

# **KANISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD.**

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**FY2018 ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**9<sup>TH</sup> MARCH 2019**

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**THE KANISA SACCO 38<sup>TH</sup> AGM HELD ON 9<sup>TH</sup> MARCH 2019  
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**

**15<sup>th</sup> February, 2019**

**RE: NOTICE OF THE 38<sup>TH</sup> 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, 9<sup>th</sup> March 2019 at Jubilee Hall, Desmond Tutu Conference Centre, AACCC, 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 38<sup>th</sup> Annual General Meeting;
3. To adopt the agenda of the 38<sup>th</sup> Annual General Meeting;
4. To confirm and adopt the minutes of the 37<sup>th</sup> Annual General Meeting held on Saturday, 24<sup>th</sup> March 2018;
5. Presentation of the Central Management Committee (CMC) report for the year 2018;
6. Presentation of the Supervisory Committee report for the year 2018;
7. To receive, consider and adopt the financial report for the period ended 31<sup>st</sup> December 2018;
8. To receive, consider and approve the revised budget for 2019 financial year and the proposed budget for the 2020 financial year;
9. To appoint an external auditor for the year 2019;
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; and
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](mailto:info@kanisa-sacco.org) by 1<sup>st</sup> March 2019.

A kind reminder that non-attendance of the AGM shall attract a penalty of Kenya Shillings Five hundred (Ksh. 500), apologies shall attract a penalty of Kenya Shillings two hundred (Ksh 200), and late attendance shall attract a penalty of Kenya Shillings one hundred (Ksh 100). Please note that attendance of the AGM is strictly for members only and non-members will not be allowed to attend. Three (3) officials in the Central Management Committee and one (1) in the Supervisory Committee are retiring by rotation and are eligible to offer themselves for re-election. Those interested in serving in the CMC and Supervisory Committee should complete the attached Candidates' Details Form and forward the same to the Finance Manager [info@kanisa-](mailto:info@kanisa-)



## AGM NOTICE

sacco.org before 1<sup>st</sup> March 2019. 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 (Ksh 100,000).

By Order of the Central Management Committee,

A handwritten signature in black ink, appearing to be 'Alice Agunda'.

Alice Agunda,  
Hon. Secretary.

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



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 - 8:20 AM
3.	Welcome Remarks by the Chairperson	8:20 AM - 8:35 AM
4.	Adoption of the Agenda	8:35 AM – 9:00 AM
5.	Confirmation of the Minutes of the 37 <sup>th</sup> AGM	9:00 AM - 9:30 AM
6.	Matters Arising from the Minutes of the 37 <sup>th</sup> AGM	9:30 AM -10:10 AM
7.	Central Management Committee Report	10:10 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 2019 Revised Budget and Proposed FY 2020 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



### Central Management Committee

Mr. Bernard Okok	Chairperson
Mr. Quinn Kariuki	Vice Chairperson
Mr. Boniface Maina	Treasurer
Ms. Alice Agunda	Hon. Secretary
Mr. Philip Tuei	Member
Mr. Wilfred Gitau	Member
Ms. Janet Masese	Member
Ms. Ann Kioi	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 37<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> March 2018 at the Desmond Tutu Conference Centre, Nairobi

### Present

There were 471 Members present (See attached list)

### In Attendance

There were 2 in attendance (See attached list).

### Absent with Apology

Written apologies were received from 277 members (See attached list).

### Agenda

1. Call to order, opening prayers and welcome remarks.
2. To read the notice convening the 37<sup>th</sup> Annual General Meeting.
3. To adopt the agenda of the 37<sup>th</sup> Annual General Meeting.
4. To confirm and adopt the minutes of the 36<sup>th</sup> Annual General Meeting held on Saturday 25<sup>th</sup> 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 31<sup>st</sup> 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.

### Min. 01/37/AGM/24/03/2018: Call to Order, Confirmation of the Quorum and Opening Prayer

The AGM was called to order by the Chairperson, Bernard Okok, at 8.20am having ascertained the quorum as per the society's By-laws Sub-section 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 Afiwa Allahare.**

### Min. 02/37/AGM/24/03/2018: Reading of the Notice Convening the General Meeting and Welcome Remarks by the Chairperson

The Chairperson read the notice convening the Kanisa SACCO 37<sup>th</sup> Annual General Meeting (AGM) as required. He then welcomed all members in attendance while recognizing, in particular, those who were attending Kanisa SACCO AGM for the first time. This included members from the former Express Management SACCO who joined the Society in the course of the year.



**Min. 03/37/AGM/24/03/2018: Adoption of Agenda**

The 37<sup>th</sup> AGM Agenda was tabled and after few questions and clarifications, it was proposed for adoption by Jared Odhiambo and seconded by Nancy Kamau.

**Min. 04/37/AGM/24/03/2018: Confirmation of e Minutes of e 36 AGM**

e minutes were read by e Honorary Secretary, Ann Kioi and received for discussions after being proposed by Rev. Dr. Jairos D. Hlatywayo and seconded by Angeline Okola.

**Min. 05/37/AGM/24/03/2018: Matters Arising**

1. Two observations were made on Mwanangu Saving's scheme. Angeline Okola noted at on page 14 the explanation was missing while Nelson Mbayia indicated that he pulled out of this saving scheme because of the mixed up in his records in which he could not identify what went to his deposits and what went to this savings.

*The Management appreciated the observations and urged members to understand all the products and their terms and conditions and further pointed out that means are being developed to improve the saving scheme terms to allow members to use it as security for loans. Some additional values is seeking collaboration with the cooperative bank to develop piggy banks for children and also increase the interest. In addition, the Management pointed out that the mechanisms have been streamlined to address ant challenges associated with the product including cases of mix-up.*

2. Lawrence Lokulan observed that it seems that members are not fully participating in the meeting given that similar names are found as proposers and seconders. He called on the Management to seek ways of encouraging high participation.

*The Management appreciated the comments and called on members to ensure they fully and effectively contribute to the growth of the SACCO by all means including the meetings*

3. Stella Muthoni enquired whether members portal has been developed while Rev. Dr. Jairos D. Hlatywayo wanted to find out whether the proposed Honararia was implemented

*The Management indicated that members' portal will be developed once the new software is in place. On the other hand, it was pointed out that the honorarium was implemented*

**Min. 06/37/AGM/24/03/2018: The Central Management Committee (CMC) Report**

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

1. **Membership Development and Retention** - Active Membership increased by 151 from 1,451 in 2016 to 1,602 in 2017 reflecting only 10% increase as compared to targeted 30% as per the Strategic Plan while a total of 104 members withdrew from the SACCO during the year representing 96% increase as compared to a total of 53 in 2016.

2. **The Society Financial Status and Members Benefits**

a) *Deposits and Savings* – the deposits realized growth 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 in 2016 translating to 67% growth. Share Capital grew from Ksh. 10,318,016 to Ksh. 13,207,350.00 in 2017 representing a 28% growth;



- b) *The total shareholders fund stood at Ksh. 21,692,652.57 which represented 6% of the total assets. Members' Loans performed well irrespective of the enumerated social-economic and political situations of the operating context. 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;*
- c) *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; and*
- d) *Dividends and Interest on Deposits – Interest on deposits reduced from Ksh. 24,000,000 in 2016 to Ksh. 20,300,000 in 2017 implying negative growth of 15% against the targeted Ksh. 29,000,000 as per the budget. On the other hand, dividends realized growth from Ksh. 640,000.00 in 2016 to Ksh. 1,500,000.00 in 2017 implying an increase of Ksh. 860,000.00 translating to 134%. A resolution to pay an average of 6.6% as interest on deposit paid on pro-rata basis with payment of 6% and retention of 0.6% and payment of 11.36% as dividends which was to be ploughed back was made.*

**3. Diaspora remittances** - realized a negative growth of 51% moving from USD 14,033.65 in 2016 to USD 6,859.57. The Management appeals to you, members, to refer the Society to your networks abroad for membership recruitment given the diverse services and ease of funds remittance in place.

#### **4. Activities Undertaken During the Year**

- a) *Mid-term strategic plan review in which some members were invited and participated;*
- b) *Institutional development and strengthening - various policies were reviewed while other new ones developed to enhance open, efficient, prudent and accountable services;*
- c) *Academic attachment programme - a total of four students were admitted and successfully completed their academic attachment. Two of these former students secured employment with financial institutions while two others were finalizing their studies;*
- d) *Ushirika; AGM and Education Days; and Corporate Social Responsibilities – The Society participated in the celebration of Ushirika Day in which learning and experience sharing and networking were realized; convened and facilitated members events of AGM and education days. In addition the Corporate Social Responsibility (CSR) realized a visit to the Kenyatta National Hospital (KNH), the Children's Cancer Ward, as part of serving the less fortunate members of the Society;*
- e) *Streamlining relationships with associated organizations and institutions – The Society signed Memorandum of Understandings (MoUs) with two organizations;*
- f) *Defaulted loans recoveries – various efforts we undertaken to address both the undocumented and documented cases of defaults. Arising from the challenges emanating from pursuing the undocumented cases of Margaret Itto and Abel Mbo, the Management recommended for the loans to be written off through a proposed budget item. The Management affirmed that a policy framework will be developed to guide*





similar situations in future. The documented cases are those with full information and defaulters can be reached. 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 result of defaults recover their hard earned savings; and

- g) *The KHL performance* - The Company only managed to initiate one project against the projected two hence negatively impacting 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 including strengthening the decision-making process; successful processing of title deeds of the two projects - Kantafu and Koma Hill (for those who have finished payments); and finalized plans for borehole drilling at Isinya I project

**Key challenges in the report included:**

1. *New software implementation delay* – this faced some logistical challenges including contractual process and hence the delay. It will be a priority in the year 2018;
2. *Unidentified receipts/deposits* – This increased to Ksh. 1,795,783 from Ksh. 797,720 reflecting almost 125% increase and could be attributed to the introduction of various banks money transfers such as pesalink;
3. *Membership development, retention and dormancy* – the Society faces increase in membership dormancy and withdrawals, on one hand, and, on the other hand, low level of development;

4. *Loan default* – this continues to hamper smooth credit services and arises from, among other factors, members not observant when signing to guarantee loans. The Management calls for prudence when offering to guarantee a loan while urging loanees to meet their obligations;
5. *Low diaspora membership and remittance* - irrespective of the developed and simplified diaspora membership development and remittance; and
6. *Low membership events attendance* – attendance to the AGM and members education days are still very low. The Management has observed that these contributes to other challenges such as difficulties in getting guarantors and inadequate understanding of the services and the Society policies;

The Management report was received for discussion after being proposed by Rev. Dr. Lydia Mwaniki and seconded by Pamela Konya.

