing the SACCO.

3. Pauline Waithera wanted to know when Education to members takes place

The Management reminded all members that Education to members usually take place in the last quarter of the year mostly in October. It was further indicated that communication is usually done in advance.

4. Gordon Masara queried the figure on Non-AGM attendance and the reason of its increase.

The Management explained that this is the amount charged against those who fail to attend the AGM. In this case, as the Society's membership grows, it is anticipated that the number of those who fail to attend will also grow just as the number of those who attend will also do.

After all the clarifications were satisfactorily done, the budget was accepted after being proposed by Anthony Gikonyo and seconded by Gordon Masara

Min. 10/35/AGM/12/03/2016: Remarks by the Ministry of Industry, Trade and Cooperatives Officer

Mr. Musa Karani from the Ministry of Industry, Trade and Cooperatives addressed the members and provided advises including the following:

- a) Loan security and the need to safeguard guarantor's deposits. He urged the Management to devise strategies that will protect guarantors from losing their deposits due to loan default. That the management considers alternatives such as collateral and come up with appropriate policies in this regard;
- b) Credit Reference Bureau (CRBs) - He emphasized the importance of registering with CRBs and the benefits that the society will derive and urged the management to expedite the process;

- c) Debtors vs. receivable accounts as discussed in the audit report – He referred to the Cooperative Societies Act and emphasized that it was imperative that the term remains debtor as this is what is recognized under the law for such descriptions; and

- d) FOSA - He noted that many SACCOs have moved to FOSAs and urged Kanisa SACCO Management to initiate strategies towards that direction. He however cautioned that such actions must be taken with lots of thoughts and planning.

Min. 11/35/AGM/12/03/2016: Appointment of Auditors

Davis Kathurima, the Department of Cooperatives Development and Marketing, noted that the Ministry of Industrialization and Enterprise Development had audited the Society in the 2015 financial year. He presented the shortlisted audit firms as:

- a) Kigo Njega and Company;
- b) Mellaaling and Associates; and
- c) Department for Cooperative Audit

He urged the members to use their discretion to appoint the auditors.

Mathew Wahome proposed the Society retains the Department for Cooperative Audit and was seconded Samuel Kamau. This proposal was unanimously accepted and the Department for Cooperative Audit was approved to audit the SACCO accounts in 2017.

Min. 12/35/AGM/12/03/2016: Election of Office Bearers

The elections of office bearers were supervised by Davis Kathurima, the Department of Cooperatives Development and Marketing.

1. Central Management Committee (CMC)

Three members were retiring whereas one member had resigned. These were:

- i) Francis Asena - AACC, retiring and not eligible for re-election;
- ii) Janet Masese - Resettlement Support Centre (RSC) – retiring on rotational basis, had expressed willingness to continue;



- iii) Lawrence Lokulan - Resettlement Support Centre (RSC), retiring on rotational basis and was seeking re-election on another category having left his previous employer RSC; and
- iv) Mutua Mulonzya - Individual contributor – Had resigned midstream.

The elections were then carried out and results were as follows:

i. Resettlement Support Centre (RSC)

No	Name of Candidate	Proposed by	Seconded by	Votes
1	Janet Masese	Rachel Kameti	Joseph Karuga	
2	Wilfred Gitau	Samuel Olumola	Ann Nga'ng'a	

There were only two positions available and having no other proposals, the two were elected unopposed

ii. AACC

No	Name of Candidate	Proposed by	Seconded by	Votes
1	Patrick Gathenya	Rev. Dr. Lydia Mwaniki	Emma Kabue	

Since there were no other proposals, Patrick Gathenya was elected unopposed.

iii. Other Organizations one slot

No	Name of Candidate	Proposed by	Seconded by	Votes
1	Alice Agunda	Rev. Dr. Johnson Mbillah	Alice Mwamba	92
2	Lawrence Lokulan	Loise Kimani	Joshua Munywoki	40

Alice Agunda was declared elected having garnered the highest votes

iv. Supervisory Committee

No	Name of Candidate	Proposed by	Seconded by	Votes
1	Salome Kihara	Steve Chege	Lucy Mwinga	

Since there were no other proposals, Salome Kihara was elected unopposed.

Min. 13/35/AGM/12/03/2016: Resolutions

Musa Karani from the Department of Cooperatives Development took the members through the resolutions as follows: -

1. Disposal of Surplus

That the members resolve to dispose the FY 2015 surplus realized as follows: -

- a) Declaration of disposal of interest on deposits at a rate of

9.2% calculated on a weighted average (pro-rata basis), with a pay-out of 8% and retaining of 1.2% to deposits;

- b) Declaration of dividends at a rate of 6.8% per share (KES 1.36 per share) and that this be capitalized to shares.

The resolution was proposed for adoption by Fridah Mwendwa and second by Lilian Wangui

2. Products and services

A. Loan Products Realignment

The Management proposed to realign the following loan products to include the following features: -

i) Elimu Loan

- a. At least seventy percent (70%) of the amount applied must go towards payment of school fees and the balance amount may be paid to the member for the purchase of stationeries, uniforms and other school related items where applicable;
- b. No administrative fee will be charged per loan;
- c. All other credit terms and conditions apply.

ii) KHL Property Loan

- a. Remove the minimum commitment fee of ten percent (10%);
- b. The property will be charged at the expense of the loanee in favour of Kanisa SACCO. Discharge of the property will be done only upon clearing the loan and also at the expense of the loanee;
- c. No valuation will be required prior to charging of property sold by Kanisa Holdings Ltd to Kanisa SACCO members. The property will be charged at the value of the sales price;
- d. All other credit terms and conditions apply.

iii) Mwanangu Savings Scheme

- a. No minimum contribution amount;
- b. Reduce the withdrawal waiting period from three (3) years to one (1) year.

B. New Loan Products and Services

i) Vision Loan

- a. The loan will be granted to a maximum of four (4) times of the member's deposits;



- b. The maximum loan amount will be Five (5) Million Kenya Shillings;
- c. The maximum repayment period will be Seventy-Two (72) months;
- d. Interest charge per month will be 1.25% calculated on an amortization basis;
- e. The loanee will be required to pay 0.2% of the loan amount applied or the normal deposit as outlined in the credit policy, whichever is higher, as his/her monthly deposits for the entire duration of the loan;
- f. Loan amounts in excess of Two (2) Million Kenya Shillings will require additional collateral as per the credit policy.
- g. The loan can be refinanced, factored and consolidated;
- h. In using the Vision Loan to offset another single loan, the terms and conditions of factoring shall apply;
- i. In using the Vision Loan to offset several loans, the terms and conditions of consolidation shall apply;
- j. A member taking this loan and utilizing more than three (3) times of his/her deposits, will automatically lockout himself/herself from taking any other loans until such a time as when his/her deposits utilized towards the Vision Loan shall fall to below three (3) times of his/her deposits;
- k. All other credit terms and conditions apply.

3. Zidisha Deposit Boosting Facility

- a. This is a facility whereby the member applies for his/her deposits to be boosted for the purposes of qualifying for a bigger loan and the boosting amount is paid by the Society;
- b. A fee of fifteen percent (15%) will be charged on the boosted amount and this shall be deducted up-front from the loan applied;
- c. The Society will deduct the boosting amount and boosting fee from the loan applied, post the boosting amount to the Loanee's deposits, and pay-out the balance of the loan to the loanee;
- d. The maximum Zidisha deposit boosting facility amount will be One Hundred Thousand Kenya Shillings (KES 100,000);
- e. This facility shall not apply to the "Sukuma Mwezi", "Malimali" and "Instant Loan" loan products;

- f. All other credit terms and conditions apply

Resolutions on the above products were approved and passed after being proposed by Moses Musia and seconded by Samuel Kamau

4. Society's Borrowing Power

Resolve that the Society borrowing power be set at a limit of Ten Million Kenya Shillings (KES 10,000,000).

This resolution was proposed by Anthony Gikonyo and seconded by Nancy Kamau.

5. Honoraria

Declare to pay Three Hundred Thousand Kenya Shillings as honoraria to the Management and Supervisory Committee members and as bonus to staff.

This resolution was proposed by John Marewa and Seconded by Nelly Murugi

Min. 14/35/AGM/12/03/2016: REMARKS FROM KUSCCO

Elizabeth Okinyo, the Kenya Union of Savings and Credit Cooperative Societies (KUSCCO) representative, appreciated the invitation to attend the Society's General Meeting and appreciated the continued partnership between KUSCCO and Kanisa SACCO.

Mary also from KUSCCO appreciated the Management for inviting KUSCCO to this AGM and thanked Kanisa Sacco for partnering with KUSCO and congratulated the Management for taking up some of their products. She encouraged the Society to join CRB stating that they have partnered with Metrolpol CRB and have really seen the benefits. She talked about the loan products offered by KUSCO and also mentioned that KUSCCO is managing a USAID-fund that can be of great benefit to Kanisa SACCO. She added that Kanisa SACCO can benefit from the FOSA-compliant strategies and fund that KUSCCO has.

Min. 15/35/AGM/12/03/2016: Vote of Thanks

Francis Asena appreciated the members for having continuously elected him when he contested. He appreciated the leadership and Management and Staff for rich collaboration that has seen the Society grow. He stated that he retires from his role with satisfaction and encouraged members to offer themselves to serve in the Society's leadership and management and continue prospering the SACCO. He urged the members to be the Society's ambassadors and bringing in more members the way he has brought his daughter to join the SACCO.



Francis Juma gave the vote of thanks on behalf of the entire membership. He expressed his delight to be here today and assured the members that the SACCO has done great things and transformed member's lives. He thanked God for the successful day and for the Grace and for being present at the meeting. He thanked all the members for attending the AGM and actively participating in the discussions. He appreciated all the invited guests who had graced the occasion and invited them again and asked them to leave with the good news about the SACCO.

He thanked the CMC for the good work done and all those who had worked hard to see the day successful.

He thanked the service providers, for ensuring that everything went on well and for the services rendered and urged them to welcome us again and lastly thanked the members for their dedication.

