

KANISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD.

**FY2017 ANNUAL REPORT AND FINANCIAL
STATEMENTS**

24TH MARCH 2018

**THE KANISA SACCO 37TH AGM HELD ON 24TH MARCH 2018
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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TO: ALL HONOURABLE MEMBERS

5th March 2018

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, 24th March 2018 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 37th Annual General Meeting.
3. To adopt the agenda of the 37th Annual General Meeting.
4. To confirm and adopt the minutes of the 36th Annual General Meeting held on Saturday, 25th March 2017.
5. Presentation of the Central Management Committee (CMC) report for the year 2017;
6. Presentation of the Supervisory Committee report for the year 2017
7. To receive, consider and adopt the financial report for the period ended 31st December 2017.
8. To receive, consider and approve the revised budget for 2018 financial year and the proposed budget for the 2019 financial year.
9. To appoint an external auditor for the year 2018.
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 Society's 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 16th March 2018.

A kind reminder that non-attendance of the AGM shall attract a penalty of Kenya Shillings Five hundred (Kes. 500), apologies shall attract a penalty of Kenya Shillings two hundred (Kes 200), and late attendance shall 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.



AGM NOTICE

Those interested in serving in the CMC and Supervisory Committee should complete the attached Candidates' Details Form and forward the same to the Finance Manager info@kanisa-sacco.org before Friday 16th March 2018. Please note that Section 7 (7.2) and Section 9.3 (9.3) of Kanisa SACCO Society By-Laws requires, among others, that in order to be elected into office, one must be over 21 years old, must have been an active member for 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' or similar initials, enclosed in a circular scribble.

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 36th AGM	8:50 AM - 9:20 AM
6. Matters arising from the Minutes of the 36th 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 2018 Revised Budget and Proposed FY 2019 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



The 36th Annual General Meeting held on 25th march 2017 at the Desmond Tutu Conference Centre, Nairobi

Present

There were 478 Members present (As recorded in the list)

In Attendance

There were 3 in attendance (As recorded in the list)

Absent with Apology

Written apologies were received from 234 members (As recorded in the list).

Agenda

1. Call to order, opening prayers and welcome remarks.
2. To read the notice convening the 36th Annual General Meeting.
3. To adopt the agenda of the 36th Annual General Meeting.
4. To confirm and adopt the minutes of the 35th Annual General Meeting 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 2018 financial year and the proposed budget for the 2019 financial year.
9. To appoint an external auditor for the year 2018.
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 Society's By-Laws.

Min. 01/36/AGM/25/03/2017: Call to Order, Confirmation of the Quorum and Opening Prayer

The AGM was called to order by the Chairperson, Bernard Okok, at 8.00am having ascertained the quorum as per the society's By-laws Subsection 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'

Opening prayers were said by Rev. Dr. Jairos Hlatywayo.

Min. 02/36/AGM/25/03/2017: Reading of the Notice Convening the General Meeting and Welcome Remarks by the Chairperson

The Chairperson read the notice convening the Kanisa SACCO 36th Annual General Meeting (AGM) as required. He then welcomed and appreciated members for their attendance calling for active participation in the deliberations. He recognized the presence of new members attending the AGM for the first time.

Min. 03/36/AGM/25/03/2017: Adoption of Agenda

The 36th AGM Agenda was tabled and after few questions and clarifications, it was proposed for adoption by James Ndirangu and seconded by John Kimanzi.



**Min. 04/36/AGM/25/03/2017:
Confirmation of the Minutes of the 35th AGM**

The minutes were read by the Honorary Secretary, Ann Kioi and received for discussions after being proposed by Rev. Dr. Lydia Mwaniki and seconded by Kevin Wasike.

**Min. 05/36/AGM/25/03/2017: Matters
Arising**

1. Members sought to know the progress of recovering funds defaulted by Margaret Itto and Abel Mboo as contained on Pg. 11.

It was explained that the matter was contained in the Management report and hence was to be dealt with during the discussion of the report.

2. A question was asked on who are the shareholders of KHL?

The Management explained that KHL is an investment Company that is fully owned by Kanisa SACCO Limited with 9999 shares and one (1) share held in trust on behalf of the SACCO membership by the SACCO Chairperson

3. The issue and place of affidavit on Page 13 was raised with the focus on the way forward.

The Management explained that a resolution in regard to the same has been made and appealed to the members to approve it.

4. A member sought to know terms and condition of SACCOs becoming FOSA

The Management explained that the conditions are guided by the Act (Section 24) and Regulations (Section 4) and include, , among others, Capital (a minimum core capital of Kshs. 10 million as shown in their financial books or through submission of bank statements); Fit and proper test (leadership must be subjected this test, vetting their moral and professional suitability to be on the board and to manage

the SACCO society); and Business plan (a detailed four-year business plan and feasibility study including projected financial statements is required. With all these in place, the SACCO then applies to SASRA for consideration.

5. A member thanked the Management for having sent the minutes in advance and therefore expected members to have read them. He asked why then read the minutes during the meeting and proposed that members at this meeting resolve for the minutes not to be read.

The Management explained that it is a legal requirement that the minute be sent to members in advance and must also be read at the meeting.

**Min. 06/36/AGM/25/03/2017: The Central
Management Committee (CMC) Report**

The Management Committee report was presented by the Chairperson, Bernard Okok Obuoga and key highlights included:

- a. **Loan Defaults Mitigation** - this included the Society registration with the Credit Reference Bureau (CRB); proposal to use collateral in addition to guarantorship; strengthening information sharing with guarantors; and advance notice of underpayment. Key concrete actions to mitigate defaults would include listing with the CRB, and collaborating with various government agencies that focus on integrity; circulating details of defaulters in the newspapers; and following them to their places of employment or work;
- b. **Membership growth, retention and withdrawals** - There was a 14.6% membership increase against the expected growth of 30% as per the Strategic Plan; increase in membership dormancy by 5.9%; and withdrawal of 53 members as compared to 41 in 2015. Due to impressive service delivery by the Society, three members joined from other SACCOs by transferring their deposits and Kanisa SACCO buying off their loans;



- c. **Financials** - The Society turnover rose from Ksh. 26,916,347 in 2015 to Ksh. 34,220,561 in 2016; members deposits increased from Ksh. 201,762,703 to Ksh. 261,502,418; members Savings scheme increased from Ksh. 2,782,637 to Ksh. 3,838,296; and members loans (Loan Book) increased from Ksh. 217,486,057 to Ksh. 292,681,800 in 2016;
- d. **Interest on Deposits and Dividends** – The Society realized 9.2% Interest on Deposit while Dividends stood at Ksh. 1.36 per share. A resolution on how to handle these had been developed;
- e. **Share Drive** – There is a need to have strategies that would ensure strengthening of the Society share capital. The Management urged members to consider increasing the minimum share capital for every member from the 300 shares at Ksh. 20 per share translating to Ksh. 6,000 to 500 shares at Ksh. 20 per share translating to Ksh. 10,000;
- f. **Website Redesign and Social Media Interactions** – The Society’s new website is operational and can be accessed via www.kanisa-sacco.org. This is one of the Strategic Plan targets and members were encouraged to interact with it provide feedback on areas of improvement; and
- g. **KHL** – The Company had continued to record growth in its investment as well as capital. During the year under review, the Company managed to make returns to the SACCO to a total of Ksh. 3 million categorized into Ksh. 1.5 million (Expenses Refunds) and Ksh. 1.5 million (Dividends) against the targeted amount of Ksh. 4.5 Million. The company made a gross income of Ksh. 4,397,223 while three projects had been launched in which two had been concluded and one was in progress. The Management reported that it will be widening the scope of participation by members in the KHL affairs especially its AGM in order to ensure stronger and participatory leadership. A mechanism to realize this was being developed.

The report also highlighted key challenges to include unidentified receipts; guarantorship; loan defaults and recovery process; low attendance of members and CSR events; low investment and saving culture; and low shareholder fund. On the shareholder fund, it was explained that the Society, during the year question, with shareholders fund of Ksh. 18,271,473.39 which, in comparison to total assets of Ksh. 316,042,197.55 is only 5.78% against the recommended 10%.

The Management report was received for discussion after being proposed by Pamela Konya and seconded by Nancy Kamau.

Discussions and questions on the Management report:

1. Members appreciated the clarity of the report and, in specific, the introduction of the innovative products such as the vision loan. They suggested measures such as the use of SMS in informing members in case of potential defaults on loans they have guaranteed. A member further sought to know what measures the Management is putting in place to ensure proper financial flow given the introduction of products such as Vision loan.

The Management thanked members for their appreciations and suggestion on putting measures that would assist in control of financial flows in light of products such as Vision loan. They explained that measures being put in place include that of; reducing the repayment period and expanding the loan disbursement period to 21 days.

2. On Margaret Itto and Abel Mboo, a member indicated that the proposal given was adequate and timely. However, a clarification was sought on what the Management had done to recover the amount defaulted and whether there were no guarantors and deposits for these loans.



The Management explained that these are very old cases and unfortunately there are no records that could give a clear answer to the question raised. The Management, as indicated in the report, was making all efforts to address the matter.

3. A question was asked about the identity of the CRB the SACCO had registered with.

The Society had registered with CreditInfo and it was in the process of also registering with Metropol Bureau.

4. A member requested to know how members could access the policies and what measures was being taken to ensure that there was continuous access to statements without necessarily going to or calling the office.

The Management indicated that once the policies are reviewed, they are uploaded on the SACCO website in addition to sharing with members. It was further explained that once member's portal is developed alongside the new software, members would be accessing their statements on a 24-hour basis.

5. A member sought clarification on why the proposed rate of retention of interest on deposits of 2.2% and why there was a proposal to increase the shares.

It was explained that this serves two purposes – enhancing the member's financial strength; and building of the Society's capital. Members should be encouraged to save more to secure their future.

6. A member asked why the interest on the saving scheme is not declared in the report; how much is it and how is it determined?

The Management reported that the interest on savings scheme earn automatically a

guaranteed interest of 4%. The savings scheme is never a resolution as it is not statutory requirement like the deposit. It is for those who are willing to save.

7. In regard to relationship between Kanisa SACCO and KHL, a proposal was made that a resolution be passed to also include a clause on the SACCO members' participation in KHL AGM on the ground that any member of the SACCO can be a member of the directors of KHL and not necessarily those in leadership and management. Another member also asked at what time does KHL accounts are presented to the members.

The Management appreciated the concern and stated that this will be considered by widening the scope of members who can attend KHL AGM to include more members. However, this must be guided by a policy.

The Management clarified that KHL accounts were sent to the members for information and they would not be presented or discussed during the SACCO AGM. They are normally presented and discussed at a KHL AGM where the dividend indicated in the SACCO accounts were declared.

8. On guarantorship, a member highlighted the challenges faced by members including his own case where he could not get guarantors and the Society could not accept his car logbook as a security.