**Discussions and questions on the Management report:**

1. Three members - Pamela Konya, Nelson Mbayia, and Eugene Mutembei – while recognizing and appreciating the Management's handling of RSC issue also had some specific areas of clarification.
  - a) Pamela Konya wanted to know how the academic attachments opportunities are advertised.

*The opportunities are usually advertised through the communication to members and the relevant institutions of higher learning. The same information also put in the Society's website.*
  - b) Nelson Mbayia sought to know how the cases of RSC were handled, risks involved and what strategies being put in place to recruit more members following withdrawal



of some members who left the RSC. He also suggested that the Management should make the report to be brief with slide shows and PowerPoint and make the reports more interesting.

*The Management explained that the strategies adopted were both legal - according to the By-laws - and human – helping members to cope with the situation. Different options were developed such as the use of terminal benefits and pension while others came up with a repayment plan and others contacted their guarantors. These enabled the Society mitigate the risk of losing up to Ksh. 60 million in loans. The balance is at the end of the year stands at Ksh 3 million. Through this process, most of them retained their membership in the Society. In addition, the Management has put more innovative ways of membership recruitment.*

c) Eugene Mutembei, sought to know the kinds of global shifts in the USA and the UK being referred to in the report and how they relate to the situation of RSC.

*The policy shift by the US President Trump administration in cutting funding to agencies such as RSC meant that employees had to be laid off resulting to a total of 223 staff who were members of the SACCO becoming redundant. The UK Brexit meant changes in engagement of Britain with some countries both in Europe and Africa and hence negatively affecting some organizations whose employees are members of the Society.*

2. Maxwell Omondi illustrated challenges he faced in getting guarantors which forced him to seek credit facilities from the bank. This limited him from increasing his deposits.

*The Management acknowledged that guarantorship remains a challenge. Members are urged to expand spheres of alternatives to guarantorship such as*

*increasing their deposits, advancing and using Savings and also share ideas on how this can be improved.*

3. A member queried how diaspora membership recruitment are conducted and how wider SACCO members can participate

*Three strategies are used (a) retention of members who have relocated to other countries; (b) through referrals by those who are members; and (c) through website information. The Management indicated that membership can participate by referring the SACCO to their relatives and friends living and operating abroad.*

4. Alice Mwamba sought to know how the Society is handling defaulters who are running for public electoral offices. She said that two members who defaulted and guarantors paid their loans and still participated in the general elections.

*The Management reported that there were some who could not get cleared for elections as a result of the Society's interventions. The Management noted the Society will enhance this idea in taming the loan defaults by adhere to article 6 of the Constitution of Kenya 2010 on matters of integrity.*

5. A member noted varying figures for loan amounts where the table on page 26 indicated Ksh. 337,505,776 while the audited report analysis on page 36 indicated an amount of Ksh. 339,181,150.54

*It was explained that the two figures were not related and that the amount on page 36 was the balance for the year on the loan book whereas the amount on page 26 represented the loan applications done in the year.*

6. A member sought to know why the Society should retain a percentage of Interest on Deposits.





## MINUTES OF THE 37<sup>TH</sup> ANNUAL GENERAL MEETING HELD ON 24<sup>TH</sup> MARCH 2018 AT THE DESMOND TUTU CONFERENCE CENTRE, NAIROBI (Cont..)

*The Management explained that this is to the benefit of the members as it contributes to higher deposits and enhanced borrowing opportunity and building oneself.*

7. A member noted that the Society paid 9.2% as interest on deposits in 2016 as compared to the proposed 6.6% for the year whereas the business environment was stable. She also noted that other SACCOs were giving high interest rates and the Management needed to look into this.

*It was pointed out that the social and political situation in 2016 was different from that of 2017 due to protracted electioneering period. These ultimately affected the economic situation of the country and, to a large extent, the Society. The investment capacity of the SACCO and the KHL was also affected. There was also reduced borrowing by the members.*

8. Dr. Bright Mawudor supported the Management proposal of retention pointing that the interest on deposit is above the rate of inflation and this is commendable. He pleaded with the members to accept the Management's proposal

*The Management appreciated the observation and appealed to the members to consider the proposed resolution when presented*

9. Angeline Okola and Victor Mutava both expressed concern on the low uptake of loans such as Mjengo and Karibu loans. They called on the Management to look at the terms and how this could benefit members who have acquired plots through KHL. They also sought to know status of Strategic Plan implementation

*The Management agreed with the members that some loan products are still having no applications. It was explained that Karibu loan was developed for new members who had not completed six months and wanted financial assistance while Mjengo*

*loan has been in existence for some time. The Management, having noticed this, has developed a resolution to do away with one product while developing ways of adjusting terms and conditions of some of the products to make them attractive.*

10. Nancy Mutembei, referring to loans of Margaret and Abel, wanted to know whether the loans were guaranteed

*The Management clarified that these two loans have been in the books with no record as the members left the SACCO many years ago. All attempts have been taken to trace the documents with no success. To ensure no such thing happens in future, the Management indicated that systems have been strengthened to capture all details of members.*

11. Pamela Konya, on unidentified receipts, referred to page 29 and indicated that the Management promised, in the last AGM, to address the problem and wanted to know if this has been effected as it is still being noted as a challenge.

*It was indicated that the Management, in the process of software implementation, will ensure that payments done to the Society capture all the details of the member. Further the Management will also embark on strengthening efforts of sending SMS to remind members to remit their receipts if they have made payments. However, the Management pointed out that the sustainable solution is with the members presenting bank slips to the office.*

12. Anthony Gikonyo recommended training of members on finance during education day to enable them understand sources of the SACCO funds. In addition, he sought to know the meaning of documented and undocumented defaulters. He also expressed opposition of writing off of the loans indicating that this might set a precedent. On software, he wanted to know what kind of software is the Management seeking to



implement and if it will sort out issues such as the unidentified deposits.

*It was explained that the documented cases are those loans with records including guarantors and addresses of the defaulters while undocumented cases, such as those of Itto and Mbo have no records. In regard to writing off of the loans, the Management indicated that measures would be taken to ensure that this does not become the practice.*

*The proposal on training members on finance during the education day was appreciated.*

*On software, the Management informed the members that it is expected to address some of the challenges facing the SACCO including the unidentified receipts through prompt information dissemination to members on transactions.*

13. Oseko Charles wanted to know where fines and penalties are captured in the report

*The Management reported that these are on page 52*

14. Peter Maleto said that CRB clearance is a requirement for all public servants and wanted to find out whether the Society's resolution on the same had been implemented. He called on the Supervisory Committee to check systems of the Society to ensure that they are working properly and that the Society does not incur unnecessary losses.

*The Society has registered with Credit info and another registration is being pursued. Some operational and potential legal challenges hindered the initiation of listing of individuals during the year. To this end, the Management, during the year 2018, will be developing policy guidelines on CRB listing. Further registration with other CRBs such as Metropol will be undertaken.*

15. Eugene Mutembei while referring to undocumented loan cases indicated that these problems are

historical and suggested that they be written off. He appreciated the Management on how it has handled the matter. He also pointed out that some pages of booklet were missing.

*The Management, while appreciating member's commendation, apologized for the missing pages in the booklet. On the writing off of the undocumented loan cases, the Management advised the member to hold on to the matter till a resolution is presented to that effect*

16. Nelson Mbayia suggested that the Management should make the savings attractive to members and create awareness on the differences between deposits and savings.

*The suggestion was appreciated. It was indicated improvement is usually done through changing terms and conditions of saving schemes while awareness are usually carried out during education day events. The Management called upon members to turn in large number whenever those events are convened.*

#### **Min. 07/37/AGM/24/03/2018: Supervisory Committee Report**

The report was presented by the Supervisory Committee Chairperson Joyce Kangogo. The key highlight of the report was on the KHL performance.

The Company only managed to initiate one project against the projected two hence negatively impacted on the Company's returns resulting into zero declaration of profits to the Society. This notwithstanding, some milestones were achieved including strengthening the decision-making process; successful processing of title deeds of the two projects - Kantafu and Koma Hill; and finalization of plans to drill the borehole at Isinya I project.

The Supervisory Committee report was received for consideration after being proposed by Lawrence Lokulan and seconded by Gastone Odour.



### Discussions and Questions on the Supervisory Committee Report

A member, in reference to the hard economic environment due to the 2017 electioneering period, sought an explanation on the strategies that the SC developed to mitigate the Society should similar situation arise.

*The Supervisory Committee explained that while the scenario of elections are hard to predict especially on the local economic situation, they will be working with the Management to develop and implement innovative and resilient investment strategies to cushion the Society against similar shocks.*

### Min. 8/37/AGM/24/03/2018: Presentation of the Society Audited Accounts

The Audited Accounts of Kanisa SACCO Society Limited for the FY 2017 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. 30,536,440.51. Interest expenses to be paid to members at 6.6% were proposed leaving a net interest income of Ksh. 9,886,440.51;
- b) *Expenditure* - Administration expenses stood as Ksh. 8,687,219.28;
- c) *Retained earnings* - recommended that the Society should consider increasing its retained earnings and allocated 55,476.14;
- d) *Assets* - the Society's assets had increased to Ksh. 365,026,007.23 from Ksh. 316,042,197.55 in 2016;
- e) *Total liabilities and Shareholders' funds* - the figures had increased to Ksh. 365,026,007.23

from Ksh. 316,042,197.55 in 2016; and

- f) *Unidentified receipts* – increased from Ksh. 797,720 to 1,795,783 in 2017. Members were urged to be informing the office once they make deposits and also to indicate their membership numbers for ease in identification.

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 Samuel Owega and seconded by Elijah Muriuki.

### Discussions and 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. The following comments and questions were raised.

- I. Anthony Kamade Gikonyo – asked on who makes the decision on where to invest and whether other financial institutions such as Britam have been considered apart from CIC and UAP.