Min. 16/34/AGM/12/03/2016: AOB and Closing

The Chairperson thanked members for their active participation and urged them to keep up the spirit of openness and transparency. He reminded the members of the Kenyan

Government's requirement on iTax and the need for members to submit their PINs to the management as soon as possible.

He thanked the members and urged them to continuously interact with the Management and grow the Society together.

He informed the meeting that there were no AOB received as per the deadlines given. The meeting was then adjourned at 4:25pm with prayers said by Rev. Dr. Lydia Mwaniki.

Signed For and on Behalf of the Annual General Meeting:

Chairperson:  Date: ..17/3/2017....

Secretary:  Date: ..17/3/2017....



REPORT OF THE CMC TO THE KANISA SACCO 36TH AGM HELD ON 25TH MARCH 2017 AT THE DESMOND TUTU CONFERENCE CENTRE, ALL AFRICA CONFERENCE OF CHURCHES (AACC)

1.0 INTRODUCTION

The Central Management Committee (CMC) wishes to welcome all the honorable members and distinguished guests to this 36th Annual General Meeting (AGM) of the Kanisa SACCO Limited.

In presenting this report, the Management wishes to call upon all members to openly provide own reflections on the life and setting of your SACCO and determine its direction. The Management, in this case, provides you with a detailed analysis of the 2016 SACCO performance and indicators. This is done by illustrating key issues that have affected and/or have potential of adversely contributing to the need for deep thinking. In this case, the report will also illustrate challenges and areas of potential actions. It is within these parameters that members are called upon to consider key proposed resolutions and recommendations that will be presented at this meeting.

During the year in question, the following served in the Management: Philip Twei, Ann Kioi, Janet Masese, Boniface Maina, Quinn Kariuki, Patrick Gathenya, Alice Agunda, Wilfred Gitau and Bernard Okok. In the Supervisory Committee are Joyce Kagongo, Richard Kola and Salome Kihara. Some of these members will be retiring on rotation basis but eligible for re-election.

2.0 THE BUSINESS ENVIRONMENT, ACTIVITIES UPDATES AND MILESTONES INDICATORS

2.1 The Business Environment

Globally, there are certain events that took place during the year in question whose consequences have impacts and/or are greatly posed to negatively affect the SACCO operations. These include, Brexit (voting of Britain to leave the European Union) and electoral and political transition in the United States of America. While these two events may be seen to be far-away, their respective policies may affect how these countries relate to Africa and to some extent, its citizens. For example, the changes and emerging policies are expected to affect how the two countries relate with several organizations and institutions whose employees are members of the SACCO.

At the regional level, the political turbulence in South Sudan and Burundi generated negative impacts on the SACCO members who work and operate in these respective countries since most of them lost sources of income through job losses.

At the national level, according to the Central Bank of Kenya sources, the low level of credit facilities was worsened by the introduction of a law capping interest rates charged by commercial banks on 14 September 2016. Though the law does not apply to SACCOs, its impacts was greatly felt when some members started expressing feelings of going for cheaper loans at the banks in comparison to some products in the SACCO charging more than the bank rates.

2.2 Activities Updates

2.2.1 Products Review, Development and Roll-out

The Management, both in implementing the adopted resolutions at the last AGM as well as responding to feedback and suggestions from you members, undertakes reviews of the existing products – loans and services – and/or develops new ones. During the year under review, Elimu and KHL Property Loans were reviewed while Vision loan was developed. On the other hand, Zidisha Deposit Boosting Facility was developed as a loan service to support members who would wish to get bigger loan but with low deposits.

a) Reviewed Products

Three loan products namely Elimu Loan and KHL Property Loan and the Mwanangu Saving's Scheme service were reviewed through bringing in new features that supported members in various ways. In this case, a total of Kes 2,519,512/= was loaned through Elimu loan in 2016 as compared with Kes 618,279/= granted in 2015. Members acquired a total of Kes 10,063,977/= in KHL Property Loan during the year in question while only Kes 4,880,000/= were given in 2015 which is an increase of 106%. The saving's scheme, on the other hand, grew by 37.9% from Kes 2,782,637/= in 2015 to Kes 3,838,296/= in 2016.



b) New Loan Product and Services Developed

i) Vision Loan

This loan was introduced with the purpose to facilitate members start developing their acquired plots. With the maximum amount of Five (5) Million Kenya Shillings; repayment period of Seventy-Two (72) months with a maximum of four (4) times of ones deposits, the Management viewed this product as an opportunity similar to provision of mortgage. As a result of this introduction, a total of Kes 106,073,757/= was disbursed and, from the feedback received from the beneficiaries, it has gone a long way to assist members.

ii) Zidisha Deposit Boosting Facility

In this product, the Management sought to enable a member request the Society to boost his/her deposits in order to qualify for a bigger loan amount. With only 15% charged and which is deducted upfront from the loan applied, during the year in question, the Society was able to boost a total of 41 loan applications translating to a total of Kes 443,430 /=-made by the SACCO.

2.2.2 Opening of Foreign Currency Collection Account

As you are aware, the Society membership cuts across the globe. Members operating and working in some foreign countries have always experienced challenges in transmitting funds to the Society. Membership development has therefore been adversely affected. In order to address these challenges, the Management facilitated the opening of foreign currency collection account at the CBA in Westlands. The account number is 7270180027. This has made it easier for members in foreign countries to transmit their remittances with ease and, during the year in question, a total of USD 14,033.65 was collected through this account. We call upon you, members; to encourage your relatives and friends in the diaspora to join the SACCO as funds remittances has now been made easier.

2.2.3 Strategic Plan Implementation

In order to streamline realistic and documented evidence of growth, the Management hinged all the 2016 plans on the existing Strategic Plan. For the first time, a deliberate annual plans of actions by the Supervisory Committee, all Sub-committees of the CMC and the Staff, were all designed, discussed and harmonized into one document. All efforts were made to ensure that the identified goals, objectives and activities reflected the SP aspirations and the expected growth of the SACCO. Plans are underway to hold a mid-term plan review in which areas of growth will be affirmed, challenges identified and ameliorative measures developed to ensure that the SP achieves what it was designed to achieve. Members' participation will be encouraged and the Management calls upon all of you to always respond to questions brought to you by giving ideas on how to make the SACCO better.

2.2.4 Organizations and Institutions Visits and Corporate Social Responsibility

In order to enhance members' growth, the Management deliberately identified and visited different Corporates and institutions. These include those whose employees are already members of the SACCO with the intention of listening to their concerns and enhancing relationships and those with potential of joining the SACCO. As a result of these visits, a total of three (3) new institutions brought their employees to the Society.

In line of giving back to the community and contributing to the well-being of the disadvantaged, the Management planned and carried out two major events during the year in review. These are:

- a) A visit to the Little Sisters of the Poor in Kasarani area on 26th November 2016. During this visit, the SACCO members participated in a clean-up exercise at the institution, worked along with the staff of the center in serving the elderly and contributed assorted items in addition to making a financial contribution; and
- b) Participation in the Diabetes walk that was organized by the Diabetes Management Institute (DMI). The Society made cash donation to the course of DMI.



The Management has taken note of low turnout of members to these kinds of events. Given the importance of assisting and working with the disadvantaged members of the community, the Management takes this opportunity to thank those who turned up and makes a passionate appeal for high turnout this year. The Management calls upon you to turn up in large numbers for these events and help those who are needy in the society. The Management will develop calendar of events and circulate to members for early preparations and actual attendance. The same information will also be available on the Society's website on the Events section and the Management encourages you, members, to regularly visit the website to familiarize yourself with the upcoming Sacco events.

2.2.5 *Loan Defaults Mitigation*

Honorable members, you are aware that one of the greatest threats to the Cooperative Society's growth and stability is loan defaults. The Management of Kanisa SACCO, being also aware of this phenomenon and taking seriously your recommendations, streamlined during the year in question, loan default mitigation strategies. These include:

- a) The registration with the Credit Reference Bureau (CRB) - The Management wishes to inform you that the registration is now complete and the SACCO is currently using the information to mitigate potential cases of default;
- b) Collateral – the Management is putting into place a widened scope of security in form of introducing collateral for loans. In this case, a resolution will be presented to you for consideration. The Management calls upon you to consider it favorably;
- c) Sharing information with guarantors – the Management plans to strengthen the information sharing with guarantors not only at the time of loan application and disbursement but also the loan repayment process. Plans are underway to acquire a software to hasten this; and
- d) Advance notice of underpayment – the Management has initiated processes through which letters are sent to those who are insufficiently paying their loans.

In addition, a lot of efforts were put in place to follow up some of the defaulters whose names have been in the Society books of accounts for long. As promised during the last AGM, we have made a lot of efforts in tracing Margaret Itto and Abel Mbo. The following are factors determined relating to the two individuals:-

- a) Margaret Itto is currently based in the Eastern Equatorial working as a Government officer – her phone numbers have been obtained and E-mails have equally been sent. Though these have not born substantial fruits, a new mechanism, through a corporate body associated with the Society, has been found and will be put into use; and
- b) Abel Mboo – this person was located and contacts made. The only challenge was now to get his exact place of residence. Since he lives and operates in Nairobi, mechanisms are being devised to use all legally-acceptable ways of bringing him to account and pay his pending loans. The Management would not wish to divulge more details since the process can be compromised.

Honorable members, the Management wishes to inform you that all efforts are being put in place to ensure that these cases are addressed and done away with.

2.2.6 *Members' Events: The AGM, Education Day and Ushirika Day*

The Society carries out several members' events including the AGM, Ushirika (Cooperative) and Education days. These events continue to provide members with opportunities to interact with each other, develop new friendships and learn skills of improving own financial capacities.

During the last members' Education day, different topics were presented. These include Personal Finance and Planning; Professional Image and Personal Branding for business today; and Kanisa SACCO Products. In addition, an interactive question and answer session namely 'Quick Fire Questions' was given and, apart from members deepening their knowledge on Kanisa SACCO, its products and services, they also carried home various presents.