The Management noted and acknowledged that the challenge of guarantorship was becoming a major hindrance to credit acquisition and it is on that basis that the Management had prepared a resolution on collateral use. However, the Management explained that Car logbooks were still not part of the collateral due to challenges around its administration as collateral.



9. Some members expressed concern on the increasing unidentified receipts and asked what the Management was doing to curb the trend and if scanned receipt can be used to update record.

The Management called on members to always ensure that they use all means to send deposit slips to the office. This includes scanning and sending to the office. The proposed members web portal and regular communication to members on their financial status are some of the measures the Management seeks to employ in order to address the situation. The Management also appreciated suggestions of strengthening partnerships with CBA in managing M-pesa services.

Min. 07/36/AGM/25/03/2017: Supervisory Committee Report

The report was presented by the Supervisory Committee Chairperson Joyce Kangogo and indicated that the Committee carried out its work without hindrances during the year. The following are key highlights of the report.

- a) The Society has realized growth in share capital, membership and member's deposit and the Management has a well-developed plan that contributes to these improvements;
- b) A number of products have been developed and/or reviewed to meet the changing needs and members demands. These include Mwanangu Savings Scheme; and Trustee loan
- c) The committee expressed concern on the low turnout and participation of members in the Society's events such as the AGM, Education, Ushirika and Charity days during the year:
- d) The Management implemented all the resolutions that were passed at the last AGM which had huge positive impacts on members;

- e) KHL, a subsidiary of Kanisa SACCO, contributed towards the profitability hence the increase in interest on members' deposits to 9.2%;
- f) The income and expenditure items were utilized within the budget. However, the KHL did not perform as expected and the investment strategies should be reviewed; and
- g) Key challenge to the business environment was the capping of the interest rate by the CBK to 14% for commercial banks which affected the Society indirectly

The Supervisory Committee report was received after being proposed by Priscillah Muchinyi and seconded by Franklin Oyola.

Discussions and Questions on the Supervisory Committee Report

The following were some of the questions that were raised:

1. Members raised questions in regard to membership dormancy, its causes and why low turnout to organized events including SACCO AGM and members' education days. A proposal for transport reimbursement was made.

Changes and/or of employment contribute to dormancy. It was explained that when members lose employment or move to new places of work, they stop contributions and do not communicate to the office. It should be noted that membership to the SACCO does not stop when one leaves his/her place of employment and members are called upon to discuss with the office on convenient modalities of contributing including quarterly basis to avoid being dormant.

On SACCO events, while the concern was noted, it was indicated that reimbursement of transport as means of enticement was not financially sustainable.



2. On the Mwanangu savings account, a member sought clarification on why only 20 members had enrolled in this scheme and suggested that terms and conditions of the product be reviewed and include incentives that can entice more members to save. It was also suggested that the SACCO partners with developers so that members can develop their plots using vision loan.

The comments and suggestions were appreciated and it was explained that vision loan will play a major role when KHL finally enters into partnership with developers.

3. A concern was raised about the figures reported for fines and penalties and whether the deduction was also done against those who fail to attend the Charity Day.

The Management explained that Charity event and Ushirika day celebrations are voluntary and therefore does not attract any fine for non-attendance

4. A member enquired whether KHL considers proposals by SACCO members on where to buy land, if there was a commission given to the members who propose the land and if there is a limit to the size of land a member can propose.

It was pointed out that member's proposals are usually invited as the case of Kantafu and Isinya II projects which were recommended by members. The Company offers commissions as attested in the last project announcement and does not have a limit of acreage but would consider not less than one acre.

Min. 8/36/AGM/25/03/2017: Presentation of the Audited Accounts

The audited accounts of Kanisa SACCO Society Limited for the FY 2016 were presented by Lydia Wainaina, an Auditor from the Department of Cooperatives, Ministry of Industrialization and Enterprise Development. Key

highlights were as follows:

- a) Income Statement - Net income realized was Ksh. 29,311,076.49. Interest expenses to be paid to members at 9.2% were proposed leaving a net interest income of Ksh. 5,111,076;
- b) Expenditure: - Administration expenses stood as Ksh. 8,843,012;
- c) Retained earnings - recommended that the Society should consider increasing its retained earnings;
- d) Assets - the Society's assets had increased to Ksh. 316,042,197.55 from Ksh. 247,486,382.55 in 2015;
- e) Loan default had improved and the progress had been made to make more recoveries; and
- f) Liabilities - noted that the figures of unidentified receipts had increased. She encouraged members to surrender their deposits to the society.

The opinion was expressed that the financial statements give a true and fair view of the state of the Society's financial affairs for the financial year in question and results of its operations and cash flow for the year were in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Kenya Cooperative Societies Act.

The audited accounts were received for discussions after being proposed by John Kabul and seconded by Stephen Shumila.

Discussion Questions on the Audited Accounts

Members, in their various statements appreciated the Management for managing the costs by largely adhering to the approved budget. Specifically, managing administration expenses was highlighted as commendable and one member stated that it is in line with good financial practices which dictates that on salaries and wages – 70% goes to staff and supplies takes 30% of this budget.



1. On page 38, a member asked what was the provision for bad debts and what efforts were being done to pursue the debtors, while another member referred to page 46 Note No. 11 and queried why the AGM expenses and printing costs were high and yet some members did not get the booklets

The Management stated that it was discouraging the provision of writing off bad debts but instead it was strengthening its recovery mechanisms. However, a solution must be found since some of these debts were old and complicated.

On the AGM expense and printing costs, it was explained that the AGM costs usually depend on members' attendance while the booklets printing was guided by the last attendance and it was a way of managing cost.

2. A member expressed concern on the unidentified receipts noting that the amount keeps growing and called on the Management to act in ensuring that the trend is tamed with sustainable measures. Another member suggested that SMS should occasionally be sent to members with reminders to be putting their details whenever they are doing deposits and forward the bank slips to the office for receipting. On trade and other payables, the member queried what the amounts Kanisa SACCO owes KHCS and KHL?

The Management appreciated suggestions on how to sustainably address the issue of unidentified receipts and indicated that measures are being taken in collaboration with the banks especially the Cooperative Bank to ensure that members put their membership number whenever they make deposits into the SACCO account. In the meantime, members are urged to ensure that they follow up with the office once they deposit funds into Kanisa accounts.

On the amounts owed to KHCS, the Management explained that this is the money collected by the

SACCO on behalf of these institutions and it is urging these institutions to develop their own mechanisms of collecting their funds.

3. A question was raised in regard to KHL accounts and the expenses listed as salaries and wages and policy development and whether these were double payment and where was the CSR on KHL allocated.

It was clarified that there was cost sharing between the KHL and Kanisa SACCO since staff, who are primarily employed by the SACCO, also perform tasks related to KHL. At the end of the year, these costs are factored and they are entered as refunds to the SACCO. It was further explained that since KHL does not conduct its own CSR activity, it makes contribution to the one carried out by the SACCO. This is also indicated as rebates by KHL.

4. Clarification was sought in regard to supervision responsibility and sitting allowances and to whom are they paid.

Management clarified that (a) supervision allowances are paid to the Executive Committee for their office supervisory roles and tasks performed to ensure smooth and efficient office operations and service delivery to the members; and (b) refunds made in terms of sitting allowances are made to members of the leadership and management whenever they attend meetings.

5. A member sought clarification on page 48 in regard to the debtors and wanted to know who they are.

The Management pointed out that these are employers who had not remitted the December deductions by the time the end of the year. This is because many organizations close their offices early for the festive seasons in December. Most of these had already been remitted.



Min. 9/36/AGM/25/03/2017: Presentation and Adoption of the Budget

The budget proposals for the year 2018 and the revised 2017 budget were presented by Boniface Maina, the Treasurer of Kanisa SACCO.

Key budget items that realized changes worth noting included:

- a) Interest on loans to members - this was revised by 11% and increased from Ksh. 27,928,996.61 approved in 2016 to Ksh. 29,821,084.11 in 2017
- b) Interest income was revised from the approved Ksh. 600,000 to Ksh. 800,000 (2017) and Ksh. 880,000 (proposed 2018);
- c) Investment income was revised from the approved Ksh. 2,500,000 (2016) to Ksh. 1,500,000 proposed 2017 and Ksh. 1,650,000 proposed for 2018;
- d) Expenditure
 - i) Salaries and wages amount approved of Ksh. 2,860,000 was retained. It was increased by 5% in 2018 to Ksh. 3,003,000;
 - ii) Personnel development was increased by 15% to Ksh. 150,000 in 2018;
 - iii) Monthly responsibility increased by 5% in 2018 plus committee meeting expenses;
 - iv) 2018 AGM expenses increased by 15%;
 - v) Depreciation increased for 2017 to Ksh. 390,000 as the management intended to acquire more assets;
 - vi) Committee other expenses was increased by 10% to Ksh. 302,500 (2018);
 - vii) Transport increased by 8% to Ksh. 453,200;
 - viii) Communication - increased to Ksh. 110,000

in 2017 and Ksh. 126,500 in 2018;

- ix) Total expenditure was revised to Ksh. 9,087,500 in 2017 and Ksh. 9,630,425.00 in 2018; and
- x) Office equipment, furniture and fittings had a provision for 60,000 in 2017 and no figure proposed for 2018.

The budget was received for consideration after being proposed by Dennis Olunga and seconded by John Lumuru.

Discussions, Comments and Questions on the Budget

1. A question was asked on the income versus actuals compared to the proposal for 4% increase and if this implied that the Management was foreseeing that there will be no growth on the SACCO and low income from KHL or if the Management foreseeing KHL not growing.

The Management explained that this did not mean expectation of low growth in the SACCO and the Company but rather being alive to the expected 2017 economic environment. These may be external factors beyond the control of the SACCO and the Company.

2. The figure allocated for Strategic Plan implementation was queried in regard to whether it was sufficient and what it would cater for.

The Management explained that the cost includes the midterm review and engagement with members and employers at various levels. In addition, this would also assist in engaging with the corporates in realizing principles of collaboration that would be conducted in the year. The amount would be sufficient.

3. A member, on cutting the AGM expenditures, suggested that only venues should be paid for but



not lunch instead members should be given cash to buy their own lunch. Another member asked the figure allocated to education to members and why the cost has not increased yet the Management is increasing the figure for education to committee members

While appreciating the suggestion, Management pointed out that there was need to look into it within the premise of sustainability and members' quality participation.

It was explained that education to members was not increased because the actual expenditure was low. The education to committee members was fully utilized during the year and hence the need for adjustments.

4. A member queried on why the auditor fees was Ksh. 100,000 yet the costs incurred in the previous year was low and also what was so important about Ushirika day to warrant increase in contribution.

On the auditor's fees, the Management explained that the fees is normally dictated by the quotes received indicating the trends in the market. The low payment was due to the identified auditor – Department of Cooperatives, Ministry of Industrialization and Enterprise Development.

The Ushirika day is an event organized by the Ministry and offers spaces for different cooperatives to share ideas and network. There is usually recognition of SACCOs who are performing well in various sectors. The contribution therefore goes to the organization of the event. Given the changes proposed by the organizers, the SAACCO was under obligations to adjust its contribution.