*It was explained that the decision to where and how to invest is made by the Management. This is strengthened and supported by the competent staff who carries out monthly market analysis considering, among other factors, stability of the institutions. At least five institutions are analyzed and outcomes are used by the Management for*





decision. CIC, for some time, has demonstrated financial stability and profits above all.

2. Elijah Muriuki noted that the page having trades and other receivables is having mix-ups.

*The Management apologized for the page mix-up*

3. A member sought clarification on the SACCO accounts held at Cooperative bank and the interest

*It was explained that the Cooperative bank savings is usually maintained as a cushion to safeguard the Society against possible cash flows challenges and it earns no interest*

4. Franklin Oyola noted that the interest on deposits of 6.6% being proposed is little as compared to 7.4% on interest on deposits declared in the previous year. He wanted to know how the Management arrived at 6.6%. On a similar note, Ambrose Amboge wanted to know the formula the Society uses to get the results being announced.

*It was explained that formula used is weighted and not simple average and that the 6.6% is a reporting figure as recorded in the books. The figure is also pegged on the number of members.*

*The Management clarified that the results announced are based on the performance of the Society during the financial year in question.*

5. Dr. Bright Mawudor, referring to decisions made on where to invest, explained how different insurance companies give returns and applauded the Management in seeking alternative investments of members' funds. In addition, he appreciated the efforts of the Management on the increase in the loan uptake.

*The Management appreciated the comment*

6. Nelson Mbayia, on page 40, surplus available for distribution, sought to find out why is honoraria a constant figure while dividends paid depends

on the performance and why is it not pegged on performance. In addition, he sought to know the meaning of responsibility and supervision and strategic plan implementation as expenditures, and the difference between committee meeting reimbursement and other committees expenses

*The Management explained that basing the honoraria on the percentage of Interest on Deposits declared is not enough proof to gauge the performance of the Management. Other parameters such as growth of the Society, risks management and day to day prudent management of the Society should be put into consideration. On Responsibility and supervision, strategic plan and committee reimbursements, the member was referred to the explanation provided in the notes under the budget.*

7. Anthony Gikonyo noted that there is a difference between a provident fund and the money market – volatility in the market and the fluctuation in investments channels available and thus the – and appreciated the Management for cautious strategies in investing members' funds in money markets that have minimal risks.

*The Management appreciated the comment and advised members to bring forth ideas that could help the Management in improving investments portfolios of the Society.*

#### **Min. 9/37/AGM/24/03/2018: Presentation and Adoption of the Budget**

The budget proposals for the year 2019 and the revised 2018 budget were presented by Boniface Maina, the Treasurer.

#### **Key budget items that had changes included:**

- i). *Interest on loans to members* - revised in the proposed budget for 2019 by 10% increasing from Ksh. 32,803,192.52 in 2018 to Ksh. 36,083,511.77 in 2019;



## MINUTES OF THE 37<sup>TH</sup> ANNUAL GENERAL MEETING HELD ON 24<sup>TH</sup> MARCH 2018 AT THE DESMOND TUTU CONFERENCE CENTRE, NAIROBI (Cont..)

- ii). *Interest income* - revised from the approved Ksh. 880,000 (2018) and Ksh. 920,000 (proposed 2019);
- iii). *Investment income* - revised from the proposed Ksh. 1,650,000 (2017) to Ksh. 550,000 in 2018 and proposed retention of the same Ksh 550,000 2019;
- iv). *Expenditure* – key budget items that were revised were as follows: -
  - (a) Salaries and wages amount - revised by 11% from Ksh. 3,003,000.00 approved in 2017 to 3,327,552.00 in 2018 and Ksh 3,500,000.00 proposed for 2019
  - (b) AGM expenses - revised by 13% from Ksh 1,150,000.00 approved in 2017 to Ksh 1,300,000.00 in 2018 and proposed Ksh 1,365,000.00 in 2019.
  - (c) Communication - revised by 19% and increased 126,500.00 150,000.00 19% 130,000.00
  - (d) Personnel development - increased by 15% to Ksh. 150,000 in 2018;
  - (e) Monthly responsibility - increased by 5% in 2018 plus committee meeting expenses;
  - (f) 2018 AGM expenses - increased by 15%;
  - (g) Depreciation - increased for 2017 to Ksh. 390,000 as the Management intended to acquire more assets;
  - (h) Committee other expenses - increased by 10% to Ksh. 302, 500 (2018);
  - (i) Transport - increased by 8% to Ksh. 453,200;
  - (j) Communication - increased to Ksh. 110,000 in 2017 and Ksh. 126,500 in 2018;
  - (k) Total expenditure - revised to Ksh. 9,087,500 in 2017 and Ksh. 9,630,425.00 in 2018; and

- (l) Office equipment, furniture and fittings had a provision for 60,000 in 2017 and no figure proposed for 2018.

### Discussions, Comments and Questions on the Budget

1. Dr. Bright Mawudor commended the treasurer and the Manager on a very progressive budget noting that they did due diligence in considering the factors of revision such as realistic, achievable, and transparent. He stated that the AACC is happy to continue hosting Kanisa SACCO

*The Management appreciated the comment*

2. Paul Munene sought to know the implication of the increase in the fines and penalties for the year 2019 and whether it means members will not attend events in 2019. He suggested Members to do the tendering for supplies to the SACCO.

*It was explained that the projected increment is based on the previous year's attendance and increase in membership. These are for the members' education day and AGM events. On tendering, the Management encourages the Society members to tender for various services when they are announced.*

After the explanation and clarification on the budget, it was approved and adopted after being proposed by Cosmas Mutava and seconded by Grace Mwangima.

### Min. 10/37/AGM/24/03/2018: Remarks by the Officer from the Co-operative Development Department, Westlands Sub-County

Mr. Wambugu from the Co-operative Development Department (Westlands Sub-County), in his remarks, expressed his appreciation to members for attending the meeting and the Management for holding the AGM on time. He further acknowledged faithful, honest and constructive engagements experienced in the meeting. He stated that his office will work closely

with the Management to align the new developments in the policies to ensure that the Society aligns with the current changes. He informed the meeting that there is currently a bill in parliament that would review the SACCO Act and, in addition, brought the following to the meeting's attention:

- (a) The Ministry is working closely with SACCOS to mitigate the rates of default;
- (b) The government have a plan to roll out housing units in the country and called upon the SACCO to do financing and also participate through the investment cooperatives; and
- (c) Government will subsidize the services it provides as well as raising money through a special infrastructure bond and called upon the SACCO to take part in this

**Min. 11/37/AGM/24/03/2018: Appointment of Auditors**

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

1. H. W. Gichohi who had quoted Ksh. 146,200
2. Odaga & Associates who had quoted Ksh. 137,600;
3. State department for Co-operative Audit in the Ministry of Industry, Trade and Cooperative who had quote Ksh. 47,000.

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

There were no proposers for the first two and the members voted to retain the Department of Cooperative Audit with a total of 472.

**Min. 12/37/AGM/24/03/2018: 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) Ann Kioi - AACC, retiring on rotational basis, expressed willingness to continue

*With no opposition, Ann Kioi was declared voted back to the Management*

- ii) Other organizations - there were 4 candidates competing for two slots

No	Name of Candidate	Proposed by	Seconded by	Votes
1	Grace Mwangima	Rhoda Lesmore	Hassan Isika	46
2	Pamela Konya	Judy Mwili	Lumuru John	13
3	Bernard Okok	Antony Gikonyo	Maureen Kwamboka	Unanimous
4	Quinn Kariuki	Oseko Charles	Lokulan Lawrence	140

*Votes: - Bernard Okok, unanimously elected and Quinn Kariuki was elected by garnering 140 votes*

**Supervisory Committee**

No	Name of Candidate	Proposed by	Seconded by	Votes
1	Richard Kola	Millicent Adhiambo	Elizabeth Ombogo	

*Since there were no other proposals, Richard was declared elected unopposed.*

**Min. 13/37/AGM/24/03/2018: Resolutions**

Mr. Wambugu took the members through the resolutions as follows:

1. *Disposal of Surplus*

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



**MINUTES OF THE 37<sup>TH</sup> ANNUAL GENERAL MEETING HELD ON 24<sup>TH</sup> MARCH 2018 AT THE DESMOND TUTU CONFERENCE CENTRE, NAIROBI (Cont..)**

- 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

*This was unanimously approved.*

- b) Declaration of dividends of Ksh. 2.27 per share (11.36%) and that this be capitalized to shares.

*This was unanimously approved*

**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*

*This was unanimously approved*

**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.

- Car loan to be scrapped – 20
- Car loan to be retained - 186

Based on the vote outcome, the product is retained

**4. Society Borrowing Power.**

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

*This was unanimously approved*

**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.

*This was unanimously approved.*

**Min. 14/37/AGM/24/03/2018: AOB**

The Chairperson thanked all who came to the 37<sup>th</sup> AGM of the Kanisa SACCO and for participation and encouraged them to continue constructively engaging with the Management as part of making the Society stronger.

He noted that the attendance was low compared to the previous year’s AGM and urged members to continue encouraging others a to attend the AGM.

He informed the meeting that no AOB had been received as per the regulations.

**Min. 15/37/AGM/24/03/2018: - Vote of Thanks**

Angeline Okola thanked the members and their confidence in the leadership and for returning them to the Management. It was an expression that the members had confidence in the leadership. She also appreciated the engagement of the members and the ability to accommodate each other’s view and even show the spirit of dissent.

She hoped that the Management will continue steering the Society forward and hoped for even better returns in the coming years

**Closing**

The chair declared the 37<sup>th</sup> AGM closed and adjourned at 3.20pm. Rev. Dr. Jairos D. Hlatywayo gave closing prayers.

Signed For and on Behalf of the Annual General Meeting:

Chairperson..........Date..... **05/03/2019**.....

Secretary..........Date..... **05/03/2019**.....



## 1.0 INTRODUCTION AND OPERATING ENVIRONMENT

### Introduction:

The Management welcomes you all, honorable members, guests, ladies and gentlemen to this auspicious occasion of Kanisa SACCO 38<sup>th</sup> Annual General Meeting. As the Society marks another stride in its life, the Management, through this report, wishes to provide an overview of its operations (context and actions), achievements realized, and challenges and gaps encountered during the financial year 2018. On this basis, the Management calls upon you to bring out questions on areas that need clarification and also provide ideas and contribute to decision and policy that would strengthen the operations of the Society.