The Management continues to call upon members to take seriously these sessions because of their centrality.



2.2.7 Leadership, Management and Staff Capacity Building

During the year under review, members of the Management as well as Supervisory underwent, respectively, designed trainings aimed at enhancing their skills in managing the affairs of the Society. In addition, new members were given deep orientation to the affairs of the SACCO and the entire Cooperative Movement. Staff were also given opportunity to build their knowledge and network in the movement.

2.2.8 Investments Opportunities and Explorations

The Management continued to explore and undertake investment diversification with the purpose of enhancing good returns for you members. To this end, during the period under review, monthly examination of investment opportunities such as Money Markets were carried out and appropriate actions taken. Where great opportunities were found, idle funds were invested.

2.2.9 Response to Law on Interest Rate

The Management, in order to mitigate the negative effects of the interest capping law, reviewed terms and conditions of certain products. This includes reducing the interest rate of Vision loan from 15% to 13.5% in addition to providing loan processing and issuing guidelines.

2.2.10 Institutional Strengthening

Honorable members, if there is anything that occupies the attention of the Management in advancing proper and profession management of the affairs of the Society as well as establishing strategies for stronger participation of and efficient service delivery, then it is policy development and review. During the year in question, various policies were reviewed, based on key decisions made at the last AGM and observations made while new ones were developed. These policies are available in the office for perusal. Policies such as membership, credit and elections will be printed into small booklets and given to members especially at the point of joining the Society.

2.3 Milestones and Indicators of Growth

Honorable members, as a result of the realized activities enumerated above, key growths were actualized and which could be affirmed by various indicators. These are illustrated below.

2.3.1 Members Growth and Retention

This is one of the strongest and yet very challenging pillar of the Society's Strategic Plan and overall development goal.

During the year 2016, the Society only managed to increase its active membership to 1,451 from 1,266 representing a 14.6% increase which is lower than the Strategic Plan's annual target of 30%. On retention, the Management wishes to report that while the dormant membership increased by 140, from 237 in 2015 to 377 in 2016 which is a 5.9% increase, a total of 53 members left the Society during the year in comparison to 41 members who left in 2015. This is against the focus of reducing membership withdrawal rate by 20%. It is however important to note that due to impressive service delivery, Kanisa SACCO, during the year under review, managed, to bring into its fold three members by buying off their loans from other SACCOs.

The Management, fully cognizant that one of the key factors that lead to increased withdrawal and low rate of membership development is guarantorship challenge and is proposing to expand the frameworks of loan security. To this end, two resolutions are being proposed one for the use of acceptable collateral and the other one is use of Savings. The Management calls upon you to support these resolutions when they are presented.



2.3.2 Financials, Loans and Savings

Honorable members, five parameters inform the growth of the Society. They are presented in the table below:

		2015	2016	Increase	Percentage Increase
1	Member Deposits	201,762,703	261,502,418	59,739,715	29.6%
2	Share Capital	8,088,467	10,318,016	2,229,549	27.6%
3	Members Savings Scheme	2,782,637	3,838,296	1,055,659	37.9%
4	Members Loans (Loan Book)	217,486,057	292,681,800	75,195,743	34.6%
5	Turnover	26,916,347	34,220,561	7,304,214	27.1%

2.3.3 Interest on Deposits and Dividends

Dear Honorable members, the Management wishes to propose 9.2% interest on deposits and dividend of Kes. 1.34 (6.2%) Per share. With the purpose of enhancing culture of savings and advancing the growth of the Society, the Management will be proposing a resolution to pay 7% directly to member's accounts and 2.2% to be retained while dividends will be capitalized. We call upon you to support this resolution as the action is intended to boost your deposits and hence adequately put you in a good financial position.

2.3.4 Share Drive

Honorable members, given the high demands of enhancing the Society's financial stability and growth, the Management wishes to seek your acceptance to raise the minimum share capital for every member. In this case, you will be called upon to consider a resolution that proposes to increase the minimum share capital per every member from Kes 6,000/- (300 shares at Kes 20/-) to Kes 10,000/- (500 shares at Kes 20/-).

2.3.5 Website Redesign and Social Media Interactions

The Management facilitated redesigning of the Society website as per the targets of the Strategic Plan. The newly revamped website is now operational and can be accessed via www.kanisa-sacco.org. The Management calls upon you, honorable members, to go through the website and provide opinions and possible areas of improvement. At the moment, the Management is working on the Members portal which will enable you access your personal details such as statements, loans and guarantorship status. It is our pleasure now to launch the website at this AGM.

In order to use current and emerging technological development, the Society has also enhanced its social media presence. To this end, members are urged to follow the Society's Twitter account through <https://twitter.com/kanisasacco> and like the Facebook page <https://www.facebook.com/kanisaSACCO>

3.0 GOVERNANCE, LEADERSHIP AND OFFICE OPERATIONS

3.1 Governance and Leadership

During the year in question, the CMC and SC operated with full number the whole year. All the meetings planned took place in accordance to the laid down procedures and timelines. These includes all the quarterly joint meetings in which the SC reports were discussed, issues of concerns identified and Management responses and/or actions taken.

On the other hand, the Management kept members informed as well as engaged through regular updates. This provided platforms through which members were able to provide feedback on specific issues and the Management wishes to appreciate such. The Management also introduced the Member Consent and Authorization to Financial Records Access Form which will enhance confidentiality of member's records. This form is accessible at www.kanisa-sacco.org



On elections, please be informed that three members of the CMC, namely Boniface Joseph Maina, Philip Kiplangat Twei and Alice Adhiambo Agunda will be retiring on rotation basis but are eligible for re-election while on the SC, one member, Joyce Kangogo is also retiring but eligible for re-election. The Management calls upon you to put your democratic right into use and elect those whom you think will be able to drive the Society to new heights.

3.2 Office Operations

During the year under review, the Management initiated great measures toward both contributing to the growth of the Cooperative movement as well as enhancing service delivery. To this end, the process of offering academic attachments were initiated and, by the end of the year, two students pursuing degree disciplines at Cooperative University and Kenyatta University were given the opportunity to be at the SACCO. Further details can be found at www.kanisa-sacco.org.

The Management wishes to appreciate the innovative actions by the staff in which they hold weekly meetings to plan their work. This has heavily contributed to the efficient realizations of the Management targets and keen follow up and finalization of specific issues.

4.0 THE KANISA HOLDINGS LIMITED (KHL): HIGHLIGHTS

Honorable members, the Society takes this opportunity to share with you at a glance information about the Kanisa Holdings Limited (KHL), which is a subsidiary and fully-owned by Kanisa SACCO Ltd.

4.1 Investments

- a) Isinya 1 project - the Management of the project has been handed over to the welfare committee composed of the investors. The Company Directors are currently pursuing the borehole drilling in which contract has been awarded and the work is scheduled to start very soon;
- b) Kantafu project – the subdivision has been finished and investors have been shown their plots and currently the title deeds transfers process are on-going for those who have finished payments. Fencing is being done and it is expected that this project will be concluded and closed by May 2017. During the members' visit last month, a welfare committee composed of the investors was formed; and
- c) Isinya 2 project – this project was launched during the last quarter of the year and is currently on sale. This project is very close to Isinya 1 (now El-Chanun Gardens) and is very prime for investment. It is planned that the project will be concluded and closed by July 2017. The Management wishes to urge members to take advantage of the available investment opportunities to financially secure their future.

4.2 Achievements

- a) Leadership - The KHL, during the year in question, managed to strengthen its leadership by expanding the number of members of the Board of Directors from four to five. Additionally, specific committees were formed to drive the investment and strategic course of the Company in this challenging environment;
- b) From the named activities, it can be reported that: Since establishment, a total of 127 Kanisa SACCO members have bought into various projects floated by KHL. These include Isinya 1 (70 investors); Kantafu (38 investors); and Isinya II (19 investors). This translates to 9% of the total SACCO membership. While all SACCO members have benefitted from the Interest on Deposits, the Management calls upon all members to take advantage of this tripod aspect of investment being offered by the KHL and the SACCO; and
- c) Strategic Plan – for systematic and sustainable growth, the Directors of the KHL led the development of the Company's three-year Strategic Plan (2017 – 2019). In its development, there was involvement of some SACCO members during the brainstorming sessions. This proved worthwhile since different ideas were brought in to challenge not only the Directors but also the Society Management.



4.3 Financials

During the year under review, the Company managed to make returns to the SACCO to a total of Kes. 3 million categorized into Kes. 1.5 million (Expenses Refunds) and Kes. 1.5 million (Dividends). This was against the targeted amount of Kes 4.5 Million. The company made a gross income of Kes 4,397,223/=.

The accounts of the Company have already been shared with you electronically for information purposes as was directed during the last AGM. to let you know how the Company is performing. This is to ensure transparency and accountability.

For the purpose of accountability, these accounts have been shared with you members for information purposes and as was agreed during the last AGM.

4.4 Widening the Scope of Participation by Members in the KHL AGM

In order to ensure stronger and participatory leadership, mechanism are being put in place to include more SACCO members in decision making process. This will be through drawing models of nominating specific number of members to attend the KHL AGM. The SACCO Leadership and Management will develop and propose key mechanisms to guide this system. While the current SACCO Management will undertake this selection for the 2017 financial year, a comprehensive method will be developed and presented to you during the next AGM for adoption and implementation. It will be part of an electoral process.

4.5 Insights

The Management wishes to encourage SACCO members to take advantage of the friendly terms being offered by the Society to invest in the Holdings. This includes the revised KHL Property Loan which now does not require any deposit and also the low interest rate of 10% per annum. Please talk to the office and/or any official for assistance or visit the SACCO website for more details.