5. A member sought clarification on the capital and recurrent expenditures and relationship with software and if capital expenditure will be in the balance sheet the following financial year. A question

was also asked on the figure of software acquisition and if it was single sourcing.

It was explained that capital expenditure is different from the recurrent expenditure. Furniture's and equipment's depreciate and are listed as recurrent expenditure.

On software, the Management explained that it does not do single sourcing and hence the acquisition was made through advertisement, selection and engagement with three shortlisted companies. The highest bidder quoted Ksh. 10M and the identified company was selected after due diligence and determining the Company with the required items and cost-friendly quote.

After the explanation and clarification on the budget, it was approved and adopted upon being proposed by Elizabeth Omboko and seconded by Thomas Wachira.

Min. 10/36/AGM/25/03/2017: Remarks by the Officer from the Co-operative Development Department – Westlands Sub-County

Mr. Davis Kathurima from the Co-operative Development Department (Westlands Sub-County) addressed the members and provided key advise including areas of financial strengthening.

Noting good results recorded, Mr. Kathurima pointed out that the Management has done commendably well considering that the economic situation has been challenging. He cautioned members against doing business with nothing to reinvest and urged them to explore ways of growing savings which include increasing the contributions and recapitalizing what has been earned. He urged the Management to look at possibility of extending the loan payment period to may be ten years which will enable members undertake large investments plans. Further, he stated that members need to build their share capital looking forward to being licensed as a FOSA. He informed the members that there is a bill in parliament on cooperatives governance and



how cooperatives are going to be strengthened to secure funds as government encourages members to save more. To do this, he said, the SACCO will require the following:

- a) *Share capital* – move from 6,000 to 10,000 to meet the capital requirement by the regulatory authority (SASRA);
- b) *Savings* – besides the savings product, how to mobilize more savings through incentives for those liquid funds through high percentage return. The Management should encourage members to develop a savings culture;
- c) *Defaulters redress mechanisms* – need to understand about the cooperative tribunal and how it works and how the recovery is done. Urged members to start using such services; and
- d) *Service delivery for members* – invest in technology to serve members. This will contribute to membership satisfaction and enable them patronize the Society products and services. In addition, Kanisa SACCO should consider having a customer service desk for the purpose of responding to members' queries.

Min. 11/36/AGM/25/03/2017: Appointment of Auditors

Davis Kathurima of the Department of Co-operative Development, Nairobi County, Westlands Sub-County, presented the list of shortlisted audit firms as follows:

1. Kigo Njenga and company who had quoted Ksh. 116,000;
2. Mellaaling and Associates who had quoted Ksh. 116,000; and
3. Department of Cooperative Audit who had quoted Ksh. 44,700

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

John Kaburu proposed the Department of Cooperative Audit and was seconded by Mino Kyalo.

Lawrence Lokulan proposed Mellaaling and Associates and was seconded by Vitalis Odhiambo.

The motion was put to vote and the results were as follows:

1. Mellaaling and Associates: - 6
2. Department of Cooperative Audit - 472.

Min. 12/36/AGM/25/03/2017: Election of Office Bearers

The elections of office bearers were supervised by Davis Kathurima, of the Co-operative Development Department

Central Management Committee (CMC)

Three members were retiring. These were:

- i) Philip Tuei - AACC, retiring on rotational basis, expressed willingness to continue;
- ii) Boniface Maina - Resettlement Support Centre (RSC) – retiring on rotational basis, expressed willingness to continue; and
- iii) Alice Agunda - PROCMURA, retiring on rotational basis, expressed willingness to continue.

A member sought clarification from the Management on the people being presented for election noting that RSC is undergoing structural changes and majority of the current members from RSC were laid off. Therefore, those being presented from RSC should have been those who were retained in the organization. Member requested the Management to explain to the meeting whether the proposed nominee had been vetted for re-election.

The Management explained that it was fully aware of the dynamics at RSC and the situation was likely to affect the Management of the SACCO. However, the



Management informed the members that these were very recent and temporary situations. Given that by close of 31st December 2016 RSC was still intact, and retrenchment happened with only few weeks to the AGM, it was important that the matter be reviewed in future should the situation not improve. This was a transition period and during the 2017, the Management would understand the direction RSC was taking and make an informed decision.

Further, the Management informed the meeting that it was not aware of any closure of RSC and thus the status quo would remain. Above all, the Management stated that it held a meeting with the affected RSC staff and they gave assurance that they would continue with their membership in Kanisa SACCO.

The Management also added that the big question on who should be elected must be based on efficient service delivery and safeguarding of the members' interest. This was in response to the question whether an individual contributor could be elected to serve in any position. In addition, the Management pointed out that viable but performing options could be explored toward integrating diverse ideas and which could be able to strengthen the Society.

With the above clarifications, 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	Boniface Maina	Peter Kimani	Cicily Gitahi	

There was only one candidate and having no other proposals, he was elected unopposed

ii. AACC

No	Name of Candidate	Proposed by	Seconded by	Votes
1	Philip Tuei	Roselyn Gatheru	Rev. Dr. Lydia Mwaniki	

Since there were no other proposals, Philip Tuei was elected unopposed

iii. Other Organizations one slot

No	Name of Candidate	Proposed by	Seconded by	Votes
1	Alice Agunda	Alice Mwamba	Elizabeth Njeri Ombogo	
2	Pascal Bwire	No proposer	No Seconder	

Alice Agunda was declared elected since there was no proposer for Pascal who was also absent in the AGM

iv. Supervisory Committee

No	Name of Candidate	Proposed by	Seconded by	Votes
1	Joyce Kangogo	Janet Njalele	Loise Kimani	

Since there were no other proposals, Joyce was elected unopposed.

Min. 13/36/AGM/25/03/2017: Resolutions

Davis Kathurima from the Department of Cooperative had to leave early to attend to other meetings and asked Mr. Bernard Okok, Chairperson of Kanisa SACCO to present the resolutions to the members. The following resolutions were presented as proposed by the Management.

1. Disposal of Surplus

That members resolve to dispose the FY2016 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 7% and retaining of 2.2% to deposits; and shares

The following were counter-proposals by members:

- i). Frankline Oyola proposed payment of 9.2% and retention of 0%. This proposal was seconded by Jacqueline Muasya
- ii). Minoo Kyalo proposed payment of 8.0% and retention of 1.2% - This proposal was seconded by Kennedy Kamau



- iii). *Management proposal of payment of 7% and retention of 2.2% was proposed by Anthony Gikonyo and seconded by Mary Mwikali*

Having three proposals, the motion was put to vote and the scores were as follows:

- i). Payment of 9.2% and retention of 0% garnered 110 votes
- ii). Payment of 8.0% and retention of 1.2% garnered 35 votes
- iii). Payment of 7% and retention of 2.2% garnered 69 Votes

Therefore, from the above votes cast, the proposal to pay 9.2% and retain 0% garnered the highest votes and carried the day.

- b) Declaration of dividends of KES 1.34 per share and that this be capitalized to shares. This was unanimously approved

2. Increase of Kanisa SACCO Minimum Monthly Deposits

The Management proposed to increase the minimum monthly deposits contribution from Ksh. 2,000 to Ksh. 2,500. From the above, the monthly deposits pegged to the loan amounts would be as follows:

	Total Loans Amount	Minimum Monthly Contribution
a	Loans up to Ksh. 500,000/=	Ksh. 2,500/=
b	Loans from Ksh. 500,001 to KES 1,000,000/=	Ksh. 3,000/=
c	Loans from Ksh. 1,000,001 to KES 1,500,000/=	Ksh. 3,500/=
d	Loans from Ksh. 1,500,001 to KES 2,000,000/=	Ksh. 4,000/=
e	Loans above Ksh. 2,000,000/=	0.2% of the loan amount

This resolution was proposed by Hassan Juma and seconded by Eunice Achieng.

However there were dissenting views by members some of whom were even proposing reduction of the Ksh. 2,000 to Ksh. 1,500 citing the difficult

economic situation in the country; whereas others opined that some members have just been retrenched and the idea though good, the time was not appropriate.

Having considered the views from members, a proposal to retain the Ksh. 2,000 monthly contribution was proposed by Peter Ngoha and seconded by Elizabeth Ombogo and it was unanimously approved.

3. Loan Products and services

3.1. Loan Products

3.1.1. New Loan Product

The Management proposed 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

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

This was unanimously approved



3.1.2. Loan products realignment

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

i. Vision Loan

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

This resolution was Proposed by Edward Keya and seconded by Anthony Gikonyo. However, several members were against reduction in the number of months and stated that the original repayment period be retained. This was proposed by Grace Muchiri and seconded by Esther Salamba.

Having two proposals, this resolution was put to vote and the following were the scores: -

- Reducing the repayment period to 60 months garnered 29 votes
- Retaining the original 72 months' repayment period garnered 449 Votes

Therefore, the resolution by the Management was defeated and the status quo on vision loan remain

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.

This resolution was proposed by Jane Wanjiru and seconded by Franklin Oyola. This was passed unanimously.

3.2. Facility

3.2.1 Zidisha Boosting Facility

The Management proposed 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.
- d) This resolution was proposed by Grace Muchiri and seconded by Hassan Juma. This was passed unanimously.

4. Alternative Security

The Management proposed 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; The loan shall be disbursed only after the charging process is complete;
- d) 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



- e) Other Credit terms and conditions shall apply

This resolution was proposed by Amos Njoroge and seconded by Pamela Konya. This resolution was unanimously accepted.

This resolution was proposed by Moses Musia and seconded by Nyangonde Linet. This was passed unanimously.

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.

This resolution was proposed by Grace Muchiri and seconded by Hassan Juma. This was passed unanimously.

5. Affidavits

- a) The Management proposed 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.

This resolution was proposed by Dennis and Seconded by Jane Musia. This was passed unanimously.

6. Society borrowing power

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

7. Honoraria

Declared to pay Three Hundred and fifty thousand Kenya Shillings as honoraria to the Management and Supervisory Committee members and as bonus to staff.

This resolution was proposed by Alice Mwamba and Seconded by John Marewa.

This was passed unanimously.

Min. 14/36/AGM/25/03/2017: REMARKS FROM KUSCCO

Mary Njuguna from the Kenya Union of Savings and Credit Cooperatives (KUSCCO) appreciated the invitation and gave a brief about KUSCCO. She stated that KUSCO is the umbrella body for SACCOs and mainly deals with advocacy and representation. In addition, they offer SACCOs and other cooperatives financial and technical assistance, tailored to largely benefit the middle and low income earners both in Kenya's rural and urban areas.

She said that at KUSCO, they are aware of the many challenges facing SACCOs in Kenya, and they exist to assist SACCOs address these problems and strengthen the cooperative movement. At KUSCCO, they believe in the strength of unity and have tailored products and services to benefit all the SACCOs and their members in Kenya.