### Operating Environment:

Generally, there has been improved economic environment from global to national levels with great impacts to the Society. Globally, the world economy has strengthened following general reductions in fragilities in areas that relate to global financial growth. According to World Economic Outlook (WEO), the global growth was projected to reach 3.9% in 2018 and this was attributed to improved global economic conditions. The call for grounded grassroots-based economic diversification and elimination of deep-rooted barriers that hinder development implies that institutions such as Kanisa SACCO must take their rightful positions in enhancing membership participation. One such area is knowing and influencing policies. The UN Secretary General puts it succinctly when he says *“As the World Economic Situation and Prospects for 2018 demonstrates, current macroeconomic conditions offer policymakers greater scope to address some of the deep-rooted systemic issues and short-term thinking that continue to hamper progress towards the Sustainable Development Goals”*. This notwithstanding, trade wars, European politics and pressure from some emerging markets are key global factors that continued, during the year under review, to negatively affect the economy of countries such as Kenya.

At the continental and regional levels, the increased stability in social and political arena means that the Society members will continue their economic engagements and hence remittances. In 2018, relative social and political stabilities were experienced in countries such as Kenya, Burundi and South Sudan where most of the SACCO members operate and live in. At the national level, irrespective of the improved and seemingly stable social and political situation, economic growth, the country, in 2018, faced myriad of challenges. Inflation rate, according to Central Bank of Kenya (CBK), for the year 2018 was of 5.58% against 4.0% in 2017. This implies that less people were able to borrow and more people had less money to spend. In addition to this, the year under review realized increased taxation on household items, fuel, mobile money and even data bundles and airtime all which had negative effects on household spending. This is reflected in less investment in institutions such as KHL and generally low level of credit uptake in Kanisa SACCO. To this end, according to Nairobi Security Exchanges (NSE), more than eight companies had issued profit warning.

Arising from the above, the Management calls on you, honorable members, to be aware of the trends that affect the Society and actively participate in those events that contribute to the growth of the Cooperative sector. These include policy discussions during occasions such as Ushirika Day and members' event such as the AGM and Education days.





### 2.0 THE LEADERSHIP AND MANAGEMENT, AND OFFICE STAFFING

#### 2.1 The Leadership and Management

*Operations:* The Society continues to experience guidance from the committed and competent members of the Society leadership. During 2018, all operations planned were realized as planned. All the Management, sub-committee meetings and joint meetings with the Supervisory Committee were held as planned. The Committees operated in full capacities and coordinated to the maximum to ensure that you, members, experience satisfied services. The team also continued strengthening their capacity through carefully-identification and attendance of appropriate trainings and skills development sessions carried out by competent and knowledgeable institutions.

Irrespective of the Management's call to members to fill and return the **Next of Kin** and **Member Consent and Authorization to Financial Records Access** forms, very few have done so. The Management wishes to inform all members that it is crucial to fill and update these forms as required by the law. For more information, please visit the SACCO website [www.kanisa-sacco.org](http://www.kanisa-sacco.org) or contact the office or any member of the Management for assistance.

*Policy reviews, development and adoptions:* In line with strengthening the Society systems and structures, the year under review realized the review of various policies including the Credit Policy to conform to resolutions adopted at the last AGM. Two policies, *the acquisition, management and disposal of collateral and CRB listing policy and guidelines*, were developed as promised in the last AGM to streamline the use of collateral in credit acquisition in addition to and/or in lieu of guarantorship and CRB engagements. Development of these policies have 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 and the need to have a clear guidance on CRB listing, respectively. All these policies have, in and through different Management meetings, been adopted and are in operation. The Management urges you, members, to find time and get full orientation on these policies.

*Leadership transitions:* During this AGM, three members of the Management namely Janet Masese, Wilfred Gitau and Patrick Gathenya and one member of the Supervisory Committee, Salome Kihara, are retiring but are eligible to offer themselves for re-election. While Janet and Patrick, on the Management, have indicated no interest to seek re-election, Wilfred (CMC) and Salome (SC) have expressed willingness to continue and therefore will be offering themselves for elections. The Management continues to urge members to consider coming forward to compete for these election slots so that the SACCO may have strengths in service delivery. In addition, the Management calls on you, members, to elect those who are competent and are ready to selflessly offer services by putting the interest of the Society ahead of their own.

#### 2.2 The Office Staffing

*The Manager's transition:* During the year under review, the Society Finance and Administration Manager CPA Godfrey Mwangi, exited the SACCO for career growth. Following this, the Management appointed CPA Charity Mwangi as the Finance and Administration Manager. Prior to her appointment, Charity was serving as the Assistant Finance and Administration Manager and took over, the leadership of the SACCO when Godfrey exited. She has been with the SACCO for Eight (8) years and has proved and demonstrated high level of competency and admirable discipline. Please let us welcome CPA Charity Mwangi to this new and challenging role and accord her all the support needed.



*The Office reorganization and strengthening:* The Management, in 2018, took actions for the office reorganization and strengthening with the purpose of ensuring that the Society operations are at optimum and to reflect the feedback from you, honorable members, and in tandem with the Market standards. Out of this, the Management appointed Casper Mutoro as the Credit Officer. Casper has been with the SACCO for three (3) years in the position of Accounts and Administration Assistant.

*New staff:* The Management, based on the need, during the year under review, recruited one staff Quinter Anyango Otieno to the position of Customer Relations Officer (CRO). Please let us welcome her to the Kanisa SACCO family and let us give her all the support required in her duties.

While it is the belief that these changes signal the Society’s growth, it is equally expected that they will steer the Society and meet your specific individual and joint needs. They will also facilitate realigning the Society to high level of competition in this ever evolving, challenging and demanding market.

*Academic Attachment programme:* During the year under review, a total of four students were admitted in and benefited from this programme. Apart from ensuring that the programme contributes to the development of the Cooperative and academic sectors, the Society has also greatly benefited from these students’ services. The Management, in its efforts to improving and strengthening this programme, has started developing strategic and structural engagement process with the respective academic institutions. This will come out in form of the attachment and internship policy.

### 3.0 MEMBERSHIP PARTICIPATION, EVENTS AND DEMISE

#### 3.1 Membership Participation:

The Management continues to appreciate all the feedback given during the year under review that came through E-mails, phone calls and filled questionnaires. Through these, the Management has undertaken different actions including the policy strengthening and office reorganizations. It is the expectation of the Management that these will continue as it signals interest and commitment of the membership to the Society affairs.

#### 3.2 Members Events:

*The 2018 AGM:* A total of 471 out of 1,602 members attended the last AGM representing a merely 29.4%. This is very low given the importance of the session which, among other things, offers the space for members to receive and interact with the progress made by the Society during the year in question while enabling contribution to the Society’s leadership and direction.

*Education day:* This was held on 6<sup>th</sup> October 2018 under the theme: “Managing your wealth and securing your future through healthy living”. This event took place at the Lions Eyesight Hospital Multipurpose Hall and was attended by 308 members which was 12% of the total members as at the time of the event. Positive feedback has been received and issues outlined are being pursued. The Management seeks to continue engaging with you, honorable members, in determining how such events can serve your needs better. The day’s events have been captured and produced in form of videos – full and short clips – for the purpose of marketing the Society as well as enabling those who missed the occasion catch up with and learn from what happened. They are also available on the Kanisa SACCO social media pages. Please like the pages and help the Management in enhancing marketing of the Society in your respective networks.

*Chai Day:* Chai day is a new and innovative marketing and public relations initiative by the Management aimed at providing an opportunity for new members with a platform to interact with the leadership and deepen understanding on the Society's products and services. This event took place on 11<sup>th</sup> August 2019 and attended by 18 members out of the 29 members who had confirmed. By listening to the needs of new members, the Management is capable of designing new strategies to ensure that the Society move with time. In addition to learning from the Leadership, the new members also had a chance of building knowledge between and among themselves and hence creating new ways of developing a pool of guarantorship. The Management calls upon new members to plan to attend these occasions when invited.

*Corporate Social Responsibility (CSR):* Due to unavoidable circumstances, the CSR event was not realized during the year under review. The Management, having explored the challenges that emerged, have developed key strategies to ensure that the event takes place in 2019 and the Society continues to be in solidarity with the less privileged members of the society. The Management calls upon you members to always come out in large numbers when called upon to join in the events.

### 3.3 Demise

The Management sadly announces the passing on of two members during the year 2018. These are Tyson Vidolo of Express Automation and whose father, namely Abel Vidolo is also a member of the Society; and Titus Wayotti of Kenya Scouts Association. The Management calls upon all to stand up and observe a minute of silence in honor of these two gallant honorable members. May the Good Lord rest their souls in His perfect peace and grant their families comfort and understanding. Based on the good practice and the availability of all information including the next of kin details, the necessary financial payments for the late Tyson were done on a timely manner while that of the late Wayotti is in progress as the death occurred on 28<sup>th</sup> December 2018.

## 4.0 ACHIEVEMENTS AND CHALLENGES

### 4.1 The SACCO

*Awards and recognition:* The Society, during the year under review, took part in the SACCOs adjudications process under the National Council for Ushirika Day Celebrations. The process involved the submission of key SACCO documents and information in accordance to the adjudication requirements. This was followed by a visit to the office by the Coop Consultancy & Insurance Agency (CCIA) officials for the purpose of physical verification of the information provided. From this exercise, Kanisa SACCO managed to scoop two awards - First runners up, the Best in Savings Management; and First runners up, the Most Efficient SACCO, in the Community-based Cooperative Society sector.

*Membership development and retention:* This is a very key item under the SACCO Strategic Plan as it contributes to the growth of capital base as well as strengths in other areas of the Society. During the year under review:

- a) Members growth realized an increase of 206 implying 12.9% which was better than the previous year, 2017's 10% but still fell below the projected SP's 30%;
- b) The dormancy increased from 617 in 2017 to 668 implying 51 members became dormant in 2018 implying 8.3% as compared to 64% in 2017; and
- c) A total of 87 members withdrew from the Society as compared to 104 in 2017





Reasons for dormancy and withdrawals given include loss of employment hence disruption of regular source of income, relocations and difficulties in getting guarantorship, among others. The question of guarantorship has also contributed to some members joining other SACCOs.