5.0 CHALLENGES AND THE 2017 DIRECTIONS

5.1 Challenges

Dear honorable members, Kanisa SACCO and its investment Company, KHL, faces diverse and yet reinforcing challenges. These are as enumerated below:-

- a) **Unidentified receipts** – as outlined in the last AGM, this continues to be a challenge to the SACCO. During the year under review these receipts totaled to Kes 797,720/=. The management is looking to implement a new software and a web portal which will help reduce these cases;
- a) **Guarantorship** – the Management has taken note that many members are facing huge challenges in getting guarantors when applying for loans. This can be attributed to myriad of factors including fear of defaults and losing ones deposits. This has led to membership withdrawals. Alternative loan security is being proposed and the Management calls upon you to consider them;
- a) **Membership growth and retention** – as noted in the report, this still proves a challenge to the Society's growth. The Management calls upon you members to refer and recruit those whom you trust including your spouses, relatives and friends within and outside the country to join the SACCO;
- a) **Loan Defaults and Recovery Process** – while, from the accounts of the year under review, there is a tremendous improvement in defaulted loan recovery (from Kes. 331,142 in 2015 to Kes. 94,505), loan defaults remain a potential challenge which the Management must be cognizant of. Strategic measures including acquisition of new software are being put in place to assist in this process;
- a) **Low attendance of Members and CSR Events** – members, the Management wishes to remind and urge you to attend the planned activities of the Society including the AGM, Members Education Day and Community events. This is a demonstration of your commitment to the Society and creates opportunities for you to build networks;



- a) **Low Investment and Saving Culture** – link this to low returns – during the year under review, the subsidiary of the SACCO, the KHL, only managed to make a return of Kes. 2,5 Million instead of the projected Kes. 4 Million. This could be attributed to the low investment culture among the SACCO members which led to only one project being launched. It is paradoxical to note that it is the same period that the KHL Property Loan was reviewed in which the 10% down-payment was abolished. On the other hand, it is worth to note that while the Savings has generally increased, the rate is still lower. The Management calls upon you members to take advantages being offered – friendly investment terms in KHL properties and the proposed use of Savings as loan security – to enhance you financial and investment opportunities; and
- a) **Lower shareholder fund** – the Society has a lower shareholders fund of Kes. 18,271,473.39 which, in comparison to total assets of Kes. 316,042,197.55 is only 5.78% against the recommended 10%. Based on this, the Management is proposing adjustment in the minimum shares as contained in section 2.3.4 of this report. The Management calls upon you to support this resolution for the purpose of strengthening the capital base of the Society

5.2 The 2017 Directions

Honourable members, the Management, fully aware of the potential global, regional and national challenges in 2017, strategizes to put in place mechanisms that would ensure that the Society meets its targets. These include enhancing share capital drive; widening investment scope (within the Society and the KHL Company); strengthened membership drive; and developing and implementing key and attractive investment opportunities for the diaspora membership.

To meet the 2017 targets and wider Strategic Plan agenda, the Management calls upon your continued support.

6.0 CONCLUSIONS

In conclusion, the Management is delighted to thank God for His guidance during the year under review. The Management appreciates the working relationship with Mr. Kathurima Davis and Auditor Lydia Wainaina, respectively from the Ministry of trade, industry and co-operatives. Your supervisory role and honest advises kept the Management in strategic positions to deliver efficient services to members. It is also important to recognize and appreciate the Supervisory Committee members for the work done during the year and always providing timely reports. During the year in question, all quarterly reports were produced and discussed. To leadership, management and staff of the All Africa Conference of Churches, the Management wishes to salute you all for your hospitality and warm accommodation. To you honorable members, no word can describe the Management’s appreciation for your support and honest criticism. It is our hope that this interaction will continue in the year 2017.

May God bless you all

Bernard Okok Obuoga
Chairperson

Date: **17/03/2017**



SUMMARY OF THE CENTRAL MANAGEMENT COMMITTEE REPORT

The members of the management committee submit their annual report together with the audited financial statement for the year ended 31/12/2016

Incorporation.

The society is incorporated in Kenya under the Co-operative Society Act, Cap 490 and is domiciled in Kenya.

Principal Activity

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

Results

	2016	2015	VARIANCE
	KES	KES	
Surplus before Tax	1,248,359.09	1,063,196.07	17.42%
Income Tax Expense	(326.25)	(571.00)	-42.86%
Net Surplus after Tax	1,248,032.84	1,062,625.07	17.45%
Retained Surplus for the year	8,426.27	100.06	8321.55%
Interest on Members deposit	24,000,000.00	18,500,000.00	29.73%

Dividends/Interest on members deposits

The management committee recommends payment of first and final dividends of Kshs.1.34 (6.20%) per share.

They also recommend interest on members deposit of 9.2%

The members of the management committee who served during the year and to date of this report is as listed on page 8.

Auditors

The auditors of the year, Ministry of Industry, Trade & Co operatives express their willingness to continue in office.

By order of Management Committee

Signature..........Date.....**14/03/2017**.....

Hon. Secretary.



SUPERVISORY COMMITTEE REPORT TO THE KANISA SACCO 36TH AGM HELD ON 25TH MARCH 2017

1. INTRODUCTION

The Chairman and Management of Kanisa SACCO, Co-operative Officers, Distinguished guests, Esteemed Members, Ladies and Gentlemen. On behalf of the Supervisory Committee (SC), I wish to sincerely welcome you to the 36th Annual General Meeting of the Society. Thank you very much for finding time out of your busy schedule to be with us on this great day as we reflect on the performance of the society in 2016. Let me say, feel welcome.

The Supervisory Committee derives its mandate from the Kanisa Savings and Credit Co-operative Society Ltd By-laws Section 9 and the Co-operative Societies Act No. 12 of 1997 (amended 2004) and Rule No 28(3) of the laws of Kenya which states that the Supervisory Committee shall among other things: -

- a) Verify all transactions of the Society;
- b) Write periodic reports of its findings to be tabled at the management committee meetings;
- c) Submit its reports to the commissioner; and
- d) Present report to the General Meeting etc

In accordance with the above referenced laws, the Kanisa SACCO Supervisory Committee conducted routine verification of the Society's books of accounts and operations for the year 2016, in order to confirm adherence according to the provisions of the law.

2. OBJECTIVES OF THE VERIFICATIONS.

The main objective of conducting the routine review of the society's books and activities was to ensure;

- a) Adherence to the SACCO policies and procedures;
- b) That the SACCO's assets are safeguarded from theft, destruction and that they are used in the best interest of the SACCO;
- c) Internal control systems exist and are strong enough to deter and detect errors and frauds;
- d) All SACCO payments have adequate supporting documents, required approvals and that such payments are in line with the approved budget;
- e) That the loan applications are timely processed and on a first come first served basis;
- f) The bank and petty cash reconciliations are done on a monthly basis;
- g) Monitor the implementation of the strategic plan;
- h) The Management Committee operates within the approved budget;
- i) All surplus funds of the society are invested prudently to maximize returns of the society;
- j) The previous AGM resolutions passed by members are implemented; and
- k) Ensure that the SACCO complies with all applicable laws and regulations.

3. THE SCOPE OF WORK DONE

In order to achieve the objectives of the verification, the following among other areas were assessed;

- a) Membership;
- b) Budget Variance Analysis;
- c) Cash and bank reconciliation
- d) Loan processing process
- e) Recovery of defaulted loans;
- f) Staff files and statutory deductions;
- g) Products and services
- h) Implementation of 2016 AGM resolutions and strategic plan;
- i) Minutes of management and subcommittee meetings;
- j) Kanisa Holdings Operations and the books of Accounts;



The Supervisory Committee conducted a review every three months to, audit and look into the books of the society a reports on findings with recommendations were submitted to Central Management Committee (CMC). We are happy to report that on all areas where issues were raised, satisfactory written responses were received, and prompt actions to address the issues were undertaken by the CMC. The SC was keen to follow up on the implementation of the proposed recommendations.

4. OBSERVATIONS

Supervisory Committee wishes to bring to the attention of members the following key observations made during the year. It is however important to note that all observations made during reviews were well documented and brought to the attention of CMC.

4.1 SACCO Growth

The year 2016, SACCO experienced positive growth in share capital, membership, and member's deposit and loan portfolio as per the audited accounts. We relate the growth to the performance of the SACCO, and the strategic decisions taken by the Central Management Committee (CMC).

(i) Active Membership Growth

During the year under review, active membership grew from 1,266 to 1,451, which translates to 14.6% compared to 30% annual target as per the strategic plan. This indicates that the 2016 annual membership growth rate was not achieved; we challenge the management to ensure that strategies outlined in the Strategic Plan are implemented in order to achieve this target. We also call on you members to market the Society in your areas of influence as this will ensure not only the increase of membership but also expand your network which can act as guarantors.

(ii) Financial Growth

Despite the financial reports indicating growth during the year under review, the SC believe that there is more room for growth by a larger margin than the one reported by our auditors. In this regard, the SC calls upon the management and the subsidiary of the SACCO to pull their socks harder and improve this margin moving forward.

4.2 Budget

Our other key area of review was the adherence to approved budgets. During the year under review, we continuously reviewed the income and expenditure items in the budget to ensure the management worked within the budget. We are happy to report that all the budget items were within the approved figures. However, we noted that the investment arm of the Sacco (KHL) did not perform as expected during the financial period under consideration and there is need by the Board of Directors to relook at the investment strategies in order to address the decline in investment income witnessed in the year 2016 and reverse it in the year 2017.

4.3 Dormant Members

The review of the financials indicated that figures for dormant members significantly increased from 237 in 2015 to 377 in 2016. Dormant members might end up withdrawing from the Sacco thus making the Sacco not achieve its target of reducing withdrawal rate by 25% annually as per the Strategic Plan. We therefore challenge the management to ensure that strategies outlined in the Strategic Plan are implemented in order to achieve this target.

4.4 Guarantorship Challenges

During the quarterly reviews, we noted that some members experienced difficulties in finding guarantors during the process of loan processing in order to secure their loans. The reason was members within the loan applicant's circles had exhausted their limit to guarantee or they were not aware of large pool of members who they can approach confidently to seek Guarantorship. In the end, such members ended up taking loans within their deposits. We encourage members to find network of friends who



can be of help in guaranteeing loans. This can be possible by attending forums set aside such as the AGM, Education Day and social corporate days during which you can interact and expand your network. We also challenge the management to come up with alternative ways of securing the loans for example use of collaterals.