She invited members to purchase some of the products being offered by KUSCO, which were in display at the AGM venue. She encouraged the members to make use of these products and services in order to enjoy the benefits KUSCO offers.



Min. 15/36/AGM/25/03/2017: - Vote of Thanks

Claire Mino Kyalo gave the vote of thanks on behalf of the members, thanking the Almighty God for the Grace and Providence and for enabling members from far and wide to attend the meeting. She thanked the leadership and management for organizing a successful AGM and the work they are doing. She appreciated the members' active participation and assured the Management, on behalf of the members, of the continuous support and patronage to the SACCO products and services and wished the Society prosperity now and in the future.


Min. 16/36/AGM/25/03/2016: AOB and Closing

The Chairperson thanked all who came to the 36th Annual General Meeting of the Kanisa SACCO and for expressing the spirit of openness and transparency. He called on members not to hesitate to contact any of the members in the leadership and management and staff anytime they need support.

He informed the meeting that there were no AOB received as per the deadlines given upon which he declared the 36th Annual General Meeting of Kanisa SACCO Limited officially closed.

Thereafter he adjourned the meeting at 4:15pm with prayers said by Rev. Dr. Lydia Mwaniki.

Signed For and on Behalf of the Annual General Meeting:

Chairperson:  Date: **05/03/2018**

Secretary:  Date: **05/03/2018**



1.0 INTRODUCTION

Dear honourable members of Kanisa SACCO, Guests, Ladies and Gentlemen. Welcome to the 37th Annual General Meeting of Kanisa SACCO. In this report, the Management intends to outline the Society's progress during the Financial Year 2017 and, in doing so, provide a clear picture and direction of your SACCO.

This report contains brief outline of the business operating environment; performance, outcomes, challenges and the 2018 projections; and key recommendations. It is the appeal of the Management to you all, honourable members, to actively participate in discussing this report and ask any question and seek clarification where necessary.

The Management would wish to recognize and introduce members who joined the Society during the year 2017.

2.0 The 2017 Business Environment

Honourable members, during the year under review, the Society operating environment was characterised by both supporting and opportunistic internal and external factors.

Internally, the SACCO, at the beginning of the year and as a result of key global policy challenges, experienced a huge drop on its income. This was due to job losses in one of the institutions - the Resettlement Support Centre (RSC) formerly Joint Voluntary Agency (JVA) – whose employees are members of the Society. RSC declared a total of 223 employees redundant as a result of policy shift in the United States of America (USA). At the time, these members had total deposits of Ksh. 41,762,912 and loan balances of Ksh. 59,690,194.

Externally, the business environment encountered both global and national factors that proved herculean to the Society's operations. Globally, the emergence of inward-looking national policies as experienced in USA and Britain in the previous year continued to affect, directly and indirectly, the SACCO's income as many people either lost their jobs or sources of income. This degree of uncertainty in the international policy environment clouded the positive outlook of global and continental economic growth. At the regional level, the famine and violent conflict in South Sudan and delayed harmonization of monetary and key trading policies remain huge impediments to remittances by the Society members operating across the borders.

Nationally, the Society was heavily impacted on with the social and political environment, which included the anticipated and subsequent prolonged political atmosphere of General Elections. This situation hindered investment prospects as people adopted the 'wait-and-see attitude'. This notwithstanding, there were great opportunities signalling bright times ahead. Key to this was the Central Bank of Kenya's (CBK) action to smooth out volatility in the midst of improbability and acknowledged the role of and generated policies to support the diaspora remittances as a key factor to the economy. The country, therefore, has diverse economic arrangements, pro-market policies and experiences growth in consumer spending. These are factors that must be viewed as positive for the Society strategic growth.

3.0 Kanisa SACCO 2017 and its Subsidiary Management and Operations, Performance and Challenges

Honourable members, ladies and gentlemen, the Management, in full consideration of the described business environment, developed and implemented various activities toward meeting expectations. These are outlined below.

3.1 Management and Office Operations

The Society, during the year under review, continued with stability strengthening in line of leadership and management and Office operations. The cooperation between the Central Management Committee (CMC) and the Supervisory



Committee (SC) and efficiency of staff led to satisfactory members' service provision. The Society meetings – including the monthly CMC meetings and quarterly joint CMC and SC meetings – were held on time. On the other hand, the Kanisa Holdings Limited (KHL) Directors had to make changes in line of operations to ensure only project oriented meetings were held during which the company strategic issues were also addressed.

During the last AGM, the Management introduced and outlined the importance of the Member *Consent and Authorization to Financial Records Access*. Regrettably, the Management takes note that very few members have filled this form to date. The Management wishes to let you know that it is very important to provide these and other details such as next of kin as well as details of beneficiaries. Please contact the office and fill the required forms and/ or update them as per the statutory requirements. You can also access this form through the SACCO website - www.kanisa-sacco.org

Three members of CMC and one from SC will be retiring on rotational basis. From CMC are Quinn Kamau Kariuki (retiring, eligible for re-election and has expressed willingness to continue), Ann Njeri Kioi (retiring, eligible for re-election and has expressed willingness to continue), and Bernard Okok Obuoga (retiring and eligible for re-election) and from SC, Richard Ochola Kola (retiring, eligible for re-election and has expressed willingness to continue). The Management encourages members to use their voting rights to elect those who can selflessly and objectively offer efficient services when elections are called.

The office operated with the three full time staff during the year under review while the Management continued with the academic attachment programme in which four students were recruited with each spending spent three months on academic attachment. As a result, Kanisa SACCO has become widely known within the Cooperative industry, in general, and the academic sphere, in particular. The Management is pleased with the Society's contribution to the Cooperative industry and is committed to continue growing leaders in the sector.

3.2 The 2017 Performance and Activities

3.2.1 The SACCO Performance

Membership Development and Retention

Honourable members, during the year under review, the Society realized positive and negative growths in various areas of its focus of financials.

Active Membership -The already mentioned challenges impacted on membership growth and retention. Due to, *inter alia*, lay-offs from RSC and hard economic situation in the country, dormant membership, increased from 377 to 617 translating to 240 or 64%. On the other hand, active membership increased by 151 from 1,451 in 2016 to 1,602 in 2017 which is only 10% increase as compared to targeted 30% annual increase in the Strategic Plan.

Withdrawal – a total of 104 members withdrew from the SACCO during the year under review. This number represents 96% increase when compared to a total of 53 in 2016. The questions around difficulties in getting guarantorship, loss of employment as well as relocations are still topping the reasons for withdrawals. The Management advises members that relocation and loss of employment should not be reasons for quitting the Society as the rules are very clear that one can continue with his/her membership even if operating from outside the country or doing private business as long as one adheres to the Society's By-laws. What would be required is to make arrangement with the office on the process and method of making contributions.



Financials: The Societal Financial Status and Members Benefits

Deposits and Savings – the Society realized a growth in deposits of Ksh. 44,835,332.45 from Ksh. 261,502,417.91 in 2016 to Ksh. 306,337,750.36 in 2017 implying 17% growth; and savings of Ksh. 6,425,242.00 from Ksh. 3,838,296.00 in 2016 translating to 67% growth.

Share Capital grew from Ksh. 10,318,016.00 to Ksh. 13,207,350.00 in 2017. This represents a growth of 28%. While the growth of share capital is impressive, the total shareholders fund stood at Ksh. 21,692,652.57 which represents 6% of the total assets. This is far below the recommended margin of 10% which would translate to 36,502,600 as per the FY2017 balance sheet. This therefore means the SACCO must look for ways of raising 14,809,948 to attain the recommended percentage. To correct this, the Management is recommending, through a resolution that the proposed dividends be capitalized to shares. Additionally, the Management is considering to review of minimum the minimum shares from 300 shares of Ksh. 20 to 500 shares of Ksh. 20 each.

Members' Loans performed well irrespective of the enumerated social-economic and political situations of the country. While the Society realized a growth of 16% on loans, moving from Ksh. 292,681,800.40 in 2016 to Ksh. 339,181,150.54 implying an increase of Ksh. 46,499,350.14, different types of loans performed differently as shown below:

Type of Loan	Total Loan amount	Number of applicants
Principal Loan	161,469,273.00	405
Emergency Loan	16,517,914.00	205
Instant Loan	3,389,900.00	98
Motor Insurance	1,972,792.00	50
Scholars Loan	-	0
Sukuma Mwezi	728,800.00	83
KHL Property	11,549,000.00	21
Mali Mali	380,566.00	7
Car Loan	-	0
Trustee Loan	392,797.00	2
Vision	138,097,543.00	113
Mjengo Loan	3,007,191.00	3
Karibu Loan	-	0
Totals	337,505,776.00	987

Turnover of the Society realized a negative growth of Ksh. 2,237,371.98 from Ksh. 34,220,561.49 in 2016 to Ksh. 31,983,189.51 in 2017. One of the reasons for this downward growth, among others, is the loss of minimum Ksh. 600,000 per month in terms of interest alone following redundancy at RSC.

Dividends and Interest on Deposits – The interest on deposits reduced from Ksh. 24,000,000 in 2016 to Ksh. 20,300,000 in 2017 implying negative growth of 15%. This was against the targeted Ksh. 29,000,000 as per the budget adopted in the last AGM. On the other hand, the Society realized a positive growth in dividends from Ksh. 640,000.00 in 2016 to Ksh. 1,500,000.00 in 2017 implying an increase of Ksh. 860,000.00 which translates to 134%.



From the above, that the Management is proposing, to this AGM, a resolution to pay an average of 6.6% as interest on deposit paid on pro-rate basis with payment of 6% and retention of 0.6% and to pay 11.36% as dividends to be ploughed back. The Management appeals to you to consider these proposals as they intend to grow the SACCO as well as your financial capacity.

Diaspora Remittances

Honourable members, during the year in question, the Society, upon opening strategic space to facilitate the diaspora remittance, realized a negative growth by 51% moving from from USD 14,033.65 in 2016 to USD 6,859.57. The Management continues to appeal to you, honorable members, to refer the Society to your relatives and friends working and living abroad for membership recruitment given the diverse services and ease of funds remittance. In the financial year 2018, the Management will consider developing products and services specifically targetting the diaspora membership.

Activities Undertaken During the Year

Strategic Plan Mid-Term Review

The Management facilitated mid-term strategic plan review in which some members were invited and participated. The main purpose of this review was to determine areas of successes, gaps and existing as well as emerging challenges. Key issues emerged that have been incorporated into the second-half of the plan implementation and will influence the Management actions in 2018.

Institutional Development and Strengthening

In enhancing the Society systems and structures toward open, efficient, prudent and accountable services to you, members, key policies were reviewed while other new ones were developed or strengthened. As usual, Credit policy was reviewed to reflect the aspiration of the last AGM direction. The electoral policy was strengthened and key items have been put in place toward enhancing elections at this AGM. The Management has also identified and indeed put into place a strategy for developing a policy on the management of collateral as credit security. This policy, known as, *the acquisition, management and disposal of collateral* is expected to streamline the use of collateral in addition and/or in lieu of guarantorship. Development of this policy has been necessitated by the increase of use of collateral (in this case title deeds at the moment) on acquisition of credit facility with subsequent potential risks.