Honorable members, the Management continues to innovate ways and mechanisms through which one can still remain a member even in the events of job loss or relocation. This includes easy way of funds remittance and adjustable deposit payment plans. This is in addition to the inclusion of the use of Savings scheme and title deeds as credit security as some of the ways of addressing guarantorship issues. The Management, therefore, calls upon you honourable members to invest more in KHL-led opportunities and start building savings schemes as they become handy in securing loans. For more information on these, please contact the office.

*Finances and incomes:* The Society realized positive growth in all financial sectors. This is as indicated below:

- a) Deposits moved from Ksh. 306,337,750 in 2017 to Ksh. 348,584,712 an increase of Ksh. 42,246,962 implying a 13.8% growth. It is very encouraging to note that more members joined the voluntary withdrawable savings scheme where there is a 19.2% growth (amount of Ksh. 1,235,612) moving from Ksh. 6,425,242 in 2017 to Ksh. 7,660,854 in 2018. The Management wishes to encourage more members to join this scheme as one can now use the funds as security for loans. This is one way of addressing the issues around default challenges. Kindly contact the office to know more about the process;
- b) Share capital realized Ksh. 2,901,339 growth from Ksh. 13,207,350 in 2017 to Ksh. 16,108,689 in 2018 translating to 22%;
- c) Turnover which is usually the net sales the Society has generated in a year before any costs have been deducted reflecting how the business is growing attained a growth of Ksh. 5,323,186 from Ksh. 31,983,189 in 2017 to Ksh. 37,306,375 reflecting a 16.6% increase;
- d) Loan performance in 2018 proved to be among the best in the life of the Society. As compared to 2017, in which the loan performance was at Ksh. 339,181,150, the year in question realized Ksh. 388,492,713 which is Ksh. 49,311,563 translating to 14.5% growth; and
- e) Dividends and interest on deposits: Dividends reduced from 11.36% in 2017 to 5.1% in 2018 while interest on member deposits managed a growth of 6.6% to 7.0% in the same period. The negative knock-on-effects on the dividends has been caused by the new accounting standard, IFRS 9, as reflected in the audited accounts and explained under challenges in this report. In this situation, the Management is proposing, through a resolution, interest on member deposits of 7% with payment of 6% and 1% to be retained in your deposits and dividends of Ksh. 1.02 per share or 5.1% to be capitalized to shares. The Management calls upon you to support this resolution when tabled as it comes along way to help you build your financial base and hence secure your future.

*Conversation with organizations associated with the SACCO:* In order to enhance strong understanding of the Society, the Management visited and held discussions with senior leadership and staff of some of the corporate institutions whose employees are members of the SACCO as well as potential ones. These visits offered opportunities not only for the Management to listen to the needs of members but also to advance awareness of the available services and products as well as policies understanding. It is the intention of the Management to enhance this in 2019 and you are called upon you to facilitate these visits and conversations in your institutions or working area.



### *Strengthening the operations and mitigation of loan defaults:*

- **New software implementation:** As indicated in the last AGM, the Management fully initiated the process of software implementation and, during the year under review, a lot of tasks have been realized. These include advertisement and recruitment of the contractor and signing of the contract agreement, purchase of laptops and purchase and installation of softwares into the laptops; office networking and purchase of computer hardware. More updates will be provided in the course of implementation. Upon completion, among other things, members will be able to access their details such as statements online.
- **Loan Default Mitigation:** The Management, following the finalization of CRB listing policy and guidelines, initiated the listing of individuals who have totally failed, albeit numerous reminders, to service their loans. To this end, a total of seven (7) names have now been listed in the CRB and the Management plans to undertake this process on a continuous basis. In addition to this, the Management continues to follow members who have defaulted their loans with their employers. One such case is with the National Police Service and the Independent Policing Oversight Authority (IPOA) and the Management is working with the two institutions to ensure that the loanee meets his obligations.

Honorable members, the Management has strengthened the process of loan default mitigations and calls for your cooperation to ensure the Society plays its role in this challenging field. One such measure, in addition to those mentioned, is the development, adoption and operationalization of collateral policy.

### **4.2 Kanisa Holdings Limited (KHL)**

Irrespective of the improved social and political landscape of the operating environment during the year, the Society's Subsidiary, KHL, did not do very well. This is basically because of the low investment rate in its projects. The Company, for those who are new, identifies, acquires and offers, to Kanisa SACCO members and the public, authentic and affordable investment opportunities. Since establishment, the Company has been dealing in land investments. During the year under review, the Board of Directors facilitated finalization of borehole drilling in its Isinya I project (that has been named by the investors as El Channun Gardens); relaunched Isinya II; and finalized Koma Hill project. Title deeds for those who have cleared payments for Koma Shrine, Isinya II and Kantafu were processed and given. In the same year, KHL managed to launch one project, Koma Shrine View project which is still available.

The Board calls upon members to take advantage of the good terms being offered including low-interest rate-KHL Property Loan. Please contact the office or any official of the Society for more information and assistance on the available investment opportunities, in particular, and the Company in general.

*Financial performance:* As illustrated, the Company failed to meet its financial targets during the year under review. Therefore, no dividends were declared for the Society. The Company's Board of Directors through the Society Leadership has availed the audited accounts of the Company for your review and understanding.

*Projects sales:* While this is the core mandate of the Company, the year under review greatly realized reduced activities based on the low level of uptakes among you members. Only one project was launched and, together with one that had been put on sale the previous year, has not been finalized. The Management, on behalf of the Company leadership, calls upon you to take advantage of the existing opportunities to build and secure your future.



### 4.3 Overall Challenges

- a) *Low deposit and saving culture* – while there seems to be an increase in both the deposits and savings scheme, this is still low given the direction to which the Society is supposed to move. With the aim of becoming FOSA, there is a need to enhance these areas of financials especially the deposits. The Management calls upon members to consider, voluntarily, increasing what you invest in the Society for the purpose of both securing your future as well as enhancing your borrowing power. It is on this basis that the Management appeals to this AGM to consider the resolutions on retention of deposits when tabled;
- b) *Membership development and retention* – membership growth rate is way below the Strategic Plan expectations. While this can be attributed to several factors including the shrinking marketing space, the Management calls upon you members to be good ambassadors of the Society and help in the recruitment of more members. This can be done through introducing relatives and friends who are both in and out of the country;
- c) *Low diaspora recruitment* which relates to (a) and (b) above can be addressed through introduction of acquaintances and relations living and operating abroad. The Management is proposing, through a resolution, a diaspora loan product and calls upon you to support it when time comes;
- d) *Unidentified receipts* - 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;
- e) *Membership withdrawal* – as already indicated above, various reasons including loss of employments and relocations have been given for the withdrawals. The Management reminds you members that you can continue being a member even if you lose your job or relocate. What one should do is to get in touch with the Management through the office and agree on the payment and remittance mechanism;
- f) *Low investment in the Subsidiary* – the year 2018 realized the lowest members' investment in the KHL projects. The Management wishes to remind members of great investment opportunities being offered by the KHL and mechanisms of acquiring such. This includes the KHL Property loan whose terms of acquisition by members is very friendly. Please contact the office on the available opportunities and how you may get these investments;
- g) As per the the new accounting regulations, IFRS 9, on loan loss provision, the Society was required to make provision amounting to Ksh 1,553,970.85. This is 0.4% of the total loan book for the year 2018. In three years, the Society is expected to be at 1% of the total loan book. This provision does not however implies that loan defaulters will not meet their obligations; and
- h) *Loan default* – as the Society grows, the challenge of loan default increases. While the Management keeps on developing strategies to mitigate the default rate, members are also called upon to be responsible both in their gurantorship as well as meeting own credit obligations. Certain products have been reviewed to help in mitigating these and the Management calls upon this meeting to adopt them when presented as resolutions

### 5.0 PROSPECTS

The Management views 2019 as a year of enhancing systems and approaches to:

- a) Continue reducing levels of defaults through, among others, finalizing of software implementation, increased engagement with members facing challenges, following those who have defaulted and working; enhancing CRB mechanism; and strengthening working relationships with public institutions that relate to integrity;
- b) Increasing membership development and reducing the rate of withdrawals and dormancy;
- c) Development and/or improvement of policies or mechanisms to provide guidance on and toward debt management and unclaimed assets as per the existing laws of the land; and policy on the attachment and internship; and
- d) Strategic Plan – the Society’s current Strategic Plan (2015 – 2019) is coming to an end this year. To this end, the Management plans to undertake its comprehensive review outlining areas of success as well as gaps and challenges encountered. Out of this, the Management will initiate and facilitate development of a five-year (2020 – 2024) Strategic Plan for the Society. As usual, the Management will call some of you to participate in and contribute to the process.

### 6.0 Conclusion and Acknowledgements

The Management can only drive the Society ahead and into new heights with total committed and contributing members. To this end, members are called upon to strengthen their contributions both in finances and ideas. Participating in the convened events such as the AGM and giving inputs to what the Management has proposed can go a long way in ensuring the Society grows.

In its work during the year under review, the Management appreciates you, honourable members for your dedication. The SACCO cannot exist without you and hence we urge you to continue putting the Management on its toes to offer you services smoothly and efficiently. At this juncture and while appreciating the AACC for the hospitality, the Management wishes to take this opportunity to congratulate Rev. Dr. Fidon Mwombeki for his appointment as the AACC General Secretary. On behalf of the Society membership and stakeholders, the Management looks forward to continued warm and symbiotically beneficial relationship with the AACC under your leadership. The Management also wishes to appreciate the Department of Cooperatives in the Ministry of Cooperatives and Marketing; the Supervisory Committee for their collaboration; and the office Staff who worked hard to ensure smooth service delivery irrespective of their reduced numbers.