4.5 Loan defaulting

During the reviews, the SC noted some members lost their deposits because of guaranteeing a member who defaulted a loan. This is painful to any member and in response to this, we urge you members to exercise extra caution before guaranteeing a loan. We challenge the members to ensure that they service the loans and remain in good standing especially when they leave employment unexpectedly. We further advise you members to invest wisely in profitable ventures the loans you receive from the SACCO.

SC noted that the CMC worked on finalizing the registration of the SACCO with Credit Reference Bureau (CRB) as resolved during the 2015 AGM. We commend the CMC for this effort because it is an important step in dealing with default. Through this process we hope that the Society will minimize the default rate. We also urge the management not to relent on following up defaulters through constant reminders.

4.6 Products and services

A number of products have been developed and reviewed over the years in order to meet the changing needs. We encourage you members to familiarize yourself with all the loan products and services and utilize them to suit your needs. It is saddening to learn that a number of you members do not know all the products that are available to you; because of this challenge, the management developed a handbook which most of you have taken from the office. We challenge you members to read this product handbook for reference.

SC would like to specifically bring to the attention of members the Mwanangu Savings Scheme, a unique product for children. We wish to request parents to help their children embrace savings culture and secure your children's financial future needs by opening the Mwanangu Savings accounts. If at least 10% of the active members were to open a savings account that would form, 145 accounts as opposed to the current number 20 accounts. We urge the management to continue marketing this product by explaining its benefits to members. Another product that is not popular to members is the Trustee loan. This is a loan meant to protect a member from reducing their borrowing power following a defaulted loan. Instead of deducting the defaulted loan amount from the deposits, a member can opt to take the trustee loan. We urge members affected by defaulted loan, to consider taking up this loan.

4.7 Members participation in Society's Events

We noted that during the year 2016 the membership participation through attendance of the SACCO events like AGM, Education day, Ushirika day and the Charity Day activity was very low. This was witnessed by the rise of amounts of fines and penalties, which rose from Kes 388,000.00 in 2015 to Kes 573, 863.00 in 2016. As much as this contributes to the income of the Society, It's during these events that you have time to express your concerns and recommend your ideas that can take this Society forward. You also have a chance to learn and increase your knowledge through various topics selected for education days as well as giving you members and opportunity to give back to the Society.

These events also act as a platform for you members to network and interact. This way, you can make friends who can guarantee you in future. We therefore call upon all of you to, starting this AGM moving forward to start attending all forums in which you have been invited by the management.

4.8 Implementation of 2016 AGM resolutions

During the year under review, our first aim was to ensure that the management implemented all the resolutions passed by you members during the 2016 AGM. We also wished to identify the impact, both positive and negative, that the resolutions had on you members. We are happy to report that 90% of the resolutions had positive impact on all the members.



For example, the resolutions on Zidisha and Vision Loan were well taken by members. The impact was to both members, and more importantly, some of our staff members utilized the service and loan products and have been able to acquire their own homes. They no longer pay for rent and have peace of mind that is associated with living in their own homes. We encourage the management to continue being such innovative in order to introduce such products and services that have long lasting impact to our members and staff.

4.9 Kanisa Holdings Limited

Kanisa Holdings Limited (KHL) is a fully owned subsidiary Company of the Society. Formed with the aim of making returns to the members.

The supervisory committee has been given an expanded role in the Kanisa Holding Limited, of being in the audit committee of the company. This is in addition to one director who reports the committee's findings back to the Board of Directors. During the year under review, this audit committee carried a number of activities such as authenticating that new projects were acquired above board, finances were well looked after, plots sold to the investors were of the appropriate size and not overpriced, finances were utilized for the activities in which they were meant to among others. The SC observed that the Society received returns equivalent to **Kes. 3,000,000.00** from KHL. This indicates a decrease compared to the previous year where Kanisa Sacco received **Kes. 3,500,000.00** from KHL.

The SC would like to assure you members that, despite the Company not meeting the budgeted returns back to the Society, this arm of investment of the SACCO is operating at profitable environment. We have given our feedback to the Directors, during our bi-annual meetings to look for other investments, in addition to land, in order to reap the benefit of the economies of scale. This will ensure that, you members, in the coming few years, will realize the dream of the average double digit in interest on deposits. The SC believe this is much possible.

We challenge the Board of Directors to diversify investments as indicated in the Strategic Plan in order to increase return on investment.

We recommend that Members take advantage of the KHL Property loan whenever KHL projects are launched. The loan product was revised to make it easy for you to acquire property, which you can in future use as collaterals, we also urge you members to market KHL projects to non-members.

5.0 CHALLENGES

2016 was a challenging year because of the changes in business environment caused by political, legal, technological, and economic challenges. One key challenge was the capping of the interest rate by the CBK to 14% for commercial banks. This affected the SACCOs by extension and ours was no exception. The SC would like to thank the management, for their quick action in ensuring the Society aligned itself with this change. On one hand, the changes brought relieve to you members as some of our products were aligned to this new laws. On the other hand, the Society expectations for higher returns from long-term products was affected. However, despite all these changes, the Society realized positive returns from interest from loans advanced to you members.

With the growth of the Society, there are limitations with the current software not being able to support automatic sending of member statements among other things. We call upon the management to hasten the process of software acquisition so as to address this challenge, the SC also challenges the CMC to continuously listen to what is happening in their business environment and respond effectively in order to be successful.



6.0 CONCLUSION

In our opinion, the SACCO continues to operate within the established by-laws and regulatory framework.

SC would like to thank the Central Management Committee and the Staff for the support accorded while performing our role during the year under review. We would also like to thank Ministry of Industry, Trade & Co-operatives officials for their advisory role. Finally, but not least, a big thanks you to you members for giving us an opportunity to serve you.

As the Supervisory Committee, we look forward to a successful coming year.

Signed by:

Chairperson: CPA Joyce Kangogo  Date: 17/03/2017

Secretary: CPA Richard Kola  Date: 17/03/2017

Member: Salome Kihara  Date: 17/03/2017



AUDITED REPORT

STATISTICAL INFORMATION

Number of members - Active - Dormant

31.12.2016

1451

377

31.12.2015

1266

237

KES

KES

Members Deposits	261,502,417.91	201,762,703.00
Share Capital	10,318,016.00	8,088,467.00
Loans to Members	292,681,800.40	217,486,057.00
Statutory Reserves	7,181,211.44	6,931,033.87
Savings Scheme	3,838,296.00	2,782,637.00
Retained Earnings	772,245.95	764,390.68
Current Assets	21,352,005.00	28,040,285.00
Current Liabilities	36,268,306.25	29,939,788.00
Turnover	34,220,561.49	26,916,347.00

KEY RATIOS

Liquidity Ratio	0.6:1	0.9:1
Membership Increase	21.60%	21.30%
Percentage of Expense to Revenue	25.63%	26.80%
Interest on Member Deposits	9.20%	9.20%
Dividends per share (per value Kes 20/=)	1.34(6.2 %)	1.36(6.8%)



STATEMENT OF THE MANAGEMENT COMMITTEE RESPONSIBILITIES

The Kenya Co-operative Society Act, Cap 490 requires the Management committee to prepare financial statements for each year which give a true and fair view of the state of affairs of the Society as at the end of the financial year of 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 of the Society has been conducted in accordance with its objectives, by-laws and any other resolutions made at Society's general meeting.

The Management committee accepts responsibility for the annual financial statement which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS and in the manner required by the co-operative Society 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 of its operating results in accordance with the 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 **14/03/2017** and signed on its behalf by:

Chairperson (Benard okok) 

Treasurer (Boniface Maina) 

Hon. Secretary (Ann Kioi) 



INDEPENDENT AUDITORS REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of KANISA SACCO SOCIETY set out on page 38-48 which comprise the balance sheet, 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.

RESPECTIVE RESPONSIBILITIES OF COMMITTEE MEMBERS AND AUDITORS

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 Kenya 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 Kenya 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. These 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 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 December 2016 and results of its operations and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Kenya Cooperative Societies Act.



INDEPENDENT AUDITORS REPORT (continued)

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Kenya cooperative societies Act we report to you that the financial statements are in agreement with the books kept by the Society and that, based on our audit, nothing has come to our attention that causes us to believe that the Society's business has not been conducted:

- (a) In accordance with the provisions of the cooperative societies Act and;
- (b) In accordance with the Cooperatives objectives, By-laws and any other resolutions made by the Society at a general meeting.

For and on behalf of:

MINISTRY OF INDUSTRY, TRADE & CO-OPERATIVE

A handwritten signature in blue ink, appearing to read 'Julius N. Karina'.

CPA JULIUS N. KARINA

AG. COUNTY DEPUTY DIRECTOR CO-OP AUDIT.