During the year under review, the leadership and management and staff continued enhancing their capacities in the management of the Society affairs by identifying and attending various trainings and exposure sessions. Through these sessions, apart from capacity and skills development, various networks and, in some cases, successful recruitment of members have been realized.

Academic Attachment Programme

The Management continued admission of students from relevant academic institutions on academic attachment programme. With the purpose of contributing to the cooperative sector growth and leadership development as well as opening spaces for the knowledge on the Society, during the year in question, a total of four students were admitted and actually benefited from the programme. Two of these former students secured employment with financial institutions while two others are now finalizing their studies. The Management is in the process of strengthening this programme moving forward.



Membership Engagements: Ushirika; AGM and Education Days; and Corporate Social Responsibilities

Kanisa SACCO continues to serve the less fortunate members of the society through Corporate Social Responsibility (CSR). During the year in question, the Management coordinated a visit to Kenyatta National Hospital (KNH) where help was taken to Children's Cancer Ward. The Society also joined other Co-operators during the celebration of Ushirika Day in which learning and experience sharing and networking were realized.

Members' events – while the AGM and members education events were very successful with high interest and huge turnout, the Management is still concerned given that the numbers is still low in comparison to the current membership of the Society. For the AGM, the attendances were 345 in 2016 against the membership of 1,828 and 478 in 2017 against the membership of 2,219 implying a paltry 19% AGM attendance in 2016 and 22% in 2017. It is even worse for the Education Day in which attendance were 278 in 2016 and 399 in 2017 translating to 15% and 18% respectively. The Management makes a clarion call to you members to prioritize these events as they provide opportunities for networking, capacity building and contribution to the growth of the Society.

Streamlining Relationships with Associated Organizations and Institutions

In order to ensure realization of symbiotic correlation between the organizations and institution whose employees are members of the Society, the Management, during the year under review, initiated strategies of building framework of understanding. This framework is supposed to outline responsibilities of the two agencies for the purpose of enhancing achieving of members' economic growth. To this end, so far, the Society has signed Memorandum of Understandings (MoUs) with 2 organizations. Plans are underway to prioritize this during the year 2018.

Defaulted Loans Recoveries

Loan default management remains one of the greatest challenge to the Management. In this report, the Management categorises the challenge into two – *undocumented and documented*. The management seeks direction from you members on some of these cases.

Undocumented cases – this involve – Margaret Itto and Abel Mboo. These members left the SACCO with no forward contacts or forward address neither does the defaulted funds have any information on guarantorship. This situation has given the office and the Management great challenge in their follow-ups. As promised during the last AGM, the Management did all what was possible to get the two members in question. All attempts to get Abel Mboo through a friend who was a former member of the SACCO did not bear fruit. Several planned meetings aborted after the friend discovered why the SACCO was looking for him. He declined to give the mobile number and any contact for Abel which would have helped in the process. For Itto, a confidential source provided the Society with information of her whereabouts. She was (by then) located in the Eastern Equatorial State of the Republic of South Sudan where she works with the Government of South Sudan. While her phone and location conacts were obtained, it's still proved difficult to reach and make her pay the funds.

Documented cases – these include Jotham Chacha; Dominick Kiarie and David Kibe. Efforts to bring these individuals face to face with their guarantors were designed and put in place and still being pursued as part of helping members who have lost deposits as a resul of defaults recover their hard earned savings. The Management pleads with all those concerned to cooperate with them in the process. It is also important to note that the Management has also succeeded in getting other defaulters pay by reaching out to their new employers while, at the same time, has started compiling lists to be forwarded to CRB. The Management has also started exploring ways of working with public institutions responsible for enforcing public ethics especially for those who have defaulted and yet are seeking public offices.



The Management would like to recommend to this AGM to consider endorsing a proposal to *initiate a process of writing-off the two loans of Abel Mboo and Margaret Itto* through the proposed budget item. In the meantime, the Management, during the year 2018, will embark on developing a policy framework which will guide similar situations in future.

3.2.2. The KHL Performance

The year under review was a great challenge in the investment arena. The Company only managed to initiate one project against the projected two. This negatively impacted on the Company's returns and thereby not declaring any return to the Society during the year under review.

In spite of the above challenges, the company realized key strides some of which are as follows:-

- a) Strengthening the decision-making process – as was promised in the last AGM, the Company Board of Directors developed mechanisms of widening the scope of decision-making process and identified and invited five members of the SACCO in addition to members who serve in leadership and management to participate in the Company's AGM;
- b) Successful processing of title deeds of the two projects – *Kantafu and Koma Hill* – in which the investors who have finished payments received their titles; and
- c) Finalized plan for borehole drilling at Isinya 1 project – contractor was identified and contract signed. It is expected that this borehole drilling and fitting will be finalized in the first half of 2018 and hence, open another opportunity for income generation for the Company.

3.3 The Challenges and Actions

- a) New software implementation delay – there were some logistical challenges that forced the delay in implementation of the software. This included contractual process. Given that these have now been finalized, the Management appeals to you, honourable members, to accept the budgetary proposal for the software implementation;
- b) Unidentified deposits - This has been worsened by the introduction of *pesalink* (Banks money transfers). During the year in question, the amount moved to Ksh. 1,795,783 from Ksh. 797,720 an increase of Ksh. 998,063 implying almost 125% increase. The Management has introduced a communication strategy aimed at ensuring that members pass over the bank slips whenever they make remittance to the Society. In addition, the Management appeals to members to ensure that any evidence of payment to the Society accounts is passed through to the office for accounts update;
- c) Membership development, retention and dormancy – the Society must compete with other SACCOs and financial institutions for membership development while facing many factors including job losses and relocation that contribute to dormancy. This also contributes to membership withdrawal. The Management intends to enhance efforts on membership development and awareness on retention;
- d) Loan default – during the year in question, the Management took various steps to ensure that members do not continue suffering as a result of deposit deductions and appeals to all members to assist in this course of actions;
- e) Low diaspora membership and remittance – even though the Management developed and simplified diaspora membership development and remittance, they still remain low. The Management appeal to all of you to be references in the diaspora membership development; and
- f) Low membership events attendance – as already outlined, attendance to the AGM and members education days are still very low and hence various cases of difficulties in getting guarantors and/or inadequate understanding of the Society services



4.0 Recommendations, Conclusions and Appreciations

4.1 Recommendations

Dear honourable members, the Management recommends that there be increased active participation in the affairs of the Society not only when applying for loans. These include making follow up to your remittances; giving feedback to the Society's request for ideas; assisting the Management in membership development through referrals and recruiting your relatives, trusted friends and colleagues; providing information to the Society on those who have defaulted; and attending and actively participating in the Society-organized events. In addition, the Management calls upon those who are interested in building their investment portfolios to take advantage of the existence of the KHL Company. The Company facilitates acquisition of affordable yet authentic investment opportunities. Please get in touch with the office for more information.

During the last AGM, the Management had recommended, through a resolution, the increase of monthly deposits and interest on deposit retention. While members were of the different opinions, the Management appeals to you to consider accepting the retention of 0.6% on interest on deposit contained in the resolution and, support the increase on monthly deposit next time it is proposed. These are meant to build your financial capacity in the Society.

4.1 Conclusions and Appreciations

The Management wishes to appreciate you members for your continued membership of the Society and the role you play in addition to patronising the products on offer. Kindly enhance this and make sure you reap maximum benefit for your future.

Much appreciation go to the leadership and staff of the All Africa Conference of Churches (AACC) for the provision of the spaces of operations and hospitality given to the Society. The working environment continues to be very conducive both to the staff, leadership and management and wider membership every time they visit the office for services.

To the Department of Cooperatives in the Ministry of Cooperatives and Marketing, the Management appreciates your support and advises in running the Society.

The Management also wishes to recognize the members of the Supervisory Committee and Staff for their commitment and honest services offered, during the year in question, and which have highly contributed to the successes of the SACCO.

In conclusion, the Management calls on you, members, to continue actively participating in directing the SACCO affairs. The Management wishes to let you know that you have total control of the Society since, in reality, you are the ones who should make decisions to guide the SACCO. The Management is, but only the fiduciary or trustee in the management of the SACCO affairs. To this end, the Management looks forward to your keen contribution and positive criticism in ensuring that the Society moves to achieve its desired goals.

God Bless you all!

Bernard Okok Obuoga
Chairperson

Date: **05/03/2018**
.....



Report of the Management Committee

The members of the management committee submit their annual report together with the audited financial statement for the year ended 31/12/2017

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

	2017 KES	2016 KES	VARIANCE
Surplus before Tax	2,382,521.23	1,248,359.09	90.85%
Income Tax Expense	(676.05)	(326.25)	107.22%
Net Surplus after Tax	2,381,845.18	1,248,032.84	90.85%
Retained Surplus for the year	55,476.14	8,426.27	558.37%
Interest on Members deposit	20,300,000.00	24,000,000.00	-15.42%

Dividends/Interest on members deposits

The management committee recommends payment of first and final dividends of Kshs. 2.27 (11.36%) per share.

They also recommend interest on members deposit of 6.6%

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.....

Hon. Secretary.

Date.....

5th March '18



1. INTRODUCTION

On behalf of the supervisory Committee, I am pleased to welcome you to the 37th Annual General Meeting (AGM) of the Kanisa SACCO Society Limited. I also take this opportunity to thank each one of you for finding time to come so that we can review on last year's performance.

The Supervisory Committee derives its mandate from the Kanisa Savings and Credit Co-operative Society Ltd By-laws as per 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 proceed to do the following:

- Verification of all transactions of the Society;
- Write periodic reports of its findings to be tabled at the management committee meetings;
- Submission of its reports to the commissioner;
- Present report to the General meeting.

The report covered mainly four sub sections as outlined below:

- Objectives of the verifications;
- Scope of work done;
- Observations and findings;
- Recommendations.

2. OBJECTIVES OF THE VERIFICATION

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

- Adherence to the SACCO policies and procedures;
- Internal controls exist and are strong enough to detect and deter any frauds or errors;
- The SACCO's assets are safeguarded from theft, destruction and that they are used in the best interest of the SACCO;
- All Sacco payments have adequate supporting documents, required approvals and that such payments are in line with the approved budget;
- The loan applications are timely processed and on a first come first served basis;
- The bank and petty cash reconciliations are done on a monthly basis;
- Monitoring the implementation of the strategic plan;
- That the Management Committee operates within the approved budget;
- All surplus funds of the society are invested prudently to maximize returns of the society;
- The SACCO complies with all applicable laws and regulations.

3. SCOPE OF WORK DONE

In order to achieve the objectives of the verification, the following areas among others were covered;

- Loan application, approval and disbursement;
- Petty Cash and Bank reconciliation;
- Membership;
- Budget variance Analysis;
- Recovery of defaulted loans;
- Staff affairs and statutory deductions;

- Products and services;
- Implementation of 2017 AGM resolutions;
- Minutes of management and subcommittee meetings;
- Kanisa Holdings operations and books;
- Implementation of the strategic plan.