*Ahsanteni Sana and God bless you All!*



Bernard Okok Obuoga  
Chairperson

Date: **05/03/2019**



**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 31/12/2018

**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**

	<b>2018</b>	<b>2017</b>	<b>GROWTH</b>
	<b>KSH</b>	<b>KSH</b>	
Surplus before Tax	1,527,156.46	2,382,521.23	-35.90%
Income Tax Expense	-	(676.05)	-100.00%
Net Surplus after Tax	1,527,156.46	2,381,845.18	-35.88%
Retained Surplus for the year	6,725.16	55,476.14	-87.88%
Interest on Members deposit	24,400,000.00	20,300,000.00	20.20%

**Dividends/Interest on members deposits**

The Management Committee recommends payment of first and final dividends of Kshs. 1.02 (5.1%) per share.


They also recommend interest on members deposit of 7%

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 M..... mitee

Signature.....  .....Date..... **25/02/2019** ..... Hon. Secretary.



# SUPERVISORY COMMITTEE REPORT TO THE MEMBERS OF KANISA SACCO SOCIETY LTD DURING THE 38<sup>TH</sup> ANNUAL GENERAL MEETING HELD ON 9<sup>TH</sup> MARCH 2019

## 1.0 INTRODUCTION

The Supervisory Committee derives its mandate from Co-operative Societies Act CAP 490: No. 12 of 1997 (amended 2004) and Rule No 28(3) of the laws of Kenya, and the Kanisa Savings and Credit Co-operative Society Ltd By-laws which states that the supervisory committee shall proceed to do the following:

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

Supervisory Committee is happy to report that four reviews were carried out and a report produced for each review. Each Report covered four sub sections:

- i. Objectives of the verifications;
- ii. Scope of work done;
- iii. Observations and findings;
- iv. Recommendations.

## 2.0 OBJECTIVES OF THE VERIFICATION

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

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

## 3.0 SCOPE OF WORK DONE

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

- i. Loan application, approval and disbursement;
- ii. Petty Cash and Bank reconciliation;
- iii. Membership analysis;
- iv. Budget variance Analysis;
- v. Recovery of defaulted loans;
- vi. Staff affairs and statutory deductions;
- vii. Products and services;
- viii. Implementation of 2017 AGM resolutions;
- ix. Minutes of management and subcommittee meetings;
- x. Kanisa Holdings operations and books;
- xi. Implementation of the strategic plan.



## 4.0 KEY OBSERVATIONS AND FINDINGS

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

### 4.1 Financial Statements reporting and IFRS 9 compliance

The performance as per the audited report shows that the SACCO made a profit of Ksh 1,527,156.46 in year 2018 compared to Ksh. 2,382,521.23 In the previous year. Thus the profits reduced by Ksh. 855,364.77. the decline is mainly attributed to the Society's compliance with IFRS 9 in preparation of the financial statements which had a significant impact on the surplus available for distribution. We therefore urge Management to have a clear roadmap of ensuring compliance with the standard is achieved.

### 4.2 Loan Appraisal Process

We reviewed the loans issued during the year under review, and we can confidently report that loans were issued to eligible SACCO Members and that the right procedure was followed. Most of these loans were issued within the stipulated timeframes in accordance to the SACCO bylaws and the credit policy.

### 4.3 Loan default and guarantorship

As at 31st December 2018, the total amount defaulted was **ksh. 10,355,143.00**. Total amount expected to be recovered from guarantors after balancing off with deposits was **ksh. 8,859,527.00**. This amount will be recovered from guarantors if the loanee does not repay the loan. At the same time, a total of **Ksh. 8,676,986.00** were recovered from guarantors in the year 2018. It is believed that, most of the loans are defaulted at the point of application as the credit history of the applicant is revealed by the personal statement from the SACCO. The Management has put in place certain mitigation measures to reduce default such as incorporating services of Credit Reference Bureau in the loan appraisal system.

Supervisory Committee however, urges guarantors to undertake due diligence on the loanee background in order to establish their credit worthiness before committing to guarantee. This will go a long way in protecting our hard-earned cash from loss.

We also urge you members to ensure that you service your loans, as it is your responsibility and not that of the guarantors. In case circumstances change affecting repayment, please communicate to the office who will be more than willing to assist where possible.

### 4.4 Budget Analysis

During the financial year 2018, the Management operated within the approved budget, the expenses were well controlled and in overall a savings was made. The income achieved slightly surpassed the budget with interest on member's loan contributing more than 90% of the income. We noted a drop in the contribution from the investment as the investments of the society did not generate expected income geared towards supplementing the earnings of the society.

We urge the management to continue working within the budget and to grow the revenues to surpass the income budget, and to seek expertise required in the investments so as to generate more in the coming year.

### 4.5 Staff Reorganization

During the year, the SACCO experienced staff exit, hires and the reorganization of job roles and titles. As the Management continues with this exercise we can only urge them to ensure that the staffs hired are competent to handle their duties so that we can all steer this wonderful society to the next level. We also urge you members to engage with and give your unwavering support to the staff for the prosperity of the society.





**4.6 Acquisition of the software**

The management was mandated to acquire a new software, as at 31<sup>st</sup> December the acquisition process had not been completed. S.C) believes that with the implementation of the new software, a lot will be achieved in terms of efficiency and effectiveness in service delivery to the members. SC urges the management to fast track the implementation process of the new software.

**4.7 Internal Controls**

Based on our findings during the reviews, we are happy to report that internal controls put in place by management are adequate, and that the SACCO’s affairs are compliant with the bylaws, though there is still room for improvement.

**Conclusion**

On behalf of the Supervisory Committee, I take this opportunity to thank you members, for giving us an opportunity to serve in this committee, our appreciation goes to the Management, staff and the Department of Cooperative, Nairobi City County for their advisory role accorded to us during the year.

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: 05/03/2019

Secretary: Richard Kola  Date: 05/03/2019

Member: Salome Kihara  Date: 05/03/2019

**May the Almighty God bless you all.**



# AUDITED REPORT

## STATISTICAL INFORMATION



	31.12.2018	31.12.2017
<b>Number of members - Active</b>	<b>1808</b>	<b>1602</b>
<b>-Dormant</b>	<b>668</b>	<b>617</b>
	<b>KSH</b>	<b>KSH</b>
Members deposits	348,584,712.36	306,337,750.36
Share capital	16,108,689.00	13,207,350.00
Loans to members	388,492,713.54	339,181,150.54
Statutory reserves	7,963,011.77	7,657,580.48
Savings scheme	7,660,854.00	6,425,242.00
Retained earnings	834,447.16	827,722.09
Current assets	27,730,413.00	23,839,799.82
Current liabilities	44,902,376.85	36,995,604.30
Turnover	37,306,375.80	31,983,189.51
<b>KEY RATIOS</b>		
Liquidity ratio	0.6:1	0.6:1
Membership increase	11.60%	21.40%
Percentage of expense to revenue	25%	28%
Interest on member deposits	7.00%	6.60%
Dividends per share (per value Ksh 20/=)	1.02(5.1%)	2.27(11.36%)



## 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.

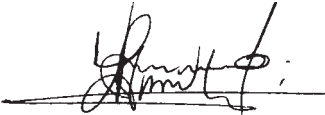
The Management committee accepts responsibility for the annual financial statement which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS and in the manner required by the co-operative Society Act, cap 490. 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 5<sup>th</sup> March 2019 and signed on its behalf by:

Chairperson (Benard okok).....  


Treasurer (Boniface Maina).....  


Hon. Secretary (Alice Agunda).....  


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## Opinion

We have audited the accompanying financial statements of KANISA SACCO Society Limited, which comprise the statement of financial position as at 31<sup>st</sup> December 2018, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at 31<sup>st</sup> December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenya Co-operative 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 Management determine as 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 Management Committee, 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**

**CPA BETTY C RONO  
DEPUTY COUNTY DIRECTOR CO-OP AUDIT  
NAIROBI CITY COUNTY.**

DATE ..... **7/3/2019** .....

# INCOME STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018



REVENUE	NOTES	2018 KSH	2017 KSH
Interest on loans		34,692,522.80	29,652,516.51
Other interest income	8	796,507.00	883,924.00
		<b>35,489,029.80</b>	<b>30,536,440.51</b>
Interest expenses	14a	(24,880,000.00)	(20,650,000.00)
<b>Net interest income</b>		<b>10,609,029.80</b>	<b>9,886,440.51</b>
Other operating income	9	1,817,346.00	1,446,749.00
<b>Net Income</b>		<b>12,426,375.80</b>	<b>11,333,189.51</b>
Administration expenses	11	(10,688,617.10)	(8,687,219.28)
Other operating expenses	12	(210,602.24)	(263,449.00)
<b>Net operating surplus before income tax</b>		<b>1,527,156.46</b>	<b>2,382,521.23</b>
Income tax expense	9b	-	(676.05)
<b>Operating surplus after tax</b>		<b>1,527,156.46</b>	<b>2,381,845.18</b>
20% Transfer to statutory reserve		(305,431.29)	(476,369.04)
<b>Surplus available for distribution</b>		<b>1,221,725.17</b>	<b>1,905,476.14</b>
Provision for honoraria		(400,000.00)	(350,000.00)
Provision for dividends		(815,000.00)	(1,500,000.00)
<b>Surplus to retained earnings</b>		<b>6,725.16</b>	<b>55,476.14</b>



# BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2018

	NOTES	2018 KSH	2017 KSH
<b>ASSETS</b>			
Cash and cash equivalent	6	17,394,635.00	17,327,054.82
Trade and other receivables	5	10,335,778.00	6,512,745.00
Loans to members	4	388,492,713.54	339,181,150.54
Financial assets	3	1,142,000.00	1,142,000.00
Property plant & equipment	2	1,028,110.61	863,056.87
<b>Total Assets</b>		<b>418,393,237.15</b>	<b>365,026,007.23</b>
<b>LIABILITIES</b>			
Members deposits	10a	348,584,712.36	306,337,750.36
Members savings scheme	16	7,660,854.00	6,425,242.00
Dividends payable	18	815,000.00	1,500,000.00
Interest payable on deposits	14b	24,400,000.00	20,300,000.00
Trade and other payables	7	6,176,435.85	2,765,016.30
Insurance fund	15	5,850,087.00	6,005,346.00
<b>Total Liabilities</b>		<b>393,487,089.21</b>	<b>343,333,354.66</b>
Shareholders Fund			
Share capital		16,108,689.00	13,207,350.00
Reserves		8,797,458.94	8,485,302.57
<b>Total Shareholders Fund</b>		<b>24,906,147.94</b>	<b>21,692,652.57</b>
<b>Total Liabilities and Shareholders Fund</b>		<b>418,393,237.15</b>	<b>365,026,007.23</b>

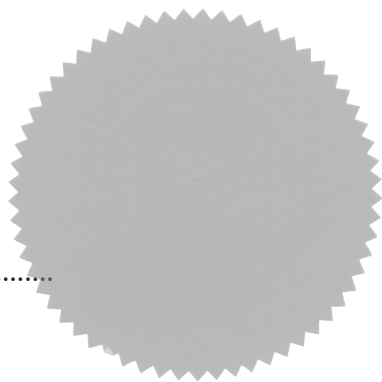


The financial statement on pages 33 - 47 were authorized for issue by the management committee on 5th March 2018 and signed on behalf by

Chairperson (Bernard Okok).....