NAIROBI COUNTY

DATE **20/03/2017**



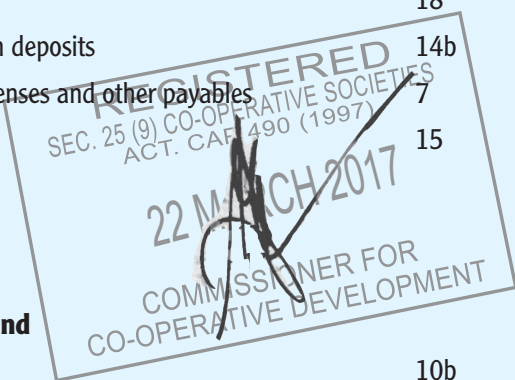
INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016

	Notes	2016	2015
		KES	KES
REVENUE			
Interest on loans		28,401,032.49	21,851,550.00
Other interest income	8	910,044.00	497,944.00
		29,311,076.49	22,349,494.00
Interest expenses	14a	(24,200,000.00)	(18,640,000.00)
Net interest income		5,111,076.49	3,709,494.00
Other operating income	9	4,909,485.00	4,566,853.00
Net Income		10,020,561.49	8,276,347.00
Administration expenses	11	(8,483,012.40)	(6,940,240.93)
Other operating expenses	12	(289,190.00)	(272,910.00)
Net operating surplus before income tax		1,248,359.09	1,063,196.07
Income tax expense	9b	(326.25)	(571.00)
Operating surplus after tax		1,248,032.84	1,062,625.07
20% Transfer to statutory reserve		(249,606.57)	(212,525.01)
Surplus available for distribution		998,426.27	850,100.06
Provision for honoraria		(350,000.00)	(300,000.00)
Provision for dividends		(640,000.00)	(550,000.00)
Surplus to retained earnings		8,426.27	100.06



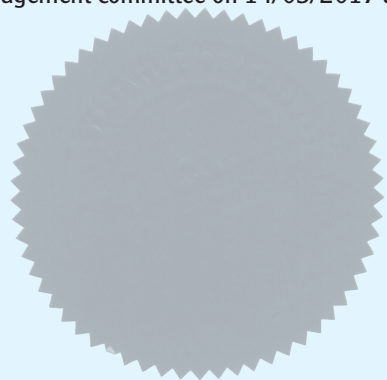
BALANCE SHEET AS AT 31ST DECEMBER 2016

	NOTES	2016 KES	2015 KES
ASSETS			
Cash and cash equivalent	6	14,595,353.00	19,698,836.00
Trade and other receivables	5	6,756,652.00	8,341,449.00
Loans to members	4	292,681,800.40	217,486,057.00
Financial assets	3	1,142,000.00	1,142,000.00
Property plant & equipment	2	866,392.15	818,040.55
Total Assets		316,042,197.55	247,486,382.55
LIABILITIES			
Members deposits	10a	261,502,417.91	201,762,703.00
Members savings scheme	16	3,838,296.00	2,782,637.00
Dividends payable	18	640,000.00	550,000.00
Interest payable on deposits	14b	24,000,000.00	18,500,000.00
Trade accrued expenses and other payables	7	1,665,425.25	2,338,208.00
Insurance fund	15	6,124,585.00	5,768,943.00
Total Liabilities		297,770,724.16	231,702,491.00
Shareholders Fund			
Share capital	10b	10,318,016.00	8,088,467.00
Reserves	13	7,953,457.39	7,695,424.55
Total Shareholders Fund		18,271,473.39	15,783,891.55
Total Liabilities and Shareholders Fund		316,042,197.55	247,486,382.55



The financial statement on pages 34-48 were authorised for issue by the Management committee on 14/03/2017 and signed on behalf by

Chairperson (Bernard Okok).....
 Treasurer (Boniface Maina).....
 Hon. Secretary (Ann Kioi).....





STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2016

	Share Capital	Statutory Reserve	Retained Earning	Total
	KES	KES	KES	KES
Year ended 31st Dec 2015				
At start of the year	6,567,511.00	6,718,508.86	764,290.62	14,050,310.48
Restated balance as at start of the year	6,567,511.00	6,718,508.86	764,290.62	14,050,310.48
Changes in Equity in 2015				
Contributions	1,520,956.00			1,520,956.00
Adjustment in Accounting Policy				-
Surplus for the year			1,062,625.07	1,062,625.07
20% Statutory Reserve		212,525.01	(212,525.01)	-
Tax Provision		571.00	(571.00)	-
Payments				-
Dividends			(550,000.00)	(550,000.00)
Honoraria			(300,000.00)	(300,000.00)
As at 31st December 2015	8,088,467.00	6,931,604.87	763,819.68	15,783,891.55
Start of the year				
Changes in Equity in 2016				
Contributions	2,229,549.00			2,229,549.00
Transfer to Profit & Loss				-
Surplus for the year			1,248,359.09	1,248,359.09
20% Statutory Reserve		249,606.57	(249,606.57)	-
Tax Provision			(326.25)	(326.25)
Payments				-
Dividends			(640,000.00)	(640,000.00)
Honoraria			(350,000.00)	(350,000.00)
				-
As at 31st December 2016	10,318,016.00	7,181,211.44	772,245.95	18,271,473.39



CASH FLOW STATEMENT

	31.12.2016	31.12.2015
	KES	KES
Cash flow from operating activities		
Interest received on loans	28,401,032.49	21,851,550.00
Other operating income	3,395,444.00	2,057,386.00
Interest payments	(19,039,588.00)	(13,221,449.00)
Payment to employees and suppliers	(8,448,180.00)	(6,888,142.00)
	4,308,708.49	3,799,345.00
Increase/Decrease in operating assets		
Loans to Members	(75,195,743.40)	(34,773,475.00)
Trade and other Receivables	1,584,797.00	286,133.00
Increase/Decrease in operating Liabilities		
Deposits from members	59,739,714.91	36,324,384.00
Members savings	1,055,659.00	625,832.00
Trade and other payables	(84,600.00)	698,231.00
Honoraria paid	(300,000.00)	(250,000.00)
Insurance fund	355,642.00	245,122.00
Audit fee paid	(43,700.00)	(33,200.00)
Income tax paid	(571.00)	(793.00)
Net cash from operating activities after tax	(8,580,093.00)	6,921,579.00
Cash flow from investing activities		
Purchase of property and equipment	(327,024.00)	(382,237.00)
Investment in Kanisa holdings Ltd	-	(1,000,000.00)
Interest received	910,044.00	497,944.00
Dividends received	1,514,041.00	2,509,467.00
Net cash from investing activities	2,097,061.00	1,625,174.00
Cash Flow from Financing activities		
Share Capital Contributions	2,229,549.00	1,520,956.00
Dividends Paid	(550,000.00)	(470,000.00)
Net cash from financing activities	1,679,549.00	1,050,956.00
Net(Decrease)/Increase in cash and equivalent	(4,803,483.00)	9,597,709.00
Cash and cash equivalent at the beginning of the year	19,398,836.00	10,101,127.00
Cash and cash equivalent at the end of the year	14,595,353.00	19,698,836.00



NOTE 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 and basis of preparation

The Financial Statements are prepared in accordance and comply with International Financial Reporting Standards. These financial Statements are presented in the functional currency, Kenya shillings (KES) and prepared under the historical cost convention, as modified by revaluation of assets as prescribed by IFRS.

b) Revenue Recognition.

Interest on loans to members is calculated on a reducing balance method at a 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 property, plant and equipment are stated at historical cost less depreciation.

Depreciation is calculated using the reducing balance 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
Furniture & fittings	12.5%
Computers	33%
Office equipment	12.5%

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 Cap 490

e) Trade and Other Payables

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

f) Cash and Cash Equivalents

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.



NOTES TO THE ACCOUNTS (continued)

NOTE 2 PROPERTY PLANT & EQUIPMENT MOVEMENT SCHEDULE:

	Furniture and fittings KES	Computer and Equipment KES	Office Equipment KES	TOTAL KES
COST				
1.1.2016	168,848.75	1,613,723.00	403,994.00	2,186,565.75
Additions	1,427.00	199,750.00	125,847.00	327,024.00
31.12.2016	170,275.75	1,813,473.00	529,841.00	2,513,589.75
DEPRECIATION				
1.01.2016	77,505.65	1,152,305.51	138,714.04	1,368,525.20
For the period	11,596.26	218,185.27	48,890.87	278,672.40
31.12.2016	89,101.91	1,370,490.78	187,604.91	1,647,197.60
NET BOOK VALUE.				
31.12.2015	91,343.10	461,417.49	265,279.96	818,040.55
31.12.2016	81,173.84	442,982.22	342,236.09	866,392.15



NOTES TO THE ACCOUNTS (continued)

	31.12.2016	31.12.2015
	KES	KES
NOTE 3 FINANCIAL ASSETS		
10,000 Ordinary shares @ Kes 100 each in Kanisa holdings Ltd	1,000,000.00	1,000,000.00
132,000 Ordinary shares @ Kes 1 each in Co-op Bank (K) Ltd	132,000.00	132,000.00
10,000 Shares in CIC (K) Ltd @ Kes 1 each	10,000.00	10,000.00
	1,142,000.00	1,142,000.00
NOTE 4 LOANS TO MEMBERS		
At the start of the year	217,486,057.00	182,712,582.00
Granted during the year	358,783,247.40	284,191,430.00
Repayments during the year	(283,587,504.00)	(249,417,955.00)
	292,681,800.40	217,486,057.00
Balance as per listing	292,681,847.00	217,486,003.00
Difference	46.60	54.00
NOTE 5 TRADE AND OTHER RECEIVABLES		
a Debtor Employer (List attached) P48	6,662,147.00	8,010,307.00
b Loan defaulters (List attached) P48	94,505.00	331,142.00
TOTAL	6,756,652.00	8,341,449.00
NOTE 6 CASH AND CASH EQUIVALENT		
CIC money market - call deposit	4,743,177.00	9,359,263.00
UAP money market - call deposit	-	1,038,987.00
CBA current account (reconciled)	2,350,597.00	2,628,413.00
Co-op bank savings account	43,376.00	612,476.00
Co-op bank current account(reconciled)	5,757,508.00	5,168,414.00
M-pesa accounts	1,685,949.00	888,383.00
Cash at hand (verified)	14,746.00	2,900.00
	14,595,353.00	19,698,836.00



NOTES TO THE ACCOUNTS (continued)