Each quarter, the Supervisory Committee reviewed the books of the society, and 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 to ensure the implementation of the proposed recommendations.

4. KEY OBSERVATIONS AND FINDINGS

Supervisory Committee wishes to bring to the attention of members the following key observations made during the year.

4.1 Economic and political environment

The business environment was unfavourable in 2017 due to political tension because of then prolonged campaigns being an electioneering period. This affected businesses negatively thus having a negative impact on members' contributions and loan repayments. Members especially those in business, incurred losses due to political instability and this affected their ability to make monthly contributions and loans repayment. We can relate the decline in performance to this harsh business environment and hope for better year 2018.

4.2 Redundancies by key organization

During the financial year under review, the society witnessed redundancies with one of its member organizations, which underwent through structural changes. RSC Africa, whose majority staff were members of the Society were laid off in February 2017. This unfortunate event hugely affected the Society's financial performance negatively in terms of projected income.

We however commend the management for being proactive and prudent in handling the RSC issue however difficult it was. Management engaged ex-RSC staff by holding several meetings, which bore fruits. The affected members used their final dues and pension in clearing the society's outstanding loans. We thank the members who despite not knowing where the next job would come from were committed on repaying their loans and gave the assurance that they would continue being members of Kanisa SACCO.

4.3 Budget

4.3.1 Expenses

During the financial year 2017, we are happy to report that the management operated within the budget as approved in the last AGM. Most of the expenses were within the budget except for a few budget lines. For example, AGM expense exceeded, the budget by 28%. This was however explained to have been caused by high attendance, which was not anticipated when formulating the budget. Salaries, rent, travelling, meeting reimbursements and strategic plan implementation expenses slightly exceeded the budget. In overall, a slight saving was achieved on expenses.

4.3.2 Income

It is noted that the Society did not achieve the targeted income as per the budget. Also there was a decline in income as compared to the year 2016. The deficit in achieving the targeted income can be attributed to the poor performance by the Kanisa Holding Limited (KHL). It had been budgeted that the society would receive Ksh. 3,000,000 from KHL in form of rebates and dividends. This did not happen and was explained to be mainly because of the unfavorable business environment.



4.3.3 Capital Expenses

During the 36th AGM, members approved capital expenditure of Ksh.3.8 million. We noted that a total of Ksh. 243,285 was spent on Fittings, computer and office equipment. However the acquisition of computer software which was supposed to increase efficiency in running the society's operations and also improve service delivery to members, was not done. This was due to the prolonged procuring process. This is still work in progress and we request members to approve the budget to ensure that acquisition and implementation of the software is achieved in 2018.

4.4 Unidentified deposits

We noted that the amount of unidentified deposits increased from Ksh. 797,720 in 2016 to Ksh. 1,795,783 in 2017. This was explained to be caused mainly by Pesa link transactions (Bank to bank transfers). These transactions don't provide the details of the sender thus making it difficult to receipt these moneys. This issue was brought to the attention of members in SC report to members during the year 2015 AGM. However, minimal effort has been made by members to come forward and help in identifying the deposits. A member may not detect any anomaly with his/her deposits unless they request and check their personal statement. The risk is that, if the monies continue to lie in the unclaimed deposits account, sooner or later, the society will have no choice but to transfer the same to Unclaimed Financial Assets Authority.

4.5 Loan defaulting

There were challenges in loan recovery during the year, majorly as a result of job losses and tough business environment for individual members. Supervisory Committee continues to advise the management to improve on the recovery strategy and avoid loaning to risky members. The issue of loan default was brought to the Members' attention during the 35th AGM and has continued to persist. As at 31st December 2017, a total of approximately ksh.5.2 Million was in defaulted implying that this loan amount had been not serviced for over 90 days. The Supervisory Committee notes with a lot of concern that hardworking and trusting members continue to lose their deposits to defaulters.

We also noted that finally the management concluded the registration of the Kanisa SACCO with Credit Reference Bureau (CRB). We can only urge the Management to ensure that going forward CRB checks be made mandatory part of Loan Appraisal Process so that those with bad credit history are detected at the initial stage of loaning process.

4.6 Guarantorship Challenges

During the 36th AGM, members passed a resolution on use of collaterals to secure the loans. Supervisory Committee can confirm to this AGM that this has already taken effect and members are using title deeds as collaterals. During the reviews, it was noted that sometimes the process of charging the title deeds was taking long. We recommend that members utilize lawyers recommended by the SACCO in order to hasten the process. In addition, we noted that quite a good number of members had challenges in obtaining guarantors and hence the loan amount they intended to obtain was reduced due to lack of guarantors.

4.7 Implementation of 2015-2019 Strategic Plan

The Supervisory Committee would like to bring to the attention of members that the implementation of the 2015-2019 Strategic Plan is half way. As part of strategic monitoring plan, the Leadership and Management conducted a mid-term review in November 2017 with the aim of assessing the progress made in the two and half years. The SC commends the management for conducting the mid-term review of the Strategic Plan and for engaging some members from the wider SACCO membership. Some of the success in mid-term report include; membership growth, efficiency in internal business processes, and some growth in capital base whereas the challenges are low investments, poor participation by members in Kanisa charity days, low savings culture, dormancy, low retained earnings and loan defaults.



Recommendations

1. Due to the continuous decline of revenue of the KHL in the last two financial years, we urge the Management to engage the KHL board members with the aim of diversifying and strengthening the KHL investments. The KHL was formed with the objective of generating revenue and supplement the Sacco income in order to ensure high returns for members. This objective in current year was not achieved.
2. We urge you members to regularly request for your statements so that you can ensure that your accounts are up-to-date.
3. We urge the Management to continue reminding the members on the importance of following up for their receipts after making the payments. This will help reduce the huge amount on the un identified deposits and also safeguard members assets from being forwarded to the Unclaimed Financial Assets Authority
4. We urge the Management to consider engaging the services of debt collectors in addition to complimenting the Credit Reference Bureaus checks. This is aimed at protecting members (guarantors) from losing their hard-earned money when a loan is defaulted, sometimes deliberately by the borrowers.
5. We encourage members to recruit their relatives, friends, work mates to expand the sphere of influence from which one can get guarantors. Management could consider offering incentives for membership recruitment.
6. We request the Management of the Society to maximize returns and record growth during the remaining period of the strategic plan implementation and to implement recommendations provided by the reviews in order to achieve the objectives of the Strategic Plan. We also urge members to support the resolutions presented by Management in order to address some of the presented challenges

Finally, we urge you members to continue with the spirit of saving more, borrowing wisely, investing prudently and repaying promptly for a healthy society that will meet your current and future financial needs.

Signed by:

Chairperson: Joyce Kangogo  Date: 05/03/2018

Secretary: Richard Kola  Date: 05/03/2018

Member: Salome Kihara  Date: 05/03/2018

May the Almighty God bless you all.



AUDITED REPORT

STATISTICAL INFORMATION

	31.12.2017	31.12.2016
Number of members - Active	1602	1451
-Dormant	617	377
	KES	KES
Members deposits	306,337,750.36	261,502,417.91
Share capital	13,207,350.00	10,318,016.00
Loans to members	339,181,150.54	292,681,800.40
Statutory reserves	7,657,580.48	7,181,211.44
Savings scheme	6,425,242.00	3,838,296.00
Retained earnings	827,722.09	772,245.95
Current assets	23,839,799.82	21,352,005.00
Current liabilities	36,995,604.30	36,268,306.25
Turnover	31,983,189.51	34,220,561.49
 KEY RATIOS		
Liquidity ratio	0.6:1	0.6:1
Membership increase	21.40%	21.60%
Percentage of expense to revenue	28%	25.63%
Interest on member deposits	6.60%	9.20%
Dividends per share (per value Kes 20/=)	2.27(11.36%)	1.34.(6.2 %)



STATEMENT OF THE MANAGEMENT COMMITTEE RESPONSIBILITIES

The 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 International Financial Reporting Standards(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 twelve months from the date of this statement.

Approved by the management committee on 5th March 2018 and signed on its behalf by:

Chairperson (Benard okok)

Treasurer (Boniface Maina)

Hon. Secretary (Ann Kioi).....



Opinion

We have audited the accompanying financial statements of KANISA Society Limited, which comprise the statement of financial position as at 31 December 2017, statement of comprehensive income statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the Society as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Kenyan Cooperative Societies Act.

Key Audit Matter.

Key Audit matters are those matters that in our professional judgement were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Management Committee's responsibility for the financial statements

The management committee of the Society are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Co-operative Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



INDEPENDENT AUDITORS REPORT (continued)

REPORT ON OTHER LEGAL REQUIREMENTS

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

(A) In accordance with the provisions of the Cooperative Societies Act.

(B) In accordance with the Co-operatives objectives, by-laws and any other resolutions made by the Society at a general meeting.

For and on behalf of:

MINISTRY OF INDUSTRY, TRADE & CO-OPERATIVES

A handwritten signature in blue ink, appearing to read 'Betty C. Rono'.

CPA BETTY C. RONO

DEPUTY DIRECTOR CO-OP AUDIT

NAIROBI CITY COUNTY

DATE **7/3/2018**



INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2017

REVENUE	NOTES	2017 KES	2016 KES
Interest on loans		29,652,516.51	28,401,032.49
Other interest income	8	883,924.00	910,044.00
		30,536,440.51	29,311,076.49
Interest expenses	14a	(20,650,000.00)	(24,200,000.00)
Net interest income		9,886,440.51	5,111,076.49
Other operating income	9	1,446,749.00	4,909,485.00
Net Income		11,333,189.51	10,020,561.49
Administration expenses	11	(8,687,219.28)	(8,483,012.40)
Other operating expenses	12	(263,449.00)	(289,190.00)
Net operating surplus before income tax		2,382,521.23	1,248,359.09
Income tax expense	9b	(676.05)	(326.25)
Operating surplus after tax		2,381,845.18	1,248,032.84
20% Transfer to statutory reserve		(476,369.04)	(249,606.57)
Surplus available for distribution		1,905,476.14	998,426.27
Provision for honoraria		(350,000.00)	(350,000.00)
Provision for dividends		(1,500,000.00)	(640,000.00)
Surplus to retained earnings		55,476.14	8,426.27