Treasurer (Boniface Maina).....

Hon. Secretary (Alice Agunda).....



# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018



	Share Capital	Statutory Reserve	Retained Earning	Total
	KSH	KSH	KSH	KSH
<b>Year ended 31<sup>st</sup> Dec 2017</b>				
<b>At Start of the year</b>	10,318,016.00	7,181,211.44	772,245.95	18,271,473.39
<b>Changes in equity in 2017</b>				
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)
				-
<b>As at 31<sup>st</sup> December 2017</b>	<b>13,207,350.00</b>	<b>7,657,580.48</b>	<b>827,722.09</b>	<b>21,692,652.57</b>
	Share Capital	Statutory Reserve	Retained Earning	Total
	KSH	KSH	KSH	KSH
<b>Year ended 31<sup>st</sup> Dec 2018</b>				
<b>At start of the year</b>	13,207,350.00	7,657,580.48	827,722.09	21,692,652.57
<b>Changes in equity in 2018</b>				
Contributions	2,901,339.00			2,901,339.00
Adjustment in accounting policy				-
Surplus for the year			1,527,156.46	1,527,156.46
20% Statutory reserve		305,431.29	(305,431.29)	-
Tax provision		-	-	-
Dividends			(815,000.00)	(815,000.00)
Honoraria			(400,000.00)	(400,000.00)
<b>As at 31<sup>st</sup> December 2018</b>	<b>16,108,689.00</b>	<b>7,963,011.77</b>	<b>834,447.25</b>	<b>24,906,148.03</b>



# CASH FLOW STATEMENT

	31.12.2018	31.12.2017
	KSH	KSH
<b>Cash flow from operating activities</b>		
Interest received on loans	34,692,522.80	29,652,516.51
Other operating income	1,499,374.00	1,428,053.00
Interest payments	(18,960,851.00)	(24,402,598.00)
Payment to employees and suppliers	(8,973,308.24)	(8,657,048.00)
	<b>8,257,737.56</b>	<b>(1,979,076.49)</b>
<b>Increase/Decrease in operating assets</b>		
Loans to members	(49,311,563.00)	(46,499,350.14)
Trade and other receivables	(3,823,033.00)	289,257.00
<b>Increase/Decrease in operating liabilities</b>		
Deposits from members	42,246,962.00	44,835,332.45
Members savings	1,235,612.00	2,586,946.00
Trade and other payables	(11,498.00)	1,104,513.00
Honoraria paid	(350,000.00)	(350,000.00)
Insurance fund	(155,259.00)	(119,239.00)
Audit fee paid	(47,000.00)	(45,350.00)
Income tax paid	(1,002.30)	-
<b>Net cash from operating activities after tax</b>	<b>(1,959,043.74)</b>	<b>(176,967.18)</b>
<b>Cash Flow from investing activities</b>		
Purchase of property and equipment	(489,194.00)	(243,285.00)
Interest received	796,507.00	883,924.00
Dividends received	317,972.00	18,696.00
<b>Net cash from investing activities</b>	<b>625,285.00</b>	<b>659,335.00</b>
<b>Cash flow from financing activities</b>		
Share capital contributions	2,901,339.00	2,889,334.00
Dividends paid	(1,500,000.00)	(640,000.00)
<b>Net cash from financing activities</b>	<b>1,401,339.00</b>	<b>2,249,334.00</b>
<b>Net(Decrease)/Increase in cash and equivalent</b>	<b>67,580.26</b>	<b>2,731,701.82</b>
<b>Cash and cash equivalent at the beginning of the year</b>	<b>17,327,054.82</b>	<b>14,595,353.00</b>
<b>Cash and cash equivalent at the end of the year</b>	<b>17,394,635.08</b>	<b>17,327,054.82</b>





## NOTE I 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 (KSH) 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:

<b>Assets</b>	<b>Rates</b>
Furniture & fittings	<b>12.50%</b>
Computers	<b>30%</b>
Office equipments	<b>12.50%</b>

### 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:

	31.12.2018 KSH			31.12.2017 KSH
	Furniture and fittings KSH	Computer and Equipment KSH	Office Equipment KSH	TOTAL KSH
<b>COST</b>				
1.1.2018	201,915.75	1,987,123.00	567,836.00	2,756,874.75
Additions	34,500.00	454,694.00	-	489,194.00
<b>31.12.2018</b>	<b>236,415.75</b>	<b>2,441,817.00</b>	<b>567,836.00</b>	<b>3,246,068.75</b>
<b>DEPRECIATION</b>				
1.01.2018	103,203.64	1,555,480.45	235,133.80	1,893,817.89
For the period	16,651.51	265,900.97	41,587.78	324,140.25
<b>31.12.2018</b>	<b>119,855.15</b>	<b>1,821,381.42</b>	<b>276,721.58</b>	<b>2,217,958.14</b>
<b>NET BOOK VALUE.</b>				
31.12.2017	98,712.11	431,642.55	332,702.20	863,056.86
<b>31.12.2018</b>	<b>116,560.60</b>	<b>620,435.59</b>	<b>291,114.43</b>	<b>1,028,110.61</b>



**NOTE 3  
FINANCIAL ASSETS.**

	<b>31.12.2018 KSH</b>	<b>31.12.2017 KSH</b>
10,000 Ordinary shares @ Ksh 100 each in Kanisa Holdings Ltd	1,000,000.00	1,000,000.00
132,000 Ordinary shares @ Ksh 1 each in Co-op Bank (K) Ltd	132,000.00	132,000.00
10,000 Shares in CIC (K) Ltd @ Ksh 1 each	10,000.00	10,000.00
	<b>1,142,000.00</b>	<b>1,142,000.00</b>

**NOTE 4  
LOANS TO MEMBERS.**

At the start of the year	339,181,150.54	292,681,800.40
Granted during the year	389,343,786.00	355,393,245.00
Repayments during the year	(340,032,223.00)	(308,893,894.86)
	<b>388,492,713.54</b>	<b>339,181,150.54</b>
Balance as per listing	<b>388,491,825.25</b>	<b>339,180,100.98</b>
<b>Difference</b>	<b>(888.29)</b>	<b>(1,049.56)</b>

**NOTE 5  
TRADE AND OTHER RECEIVABLES**

a Debtor Employer	Note 19A	8,160,892.00	6,418,240.00
b Loan defaulters	Note 19B	-	94,505.00
c Kanisa Holdings Rebates		300,000.00	
d Surestep Systems and Solutions		1,874,886.00	
		<b>10,335,778.00</b>	<b>6,512,745.00</b>

**NOTE 6  
CASH AND CASH EQUIVALENT.**

CIC money market - call deposit	10,417,926.00	9,421,419.00
CBA current account (reconciled)	2,125,069.00	2,346,454.00
Co-op bank savings account	596,957.00	577,891.00
Co-op bank current account(reconciled)	2,823,973.00	3,314,179.00
M-pesa accounts (verified).	1,427,355.00	1,657,932.82
Cash at hand (verified)	3,355.00	9,179.00
	<b>17,394,635.00</b>	<b>17,327,054.82</b>



## NOTES TO THE ACCOUNTS (continued)

### NOTE 7 TRADE AND OTHER PAYABLES

	31.12.2018 KSH	31.12.2017 KSH
Interest on savings scheme accounts	480,000.00	350,000.00
Unpaid Interests on members deposits	1,701,580.00	12,431.00
Honoraria provided	400,000.00	350,000.00
Audit and supervision	47,800.00	47,000.00
Kanisa housing	15,000.00	-
Dorapos Designers	105,944.00	
Income tax	-	1,002.30
Kanisa holdings Ltd	85,958.00	208,800.00
Provision for loan loss	1,553,970.85	-
Unidentified receipts	1,786,183.00	1,795,783.00
	<b>6,176,435.85</b>	<b>2,765,016.30</b>

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
Money market	- CIC	796,507.00
		<b>796,507.00</b>
		<b>883,924.00</b>

### NOTE 9a OTHER OPERATING INCOMES

Dividends receivable	_ CIC	1,636.00	1,432.00
	_ COOP BANK	16,336.00	17,264.00
Fines and penalties		852,200.00	546,050.00
CIC insurance commission		173,836.00	151,470.00
Rebates from Kanisa Holdings		300,000.00	-
Zidisha and deposit boosting charges		216,338.00	362,533.00
Entrance fee		257,000.00	368,000.00
		<b>1,817,346.00</b>	<b>1,446,749.00</b>

### NOTE 9b PROVISION FOR CORPORATE TAX KSHS

Interest from bank savings account	-	4,507.00
50% of the taxable interest	-	2,253.50
30% thereof	-	<b>676.05</b>