		31.12.2016	31.12.2015
		KES	KES
NOTE 7	TRADE AND OTHER PAYABLES		
	Interest on savings scheme accounts	200,000.00	140,000.00
	Unpaid Interests on members deposits	215,029.00	614,617.00
	Honoraria provided	350,000.00	300,000.00
	Audit and supervision	45,350.00	43,700.00
	Kanisa housing	21,000.00	220,000.00
	Income tax	326.25	571.00
	Kanisa holdings Ltd	36,000.00	260,000.00
	Unidentified receipts	797,720.00	759,320.00
		1,665,425.25	2,338,208.00
	Unidentified receipts refers to deposits made in the bank by members who fail to present the banking slips to the SACCO for recording.		
NOTE 8	OTHER INTEREST INCOME		
	Bank savings account	2,175.00	3,805.00
	Money market		
	CIC	883,914.00	455,152.00
	UAP	23,955.00	38,987.00
		910,044.00	497,944.00
NOTE 9a	OTHER OPERATING INCOMES		
	Dividends receivable		
	CIC	1,432.00	1,364.00
	COOP BANK	12,609.00	8,103.00
	KANISA HOLDINGS	1,500,000.00	2,500,000.00
	Fines and penalties	573,863.00	388,000.00
	CIC insurance commission and rebates	270,454.00	236,161.00
	Rebates from Kanisa holdings	1,500,000.00	1,000,000.00
	Deposit boosting charges	718,127.00	171,225.00
	Entrance fee	333,000.00	262,000.00
		4,909,485.00	4,566,853.00
NOTE 9b	PROVISION FOR CORPORATE TAX KES 571.00		
	Interest from bank savings account	2,175.00	3,805.00
	50% of the taxable interest	1,087.50	1,902.50
	30% thereof	326.25	571.00



NOTES TO THE ACCOUNTS (continued)

	31.12.2016	31.12.2015
	KES	KES
NOTE 10a MEMBER DEPOSITS		
At the start of the year	201,762,703.00	165,438,319.00
Contributions during the year	87,661,798.91	56,208,146.00
Refunds during the year	(27,922,084.00)	(19,883,762.00)
Total	261,502,417.91	201,762,703.00
Balance as per the listings	261,502,236.00	201,762,703.00
Difference	181.91	-
NOTE 10b SHARE CAPITAL		
At the start of the year	8,088,467.00	6,567,511.00
Contributions during the year	2,229,549.00	1,520,956.00
Total	10,318,016.00	8,088,467.00
NOTE 11 ADMINISTRATION EXPENSES		
Printing	182,640.00	105,983.00
Travelling expenses	414,250.00	368,800.00
Communication expenses	93,793.00	82,650.00
Depreciation	278,672.40	281,308.93
Committee meeting reimbursements	896,700.00	872,543.00
Responsibility and supervision expenses	294,000.00	280,000.00
Education to committee	298,800.00	294,400.00
Personnel development	120,683.00	59,000.00
Other committee expenses	242,985.00	195,330.00
Office supplies	123,141.00	91,356.00
Salaries and wages	2,656,807.00	2,194,025.00
AGM expenses	1,095,669.00	902,400.00
Education to members	841,960.00	782,500.00
Audit fees	45,350.00	43,700.00
Strategic plan implementation	121,530.00	229,690.00
Office rent	32,562.00	40,000.00
Public relations	47,950.00	41,500.00
Legal fees	-	3,600.00
Repairs and maintenance	38,520.00	25,455.00
Office cleaning	37,000.00	36,000.00
Member Polo Shirts	610,000.00	-
Ushirika day celebrations	10,000.00	10,000.00
	8,483,012.40	6,940,240.93



NOTES TO THE ACCOUNTS (continued)

	31.12.2016	31.12.2015
	KES	KES
NOTE 12 OTHER OPERATING EXPENSES		
Corporate Social Responsibility	84,625.00	80,465.00
Bank charges	204,565.00	192,445.00
	289,190.00	272,910.00
NOTE 13 RESERVES		
Statutory reserve	7,181,211.44	6,931,033.87
Retained earnings	772,245.95	764,390.68
	7,953,457.39	7,695,424.55
NOTE 14a INTEREST EXPENSE		
Interest on member deposits	24,000,000.00	18,500,000.00
Interest on savings scheme accounts	200,000.00	140,000.00
	24,200,000.00	18,640,000.00
NOTE 14b INTEREST PAYABLE ON DEPOSITS	24,000,000.00	18,500,000.00
The amount is payable on approval by the AGM	9.20%	9.20%
NOTE 15 INSURANCE FUND		
Balance b/f	5,768,943.00	5,523,821.00
Contributions by members	1,982,028.00	1,503,391.00
Payment to insurance	(1,626,386.00)	(1,258,269.00)
Balance c/d	6,124,585.00	5,768,943.00
NOTE 16 MEMBERS SAVINGS SCHEME		
At the start of the year	2,782,637.00	2,156,805.00
Contribution for the year	9,439,160.00	5,545,527.00
Refunds for the year	(8,383,501.00)	(4,919,695.00)
Balance at the end of the year	3,838,296.00	2,782,637.00
This amount earned interest of 5% p.a paid on a pro rata basis		
NOTE 17 BUDGET PERFORMANCE		
The Society operated under the approved budget		
NOTE 18 DIVIDENDS PAYABLE	640,000.00	550,000.00
550,000.00		
The management committee proposes to pay dividends to members @ Kes 1.34 (6.2%) per share subject to approval by the AGM		



LIST OF SUNDRY DEBTORS AND LOAN DEFAULTERS

	31.12.2016	31.12.2015
	KES	KES
A. DEBTOR EMPLOYERS		
All Africa Conference of Churches	3,129,202.00	1,589,507.00
Film Aid	306,365.00	295,589.00
Lutheran World Relief	-	109,259.00
FECCLAHA	213,910.00	278,084.00
PROCMURA	556,107.00	463,239.00
Telcom Deposit	2,300.00	2,300.00
African Council of Religious Leaders	-	71,750.00
Lutheran World Federation	278,987.00	3,000.00
Sankara Hotel	580,276.00	597,154.00
Longrock	25,000.00	
Inter Religious Council	-	130,273.00
Church World Service	-	226,793.00
World Scout B	-	356,509.00
Crown the Child Africa	-	118,000.00
Jamii Auto Care	-	28,000.00
OAIC Int	70,000.00	
Green Growth Coordination Secretariat	-	81,850.00
Kanisa Holdings Ltd	1,500,000.00	3,659,000.00
	6,662,147.00	8,010,307.00
These are deductions for the month of December not remitted by the end of the year.		
B. LOAN DEFAULTERS.		
Bernard Mwinzi - OAIC Int	-	221,637.00
Abel Mboo	89,506.00	89,506.00
Joshua Olang	-	15,000.00
Margaret Itto	4,999.00	4,999.00
	94,505.00	331,142.00
GRAND TOTAL	6,756,652.00	8,341,449.00
Doubtful debts - Abel Mboo	89,506.00	89,506.00
- Margaret Itto	4,999.00	4,999.00
	94,505.00	94,505.00

N/B. Debts owed by Abel Mboo and Margaret Itto are doubtful debts which the Management Committee is working on the way forward.



FY 2017 REVISED BUDGET AND FY 2018 PROPOSED BUDGET

	Actual 2016	Approved Budget 2016	% Increase/ Decrease Compared to 2016 Actual	Approved Budget 2017	Revised Budget 2017	% Increase/ Decrease Compared to 2017 Approved	Proposed Budget 2018	% Increase/ Decrease Compared to 2017 revised Budget	Notes
INCOME									
Interest on Loans to Members	28,401,032.49	25,389,996.92	11%	27,928,996.61	29,821,084.11	7%	32,803,192.53	10%	Interest earned from loans to members.
Insurance Rebates & Commissions	270,454.00	250,000.00	8%	280,000.00	300,000.00	7%	300,000.00	0%	Commissions earned from CIC Motor Vehicle Insurance, SACCO assurance and rebates from members loans insurance.
Interest Income	910,044.00	500,000.00	45%	600,000.00	800,000.00	33%	880,000.00	10%	Interest earned from money market accounts and bank deposits.
Entrance fee	333,000.00	300,000.00	10%	350,000.00	350,000.00	0%	385,000.00	10%	Entrance fees from new members.
Charges on non AGM/Education Day attendants	573,863.00	450,000.00	22%	450,000.00	500,000.00	11%	550,000.00	10%	Fines for non-attendance of the AGM and Education days.
Investment Income	1,514,041.00	2,500,000.00	-65%	2,500,000.00	1,500,000.00	-40%	1,650,000.00	10%	Dividends received from Kanisa Holdings, CIC and Co-op bank shares investments.
Zidisha and Deposit Boosting Charges	718,127.00	250,000.00	65%	300,000.00	500,000.00	67%	550,000.00	10%	Amount charged on members who boost their deposits for the purposes of borrowing.
KHL Expenses Contributions	1,500,000.00	1,500,000.00	0%	1,500,000.00	1,500,000.00	0%	1,650,000.00	10%	Kanisa Holdings contribution to the office running expenses.
Total Income	34,220,561.49	31,139,996.92	9%	33,908,996.61	35,271,084.11	4%	38,768,192.53	10%	
RECURRENT EXPENDITURE									
Salaries & Wages	2,656,807.00	2,677,735.00	1%	2,860,000.00	2,860,000.00	0%	3,003,000.00	5%	Payment of salaries & wages
Personnel Development	120,683.00	120,000.00	-1%	120,000.00	130,000.00	8%	150,000.00	15%	Staff skills development as identified through performance reviews.
Monthly Responsibility and Supervision Expenses	294,000.00	294,000.00	0%	320,000.00	320,000.00	0%	336,000.00	5%	Administration and responsibility reimbursements.
Committee Meeting Reimbursements	896,700.00	904,500.00	1%	994,500.00	994,500.00	0%	1,044,225.00	5%	CMC and Supervisory Committee meetings reimbursements.
AGM Expenses	1,095,669.00	1,000,000.00	-9%	1,000,000.00	1,000,000.00	0%	1,150,000.00	15%	AGM expenses based on current market rates for food and conference facilities as per the increase in membership.
Bank Charges	204,565.00	300,000.00	47%	300,000.00	300,000.00	0%	300,000.00	0%	Bank charges include ledger fees and costs of sending dividends to members. All costs charged on standing orders or MPESA payments are passed onto the member.
Depreciation	278,642.40	250,000.00	-10%	300,000.00	390,000.00	30%	390,000.00	0%	Assets depreciation costs.
Education to Members	841,960.00	1,000,000.00	19%	1,000,000.00	1,000,000.00	0%	1,000,000.00	0%	Education day expenses based on current market rates for food and conference facilities as per the increase in membership. The CMC continuously evaluates ways and means of organising this day at minimal costs.
Education to Committee Members	298,800.00	300,000.00	0%	300,000.00	300,000.00	0%	330,000.00	10%	CMC and Supervisory Committee members training.