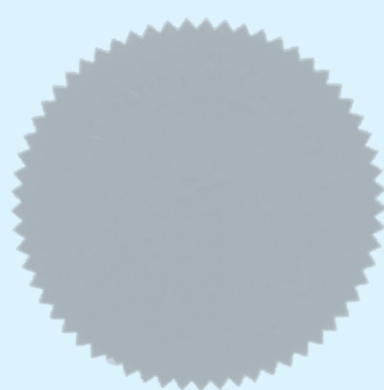
BALANCE SHEET AS AT 31ST DECEMBER 2017

	NOTES	2017 KES	2016 KES
ASSETS			
Cash and cash equivalent	6	17,327,054.82	14,595,353.00
Trade and other receivables	5	6,512,745.00	6,756,652.00
Loans to members	4	339,181,150.54	292,681,800.40
Financial assets	3	1,142,000.00	1,142,000.00
Property plant & equipment	2	863,056.87	866,392.15
Total Assets		365,026,007.23	316,042,197.55
LIABILITIES			
Members deposits			
Members savings scheme	10a	306,337,750.36	261,502,417.91
Members savings scheme	16	6,425,242.00	3,838,296.00
Dividends payable	18	1,500,000.00	640,000.00
Interest payable on deposits	14b	20,300,000.00	24,000,000.00
Trade and other payables	7	2,765,016.30	1,665,425.25
Insurance fund	15	6,005,346.00	6,124,585.00
Total Liabilities		343,333,354.66	297,770,724.16
Shareholders Fund			
Share capital	10b	13,207,350.00	10,318,016.00
Reserves	13	8,485,302.57	7,953,457.39
Total Liabilities and Shareholders Fund		365,026,007.23	316,042,197.55

REGISTERED
 SEC. 25 (9) CO-OPERATIVE SOCIETIES
 ACT. CAP 490 (2004)
15 MARCH 2018
Makelluon
 COMMISSIONER FOR
 CO-OPERATIVE DEVELOPMENT

The financial statement on pages 36 - 46 were authorized for issue by the management committee on 5th March 2018 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 2017

	Share Capital	Statutory Reserve	Retained Earning	Total
	KES	KES	KES	KES
Year ended 31st Dec 2016				
At start of the year	8,088,467.00	6,931,604.87	763,819.68	15,783,891.55
Restated balance as at start of the year	8,088,467.00	6,931,604.87	763,819.68	15,783,891.55
Changes in equity in 2016				
Contributions	2,229,549.00			2,229,549.00
Adjustment in accounting policy				-
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
At Start of the year				
Changes in equity in 2017				
Contributions	2,889,334.00			2,889,334.00
Transfer to profit & loss				-
Surplus for the year			2,382,521.23	2,382,521.23
20% Statutory reserve		476,369.04	(476,369.04)	-
Tax provision			(676.05)	(676.05)
Dividends			(1,500,000.00)	(1,500,000.00)
Honoraria			(350,000.00)	(350,000.00)
				-
As at 31st December 2017	13,207,350.00	7,657,580.48	827,722.09	21,692,652.57

CASH FLOW STATEMENT

	31.12.2017	31.12.2016
	KES	KES
Cash flow from operating activities		
Interest received on loans	29,652,516.51	28,401,032.49
Other operating income	1,428,053.00	3,395,444.00
Interest payments	(24,402,598.00)	(19,039,588.00)
Payment to employees and suppliers	(8,657,048.00)	(8,448,180.00)
	(1,979,076.49)	4,308,708.49
Increase/Decrease in operating assets		
Loans to members	(46,499,350.14)	(75,195,743.40)
Trade and other receivables	289,257.00	1,584,797.00
Increase/Decrease in operating liabilities		
Deposits from members	44,835,332.45	59,739,714.91
Members savings	2,586,946.00	1,055,659.00
Trade and other payables	1,104,513.00	(84,600.00)
Honoraria paid	(350,000.00)	(300,000.00)
Insurance fund	(119,239.00)	355,642.00
Audit fee paid	(45,350.00)	(43,700.00)
Income tax paid	-	(571.00)
Net cash from operating activities after tax	(176,967.18)	(8,580,093.00)
Cash Flow from investing activities		
Purchase of property and equipment	(243,285.00)	(327,024.00)
Interest received	883,924.00	910,044.00
Dividends received	18,696.00	1,514,041.00
Net cash from investing activities	659,335.00	2,097,061.00
Cash flow from financing activities		
Share capital contributions	2,889,334.00	2,229,549.00
Dividends paid	(640,000.00)	(550,000.00)
Net cash from financing activities	2,249,334.00	1,679,549.00
Net (Decrease)/Increase in cash and equivalent	2,731,701.82	(4,803,483.00)
Cash and cash equivalent at the beginning of the year	14,595,353.00	19,398,836.00
Cash and cash equivalent at the end of the year	17,327,054.82	14,595,353.00



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	12.50%
Computers	30%
Office equipment	12.50%

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 Co-operative Society Act Cap 490

e) Trade and Other Payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized 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				
1.1.2017	170,275.75	1,813,473.00	529,841.00	2,513,589.75
Additions	31,640.00	173,650.00	37,995.00	243,285.00
31.12.2017	201,915.75	1,987,123.00	567,836.00	2,756,874.75
DEPRECIATION				
1.01.2017	89,101.91	1,370,490.78	187,604.91	1,647,197.60
For the period	14,101.73	184,989.67	47,528.89	246,620.28
31.12.2017	103,203.64	1,555,480.45	235,133.80	1,893,817.88
NET BOOK VALUE.				
31.12.2016	81,173.84	442,982.22	342,236.09	866,392.15
31.12.2017	98,712.11	431,642.55	332,702.20	863,056.87



NOTES TO THE ACCOUNTS (continued)

	31.12.2017	31.12.2016
	KES	KES
NOTE 3 FINANCIAL ASSETS.		
10,000 Ordinary shares @ Kes100 each in Kanisa oldings 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	292,681,800.40	217,486,057.00
Granted during the year	355,393,245.00	358,783,247.40
Repayments during the year	(308,893,894.86)	(283,587,504.00)
	339,181,150.54	292,681,800.40
Balance as per listing	339,180,100.98	292,681,847.00
Difference	(1,049.56)	(46.60)
NOTE 5 TRADE AND OTHER RECEIVABLES		
a Debtor Employer (List attached) P15	6,418,240.00	6,662,147.00
b Loan defaulters (List attached) P15	94,505.00	94,505.00
	6,512,745.00	6,756,652.00
NOTE 6 CASH AND CASH EQUIVALENT.		
CIC money market - call deposit	9,421,419.00	4,743,177.00
CBA current account (reconciled)	2,346,454.00	2,350,597.00
Co-op bank savings account	577,891.00	43,376.00
Co-op bank current account (reconciled)	3,314,179.00	5,757,508.00
M-pesa accounts (verified).	1,657,932.82	1,685,949.00
Cash at hand (verified)	9,179.00	14,746.00
	17,327,054.82	14,595,353.00

NOTES TO THE ACCOUNTS (continued)

	31.12.2017	31.12.2016
	KES	KES
NOTE 7 TRADE AND OTHER PAYABLES		
Interest on savings scheme accounts	350,000.00	200,000.00
Unpaid Interests on members deposits	12,431.00	215,029.00
Honoraria provided	350,000.00	350,000.00
Audit and supervision	47,000.00	45,350.00
Kanisa Housing	-	21,000.00
Income tax	1,002.30	326.25
Kanisa Holdings Ltd	208,800.00	36,000.00
Unidentified receipts	1,795,783.00	797,720.00
	2,765,016.30	1,665,425.25
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 CO-OP Bank	5,682.00	2,175.00
Money market		
_ CIC	878,242.00	883,914.00
_ UAP		23,955.00
	883,924.00	910,044.00
NOTE 9a OTHER OPERATING INCOMES		
Dividends receivable		
_ CIC	1,432.00	1,432.00
_ COOP BANK	17,264.00	12,609.00
_ KANISA HOLDINGS	-	1,500,000.00
Fines and penalties	546,050.00	573,863.00
CIC insurance commission	151,470.00	270,454.00
Rebates from Kanisa Holdings	-	1,500,000.00
Zidisha and deposit boosting charges	362,533.00	718,127.00
Entrance fee	368,000.00	333,000.00
	1,446,749.00	4,909,485.00
NOTE 9b PROVISION FOR CORPORATE TAX KES 326.25		
Interest from bank savings account	4,507.00	2,175.00
50% of the taxable interest	2,253.50	1,087.50
30% thereof	676.05	326.25



NOTES TO THE ACCOUNTS (continued)

	31.12.2017	31.12.2016
	KES	KES
NOTE 10a MEMBER DEPOSITS		
At the start of the year	261,502,417.91	201,762,703.00
Contributions during the year	84,623,487.00	87,661,798.91
Refunds during the year	(39,788,154.55)	(27,922,084.00)
Total	306,337,750.36	261,502,417.91
Balance as per the listings	306,337,750.00	261,502,236.00
Difference	0.36	181.91
NOTE 10b SHARE CAPITAL		
At the start of the year	10,318,016.00	8,088,467.00
Contributions during the year	2,889,334.00	2,229,549.00
Total	13,207,350.00	10,318,016.00
NOTE 11 ADMINISTRATION EXPENSES		
Printing	195,322.00	182,640.00
Transport expenses	432,530.00	414,250.00
Communication expenses	107,121.00	93,793.00
Depreciation	246,620.28	278,672.40
Committee meeting reimbursements	1,003,300.00	896,700.00
Responsibility and supervision	318,000.00	294,000.00
Education and Training to committee	281,650.00	298,800.00
Personnel development (staff training)	126,694.00	120,683.00
Other committee expenses	272,010.00	242,985.00
Office supplies	150,345.00	123,141.00
Salaries and wages	2,862,457.00	2,656,807.00
AGM expenses	1,276,870.00	1,095,669.00
Education to members	971,900.00	841,960.00
Audit fees	47,000.00	45,350.00
Strategic plan implementation	155,000.00	121,530.00
Office rent	52,400.00	32,562.00
Public relations	62,000.00	47,950.00
Legal fees	30,000.00	-
Repairs and maintenance	41,500.00	38,520.00
Office cleaning	36,500.00	37,000.00
Member Polo Shirts	-	610,000.00
Ushirika day celebrations	18,000.00	10,000.00
	8,687,219.28	8,483,012.40

NOTES TO THE ACCOUNTS (continued)

	31.12.2017 KES	31.12.2016 KES
NOTE 12 OTHER OPERATING EXPENSES		
Corporate Social Responsibility	72,000.00	84,625.00
Bank charges	191,449.00	204,565.00
	263,449.00	289,190.00
NOTE 13 RESERVES		
Statutory reserve	7,657,580.48	7,181,211.44
Retained earnings	827,722.09	772,245.95
	8,485,302.57	7,953,457.39
NOTE 14a INTEREST EXPENSE		
Interest on member deposits	20,300,000.00	24,000,000.00
Interest on savings scheme accounts	350,000.00	200,000.00
	20,650,000.00	24,200,000.00
NOTE 14b INTEREST PAYABLE ON DEPOSITS	20,300,000.00	24,000,000.00
The amount is payable on approval by the AGM @.	6.60%	9.20%
NOTE 15 INSURANCE FUND		
Balance b/f	6,124,585.00	5,768,943.00
Contributions by members	1,296,215.00	1,982,028.00
Payment to insurance	(1,415,454.00)	(1,626,386.00)
Balance c/d	6,005,346.00	6,124,585.00
NOTE 16 MEMBERS SAVINGS SCHEME		
At the start of the year	3,838,296.00	2,782,637.00
Contribution for the year	10,440,627.00	9,439,160.00
Refunds for the year	(7,853,681.00)	(8,383,501.00)
Balance at the end of the year	6,425,242.00	3,838,296.00
This amount earned interest of 5.5% p.a paid on a prorata basis		
NOTE 17 BUDGET PERFORMANCE		
The society operated within the approved budget		
NOTE 18 DIVIDENDS PAYABLE	1,500,000.00	640,000.00
The management committee proposes to pay dividends to members @ Kes 2.27(11.36%) per share subject to approval by the AGM		



LIST OF SUNDRY DEBTORS AND LOAN DEFAULTERS

A. DEBTOR EMPLOYERS

	31.12.2017 KES	31.12.2016 KES
All Africa Conference of Churches	1,849,809.00	3,129,202.00
Film Aid	327,169.00	306,365.00
Express Automation Ltd	974,999.00	-
FECCLAHA	-	213,910.00
PROCMURA	420,997.00	556,107.00
Telcom Deposit	2,300.00	2,300.00
Kenya Scouts	71,887.00	-
Lutheran World Federation	-	278,987.00
Sankara Hotel	957,162.00	580,276.00
Longrock	38,917.00	25,000.00
Jamii Auto Care	80,000.00	-
OAIC Int	-	70,000.00
Kanisa Housing Ltd	195,000.00	-
Kanisa Holdings Ltd	1,500,000.00	1,500,000.00
	6,418,240.00	6,662,147.00

These are deductions for the month of December not remitted by the end of the year.