FY2017 REVISED BUDGET AND FY2018 PROPOSED BUDGET (Cont.)

	Actual 2016	Approved Budget 2016	% Increase/ Decrease Compared to 2016 Actual	Approved Budget 2017	Revised Budget 2017	% Increase/ Decrease Compared to 2017 Approved	Proposed Budget 20178	% Increase/ Decrease Compared to 2017 revised Budget	Notes
Committee Other Expenses	242,985.00	250,000.00	3%	250,000.00	275,000.00	10%	302,500.00	10%	Covers incidental expenses such as meetings with the banks, ministry, lawyers, auditors, and Adhoc committees.
Printing Costs	182,640.00	200,000.00	10%	200,000.00	200,000.00	0%	200,000.00	0%	Printing of loan forms, membership cards and brochures.
Audit fees	45,350.00	100,000.00	121%	100,000.00	100,000.00	0%	150,000.00	50%	Based on quotations received from auditors.
Transport Expenses	414,250.00	412,000.00	-1%	412,000.00	420,000.00	2%	453,200.00	8%	This caters for transport expenses.
Repairs and Maintenance	38,520.00	40,000.00	4%	40,000.00	50,000.00	25%	55,000.00	10%	Equipment and computer maintenance plus back-up costs.
Office Rent	32,562.00	48,000.00	47%	48,000.00	48,000.00	0%	48,000.00	0%	Rent is paid quarterly @ KES 12,000/= per quarter.
Office Cleaning	37,000.00	40,000.00	8%	40,000.00	40,000.00	0%	42,000.00	5%	Covers cleaning of the three Kanisa SACCO offices.
Communication	93,793.00	100,000.00	7%	100,000.00	110,000.00	10%	126,500.00	15%	Kanisa-sacco.org domain renewal and hosting expenses plus telephone expenses.
Ushirika Day Celebrations	10,000.00	30,000.00	200%	30,000.00	30,000.00	0%	30,000.00	0%	Ushirika day expenses.
Corporate Social Responsibility	84,625.00	90,000.00	6%	90,000.00	90,000.00	0%	90,000.00	0%	Covers donations/Charity Day/Corporate Social Responsibility expenses.
Legal Expenses	-	50,000.00		50,000.00	65,000.00	30%	65,000.00	0%	Covers legal consultation expenses if required.
Public Relations and Membership Retention	47,950.00	50,000.00	4%	50,000.00	65,000.00	30%	65,000.00	0%	Conduct visits to existing corporate organisations whose employees are members of the SACCO
Strategic Plan Implementation and Policy Development	121,530.00	150,000.00	23%	150,000.00	150,000.00	0%	150,000.00	0%	Costs associated with the Kanisa SACCO strategic plan Implementation.
Members Polo Shirts	610,000.00	600,000.00	-2%	-	-				Printing of members polo shirts
Office Supplies	123,141.00	120,000.00	-3%	120,000.00	150,000.00	25%	150,000.00	0%	Purchase of office supplies e.g. water and stationeries.
Total Expenditure	8,772,172.40	9,126,235.00	4%	8,874,500.00	9,087,500.00	2%	9,630,425.00	6%	
Surplus for the Period	25,448,389.09	22,013,761.92	13%	25,034,496.61	26,183,584.11	5%	29,137,767.53	11%	
CAPITAL EXPENDITURE									
Computer hardware and software	327,024.00	300,000.00	-8%	350,000.00	350,000.00				Purchase of computer hardware and operating systems.
Website & Website Portal Development	70,000.00	200,000.00		-	100,000.00	100%	50,000.00	-50%	Improvement of the SACCO website inline with technological advances.
Kanisa SACCO Software					3,300,000.00		635,000.00		New Kanisa SACCO software purchase, implementation and annual maintenance.
Office Equipment					20,000.00				Buying of office equipment
Office Furniture and Fittings					40,000.00				Buying of office chairs and window blinds
TOTALS	397,024.00	500,000.00		350,000.00	3,810,000.00	989%	685,000.00	-82%	



FY2017 REVISED BUDGET AND FY2018 PROPOSED BUDGET (Cont.)

Notes: Summary of Committee Meeting Reimbursements

Executive	157,200.00	Meets at least once Every Month
Management(full)	386,400.00	Meets At least once every Month
Credit Committee	181,200.00	Meets at least once every Month
Supervisory	85,200.00	Meets once every quarter for three days
Full Management Plus Supervisory (Quarterly)	183,000.00	Meets at least once every Quarter
Total	993,000.00	



KANISA SACCO MANAGEMENT PROPOSED RESOLUTIONS TO THE 36TH AGM HELD ON 25TH MARCH 2017 AT THE DESMOND TUTU CONFERENCE CENTRE

The Kanisa SACCO Management proposes the following resolutions for consideration at the Society's 36th Annual General Meeting held on Saturday 25th March 2017:-

1. Disposal of Surplus

That members resolve to dispose the FY2016 surplus realized as follows:-

- Declaration of disposal of interest on deposits at a rate of 9.2% calculated on a weighted average (pro-rata basis), with a pay-out of 7% and retaining of 2.2% to deposits; and shares
- Declaration of dividends of KES 1.34 per share and that this be capitalized to shares.

2. Increase of Kanisa SACCO Minimum Monthly Deposits

The Management proposes to increase the minimum monthly deposits contribution from Kes. 2,000 to Kes. 2,500.

From the above, the monthly deposits pegged to the loan amounts will be as follows: -

	Total Loans Amount	Minimum Monthly Contribution
A	Loans up to KES 500,000/=	KES 2,500/=
B	Loans from KES 500,001 to KES 1,000,000/=	KES 3,000/=
C	Loans from KES 1,000,001 to KES 1,500,000/=	KES 3,500/=
D	Loans from KES 1,500,001 to KES 2,000,000/=	KES 4,000/=
E	Loans above KES 2,000,000/=	0.2% of the loan amount

3. Loan Products and Facilities

3.1 Loan Products

3.1.1 New Loan Product

The Management proposes to introduce the following new loan product for the benefit of new members who have not finished six (6) months as required by the By-laws.

i. Karibu Loan

- Available to new members who have not finished six (6) months;
- Amount applied should not be more than the members' deposits;
- Interest of 10% and insurance charges shall be deducted upfront from the applied and approved amount;
- Repayable period shall not be more than a period of Twelve (12) months from the date of approval;
- A member should have fully paid share capital as required by the by -laws;
- No guarantors needed; and
- All other credit terms and conditions apply



KANISA SACCO MANAGEMENT PROPOSED RESOLUTIONS TO THE 36TH AGM TO BE HELD ON 25TH MARCH 2017 AT THE DESMOND TUTU CONFERENCE CENTRE

3.1.2 Loan Products Realignment

The Management proposes to realign the following loan products to include the following features: -

i. Vision Loan

- a) Reduce the repayment period to 60 months;
- b) The interest rate charged to remain at 13.5%; and
- c) All other credit terms and conditions apply

ii. Trustee Loan

- a. The maximum repayment period for this loan will be 6 months, or the original remaining period whichever is longer and
- b. If the repayment period extends beyond the period of the original loan, then the extended /exceeding amount will need to be insured by the trustee.

3.2 Facility

3.2.1 Zidisha Boosting Facility

The Management proposes to review the features of this facility to include the following:

- a. One shall qualify for only Ten (10) times the average of his/her last three months contribution and up to a maximum of Kenya Shillings One Hundred Thousand (Kes 100,000/-) ;
- b. A member shall qualify for the facility only once every six (6) months; and
- c. All other credit terms and conditions apply.

4. Alternative Security

The Management proposes to introduce the following means of loan guarantorship with the following respective conditions:

4.1 Loan Collateral

4.1.1 Use of Title Deeds

- a. Members can access loans by using collateral in form of land Title Deeds in lieu of and/or in addition to guarantors;
- b. Members will be able to access loans up to 80% of the force sale value of the land;
- c. The Title Deed shall be valued and charged at the borrower's expense;
- d. The loan shall be disbursed only after the charging process is complete;
- e. In case of default and the land is sold to recover the defaulted amount the Society shall be under no obligation to sell the land at a price more than the defaulted amount and any interest incurred; and
- f. Other Credit terms and conditions shall apply



KANISA SACCO MANAGEMENT PROPOSED RESOLUTIONS TO THE 36TH AGM TO BE HELD ON 25TH MARCH 2017 AT THE DESMOND TUTU CONFERENCE CENTRE

4.1.2 Use of Member's Scheme Fund

- a) A member can make use of his/her Savings Scheme as security to his/or her loan;
- b) Savings used as security shall be locked and shall remain inaccessible for withdrawal till the loan is cleared;
- c) A member who has defaulted his/her loan shall have his/her savings inaccessible for the use as security; and
- d) Other credit terms and conditions shall apply.

5. Affidavits

- a) The Management proposes to terminate the use of affidavits as part of loan application requirements as currently used and replace its use with the witness section in the current loan form;
- b) No loan application shall be processed if witness of that loan is a member who is not in good standing with the Society as per the By-laws and credit policy;
- c) Loan witness shall not be one of the guarantors; and
- d) Other terms and conditions as per the existing Society policies shall apply.

6. Society Borrowing Power

Resolve that the Society borrowing power be set at a limit of Kenya Shillings Twenty Million (Kes. 20,000,000.00).

7. Honoraria

Declare to pay Three Hundred and Fifty Thousand Kenya Shillings as honoraria to the Management and Supervisory Committee members and as bonus to staff.