B. LOAN DEFAULTERS.

Abel Mboo	89,506.00	89,506.00
Margaret Itto	4,999.00	4,999.00
	94,505.00	94,505.00

GRAND TOTAL

6,512,745.00	6,756,652.00
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FY 2018 REVISED BUDGET AND FY 2019 PROPOSED BUDGET

	Actual 2017	Approved Budget 2017	% Increase/ Decrease Compared to 2017 Actual	Approved Budget 2018	Revised Budget 2018	% Increase/ Decrease Compared to 2018 Approved Budget	Proposed Budget 2019	% Increase/ Decrease Compared to 2018 Revised Budget	Notes
INCOME									
Interest on Loans to Members	29,652,516.51	29,821,084.11	-1%	32,803,192.52	32,803,192.52	0%	36,083,511.77	10%	Interest earned from loans to members.
Insurance Rebates & Commissions	151,470.00	300,000.00	-50%	300,000.00	300,000.00	0%	330,000.00	10%	Commissions earned from CIC Motor Vehicle Insurance, SACCO assurance and rebates from members loans insurance.
Interest Income	883,924.00	800,000.00	10%	880,000.00	880,000.00	0%	920,000.00	5%	Interest earned from money market accounts and bank deposits.
Entrance fee	368,000.00	350,000.00	5%	385,000.00	400,000.00	4%	400,000.00	0%	Entrance fees from new members.
Charges on non AGM/Education Day attendants	546,050.00	500,000.00	9%	550,000.00	550,000.00	0%	605,000.00	10%	Fines for non-attendance of the AGM and Education days.
Investment Income	18,696.00	1,500,000.00	-99%	1,650,000.00	500,000.00	-70%	550,000.00	10%	Dividends received from Kanisa Holdings, CIC and Co-op bank shares investments.
Zidisha and Deposit Boosting Charges	362,533.00	500,000.00	-27%	550,000.00	400,000.00	-27%	440,000.00	10%	Amount charged on members who boost their deposits for the purposes of borrowing.
KHL Expenses Contributions	-	1,500,000.00	-100%	1,650,000.00	500,000.00	-70%	550,000.00	10%	Kanisa Holdings contribution to the office running expenses.
Total Income	31,983,189.51	35,271,084.11	-9%	38,768,192.52	36,333,192.52	-6%	39,878,511.77	10%	
RECURRENT EXPENDITURE									
Salaries & Wages	2,862,457.00	2,860,000.00	0%	3,003,000.00	3,327,552.00	11%	3,500,000.00	5%	Payment of salaries & wages and stipend for attachment persons
Personnel Development	126,694.00	130,000.00	3%	150,000.00	150,000.00	0%	157,500.00	5%	Staff skills development as identified through performance reviews.
Monthly Responsibility and Supervision Expenses	318,000.00	320,000.00	1%	336,000.00	336,000.00	0%	352,800.00	5%	Administration and responsibility reimbursements.
Committee Meeting Reimbursements	1,003,300.00	994,500.00	-1%	1,044,225.00	1,044,225.00	0%	1,096,436.25	5%	CMC and Supervisory Committee meetings reimbursements.
AGM Expenses	1,276,870.00	1,000,000.00	-22%	1,150,000.00	1,300,000.00	13%	1,365,000.00	5%	AGM expenses based on current market rates for food and conference facilities as per the increase in membership.
Bank Charges	191,449.00	300,000.00	57%	300,000.00	250,000.00	-17%	270,000.00	7%	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	246,620.28	390,000.00	58%	390,000.00	390,000.00	0%	400,000.00	3%	Assets depreciation costs.
Education to Members	971,900.00	1,000,000.00	3%	1,000,000.00	1,000,000.00	0%	1,200,000.00	17%	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	281,650.00	300,000.00	7%	330,000.00	330,000.00	0%	330,000.00	0%	CMC and Supervisory Committee members training.



FY2018 REVISED BUDGET AND FY2019 PROPOSED BUDGET (Cont.)

	Actual 2017	Approved Budget 2017	% Increase/ Decrease Compared to 2017 Actual	Approved Budget 2018	Revised Budget 2018	% Increase/ Decrease Compared to 2018 Approved Budget	Proposed Budget 2019	% Increase/ Decrease Compared to 2018 Revised Budget	Notes
Committee Other Expenses	272,010.00	275,000.00	1%	302,500.00	302,500.00	0%	302,500.00	0%	Covers incidental expenses such as meetings with the banks, ministry, lawyers, auditors, and Adhoc committees.
Printing Costs	195,322.00	200,000.00	2%	200,000.00	200,000.00	0%	200,000.00	0%	Printing of loan forms, membership cards and brochures.
Audit fees	47,000.00	100,000.00	113%	100,000.00	100,000.00	0%	150,000.00	33%	Based on quotations received from auditors.
Transport Expenses	432,530.00	420,000.00	-3%	453,200.00	453,200.00	0%	480,000.00	6%	This caters for transport expenses.
Repairs and Maintenance	41,500.00	50,000.00	20%	55,000.00	55,000.00	0%	55,000.00	0%	Equipment and computer maintenance plus back-up costs.
Office Rent	52,400.00	48,000.00	-8%	48,000.00	48,000.00	0%	48,000.00	0%	Rent is paid quarterly @ KES 12,000/= per quarter.
Office Cleaning	36,500.00	40,000.00	10%	42,000.00	42,000.00	0%	42,000.00	0%	Covers cleaning of the three Kanisa Sacco offices.
Communication	107,121.00	110,000.00	3%	126,500.00	150,000.00	19%	130,000.00	-15%	Kanisa-sacco.org domain renewal and hosting expenses plus telephone expenses.
Ushirika Day Celebrations	18,000.00	30,000.00	67%	30,000.00	40,000.00	33%	30,000.00	-33%	Ushirika day expenses.
Corporate Social Responsibility	72,000.00	90,000.00	25%	90,000.00	90,000.00	0%	100,000.00	10%	Covers donations/Charity Day/ Corporate Social Responsibility expenses.
Legal Expenses	30,000.00	65,000.00	117%	65,000.00	65,000.00	0%	65,000.00	0%	Covers legal consultation expenses if required.
Public Relations and Membership Retention	62,000.00	65,000.00	5%	65,000.00	65,000.00	0%	65,000.00	0%	Conduct visits to existing corporate organisations whose employees are members of the SACCO
Strategic Plan Implementation and Policy Development	155,000.00	150,000.00	-3%	150,000.00	100,000.00	-33%	250,000.00	60%	Costs associated with the Kanisa SACCO strategic plan Implementation.
Members Promotional Materials & Social Media Marketing					300,000.00		300,000.00	0%	Printing of Promotional materials such as cup, caps, key holders etc
Provision for Bad Debts					94,505.00				For writing off the bad debts
Office Supplies	150,345.00	150,000.00	0%	150,000.00	150,000.00	0%	150,000.00	0%	Purchase of office supplies e.g. water and stationeries.
Total Expenditure	8,950,668.28	9,087,500.00	2%	9,580,425.00	10,382,982.00	8%	11,039,236.25	6%	
Surplus for the Period	23,032,521.23	26,183,584.11	14%	29,187,767.52	25,950,210.52	11%	28,839,275.52		



FY2018 REVISED BUDGET AND FY2019 PROPOSED BUDGET (Cont.)

	Actual 2017	Approved Budget 2017	% Increase/Decrease Compared to 2017 Actual	Approved Budget 2018	Revised Budget 2018	% Increase/Decrease Compared to 2018 Approved Budget	Proposed Budget 2019	% Increase/Decrease Compared to 2018 Revised Budget	Notes
CAPITAL EXPENDITURE									
Computer hardware and software		350,000.00			385,000.00		0.00		Purchase of computer hardware and operating systems.
Website & Website Portal Development		100,000.00		50,000.00	110,000.00		50000.00		Improvement of the SACCO website inline with technological advances.
Kanisa SACCO Software		3,300,000.00		635,000.00	3,630,000.00		635000.00		New Kanisa SACCO software purchase, implementation and annual maintenance.
Office Equipment		20,000.00			20,000.00				Buying of office equipment
Office Furniture and Fittings		40,000.00			40,000.00				Buying of office furniture
TOTALS		3,810,000.00		685,000.00	4,185,000.00		685000.00		



The Kanisa SACCO Management proposes the following resolutions for consideration at the Society's 37th Annual General Meeting held on Saturday 24th March 2018

1. Disposal of Surplus

That members resolve to dispose the FY2017 surplus realized as follows:-

- a) Declaration of disposal of interest on deposits at a rate of 6.6% calculated on a weighted average (pro-rata) basis, with a pay-out of 6% and retaining of 0.6% to deposits; and
- b) Declaration of dividends of Ksh. 2.27 per share (11.36%) and that this be capitalized to shares.

2. Amendment of Interest on Deposits and Dividend Payment Policy

The Management proposes to amend the policy by removing the provision of Section 3.1(ii) which reads thus:-

Have made monthly deposits contributions for at least six (6) months during the financial year under consideration

3. Review and/or Scrapping of Non-Performing Products

The Management proposes to scrap Car Loan from the list of the Society products to members

4. Society Borrowing Power

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

5. Honoraria

Declare to pay Three Hundred and Fifty Thousand Kenya Shillings (Ksh. 350,000) as honoraria to the Management and Supervisory Committee members and as bonus to staff.