	31.12.2018 KSH	31.12.2017 KSH
<b>NOTE 10a MEMBER DEPOSITS</b>		
At the start of the year	306,337,750.36	261,502,417.91
Contributions during the year	98,445,851.00	84,623,487.00
Refunds during the year	(56,198,889.00)	(39,788,154.55)
<b>Total</b>	<b>348,584,712.36</b>	<b>306,337,750.36</b>
Balance as per the listings	<b>348,584,708.22</b>	<b>306,337,750.00</b>
<b>Difference</b>	4.14	0.36
<b>NOTE 10b SHARE CAPITAL</b>		
At the start of the year	13,207,350.00	10,318,016.00
Contributions during the year	2,901,339.00	2,889,334.00
<b>Total</b>	<b>16,108,689.00</b>	<b>13,207,350.00</b>
<b>NOTE 11 ADMINISTRATION EXPENSES</b>		
Printing	193,159.00	195,322.00
Transport expenses	428,840.00	432,530.00
Communication expenses	149,229.00	107,121.00
Depreciation	324,140.25	246,620.28
Committee meeting reimbursements	1,002,600.00	1,003,300.00
Responsibility and supervision	318,000.00	318,000.00
Education and Training to committee	254,582.00	281,650.00
Personnel development (staff training)	110,750.00	126,694.00
Other committee expenses	291,793.00	272,010.00
Office supplies	149,670.00	150,345.00
Salaries and wages	2,781,062.00	2,862,457.00
AGM expenses	1,381,490.00	1,276,870.00
Education to members	982,482.00	971,900.00
Audit fees	47,800.00	47,000.00
Strategic plan implementation	136,000.00	155,000.00
Office rent	34,800.00	52,400.00
Public relations	38,634.00	62,000.00
Legal fees	9,000.00	30,000.00
Repairs and maintenance	50,880.00	41,500.00
Office cleaning	38,200.00	36,500.00
Ushirika day celebrations	40,000.00	18,000.00
Promotional Materials and Social Media	277,030.00	-
Provision for loan loss (IFRS 9)	1,553,970.85	-
Bad debts written off	94,505.00	-
	<b>10,688,617.10</b>	<b>8,687,219.28</b>



## NOTES TO THE ACCOUNTS (continued)

	31.12.2018 KSH	31.12.2017 KSH
<b>NOTE 12 OTHER OPERATING EXPENSES</b>		
Corporate Social Responsibility	-	72,000.00
Bank charges	210,602.24	191,449.00
	<b>210,602.24</b>	<b>263,449.00</b>
<b>NOTE 13 RESERVES</b>		
Statutory reserve	7,963,011.77	7,657,580.48
Retained earnings	834,447.16	827,722.09
	<b>8,797,458.94</b>	<b>8,485,302.57</b>
<b>NOTE 14a INTEREST EXPENSE</b>		
Interest on member deposits	24,400,000.00	20,300,000.00
Interest on savings scheme accounts	480,000.00	350,000.00
	<b>24,880,000.00</b>	<b>20,650,000.00</b>
<b>NOTE 14b INTEREST PAYABLE ON DEPOSITS</b>	24,400,000.00	20,300,000.00
The amount is payable on approval by the AGM @.	<b>7.00%</b>	<b>6.60%</b>
<b>NOTE 15 INSURANCE FUND</b>		
Balance b/f	6,005,346.00	6,124,585.00
Contributions by members	1,545,612.00	1,296,215.00
Payment to insurance	(1,700,871.00)	(1,415,454.00)
Balance c/d	<b>5,850,087.00</b>	<b>6,005,346.00</b>
<b>NOTE 16 MEMBERS SAVINGS SCHEME</b>		
At the start of the year	6,425,242.00	3,838,296.00
Contribution for the year	11,742,957.00	10,440,627.00
Refunds for the year	(10,507,345.00)	(7,853,681.00)
Balance at the end of the year	<b>7,660,854.00</b>	<b>6,425,242.00</b>
This amount earned interest of 6.3% p.a. paid on a prorata basis	<b>6.30%</b>	<b>5.50%</b>
<b>NOTE 17 BUDGET PERFORMANCE</b>		
The society operated within the approved budget		
<b>NOTE 18 DIVIDENDS PAYABLE</b>	<b>815,000.00</b>	<b>1,500,000.00</b>

The management committee proposes to pay dividends to members @ Ksh 1.02(5.10%) per share subject to approval by the AGM

## LIST OF SUNDRY DEBTORS AND LOAN DEFAULTERS



### NOTE 19 A. DEBTOR EMPLOYERS

	31.12.2018 KSH	31.12.2017 KSH
All Africa Conference of Churches	1,875,449.00	1,849,809.00
Film Aid	369,749.00	327,169.00
Express Automation Ltd	1,316,671.00	974,999.00
FECCLAHA	440,327.00	-
PROCMURA	1,528,286.00	420,997.00
Telcom Deposit	2,300.00	2,300.00
Kenya Scouts	138,110.00	71,887.00
Lutheran World Federation	230,699.00	-
Lutheran World Relief	162,612.00	-
Sankara Hotel	1,034,200.00	957,162.00
Longrock	55,952.00	38,917.00
Jamii Auto Care	-	80,000.00
Life & Peace Institute	74,021.00	-
Institute of Directors	13,000.00	-
Partners Worldwide	219,516.00	-
Kanisa Housing Ltd	-	195,000.00
Kanisa Holdings Ltd	700,000.00	1,500,000.00
	<b>8,160,892.00</b>	<b>6,418,240.00</b>

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

### NOTE 19 B. LOAN DEFAULTERS.

Abel Mboo	-	89,506.00
Margaret Itto	-	4,999.00
		<b>94,505.00</b>
<b>GRAND TOTAL</b>	<b>8,160,892.00</b>	<b>6,512,745.00</b>





## FY 2019 REVISED BUDGET AND FY 2020 PROPOSED BUDGET

	Approved Budget 2018	Revised Budget 2018	% Increase/ Decrease Compared to 2018 Approved Budget	Actual 2018	Approved Budget 2019	Revised Budget 2019	% Increase/ Decrease Compared to 2019 Approved Budget	Proposed Budget 2020	% Increase/ Decrease Compared to 2019 Revised Budget	Notes
<b>INCOME</b>										
Interest on Loans to Members	32,803,192.52	32,803,192.52	0%	34,692,522.80	36,083,511.77	39,202,550.76	9%	41,162,678.30	5%	Interest earned from loans to members.
Insurance Rebates & Commissions	300,000.00	300,000.00	0%	173,836.00	330,000.00	330,000.00	0%	330,000.00	0%	Commissions earned from CIC Motor Vehicle Insurance, SACCO assurance and rebates from members loans insurance.
Interest Income	880,000.00	880,000.00	0%	796,507.00	920,000.00	920,000.00	0%	920,000.00	0%	Interest earned from money market account at CIC and bank deposits.
Entrance fee	385,000.00	400,000.00	4%	257,000.00	400,000.00	350,000.00	-13%	350,000.00	0%	Entrance fees from new members @ Ksh 1,000 per member.
Charges on non AGM/Education Day attendants	550,000.00	550,000.00	0%	852,200.00	605,000.00	937,420.00	55%	1,031,162.00	10%	Fines for non-attendance of the AGM and Education days.
Investment Income	1,650,000.00	500,000.00	-70%	17,972.00	550,000.00	550,000.00	0%	550,000.00	0%	Dividends received from Kanisa Holdings, CIC and Co-op bank shares investments.
Zidisha and Deposit Boosting Charges	550,000.00	400,000.00	-27%	216,338.00	440,000.00	300,709.82	-32%	300,709.82	0%	Amount charged on members who boost their deposits for the purposes of borrowing.
KHL Expenses Contributions	1,650,000.00	500,000.00	-70%	300,000.00	550,000.00	550,000.00	0%	550,000.00	0%	Kanisa Holdings contribution to the office running expenses.
<b>Total Income</b>	<b>38,768,192.52</b>	<b>36,333,192.52</b>	<b>-6%</b>	<b>37,306,375.80</b>	<b>39,878,511.77</b>	<b>43,140,680.58</b>	<b>8%</b>	<b>45,194,550.12</b>	<b>5%</b>	
<b>RECURRENT EXPENDITURE</b>										
Salaries & Wages	3,003,000.00	3,327,552.00	11%	2,781,062.00	3,500,000.00	3,825,000.00	9%	4,016,250.00	5%	Payment of salaries & wages for the staff and stipend for attachment persons
Personnel Development	150,000.00	150,000.00	0%	110,750.00	157,500.00	217,350.00	38%	228,217.50	5%	Staff skills development as identified through performance reviews.
Monthly Responsibility and Supervision Expenses	336,000.00	336,000.00	0%	318,000.00	352,800.00	352,800.00	0%	352,800.00	0%	Committee Administration and responsibility reimbursements.
Committee Meeting Reimbursements	1,044,225.00	1,044,225.00	0%	1,002,600.00	1,096,436.25	1,150,600.00	5%	1,150,600.00	0%	CMC and Supervisory Committee meetings reimbursements.
AGM Expenses	1,150,000.00	1,300,000.00	13%	1,381,490.00	1,365,000.00	1,450,564.50	6%	1,523,092.73	5%	AGM expenses based on current market rates for food and conference facilities as per the increase in membership.
Bank Charges	300,000.00	250,000.00	-17%	210,592.00	270,000.00	270,000.00	0%	270,000.00	0%	Bank charges include ledger fees and costs of sending dividends to members. All costs charged on standing orders or MPESA payments are passed onto the member.
Depreciation	390,000.00	390,000.00	0%	324,140.00	400,000.00	1,160,000.00	190%	1,160,000.00	0%	Assets depreciation costs. FY2019 includes the new software amortization.
Education to Members	1,000,000.00	1,000,000.00	0%	982,482.00	1,200,000.00	1,200,000.00	0%	1,260,000.00	5%	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	330,000.00	330,000.00	0%	254,582.00	330,000.00	330,000.00	0%	330,000.00	0%	CMC and Supervisory Committee members training based on their duties in the Society.
Committee Other Expenses	302,500.00	302,500.00	0%	291,793.00	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.

# FY 2019 REVISED BUDGET AND FY 2020 PROPOSED BUDGET (Cont.)



	Approved Budget 2018	Revised Budget 2018	% Increase/ Decrease Compared to 2018 Approved Budget	Actual 2018	Approved Budget 2019	Revised Budget 2019	% Increase/ Decrease Compared to 2019 Approved Budget	Proposed Budget 2020	% Increase/ Decrease Compared to 2019 Revised Budget	Notes
Printing Costs	200,000.00	200,000.00	0%	193,159.00	200,000.00	250,000.00	25%	250,000.00	0%	Printing of loan forms, membership cards and brochures; office toners
Audit fees	100,000.00	100,000.00	0%	47,000.00	150,000.00	150,000.00	0%	150,000.00	0%	Based on quotations received from auditors.
Transport Expenses	453,200.00	453,200.00	0%	428,840.00	480,000.00	500,000.00	4%	500,000.00	0%	This caters for Society's transport expenses.
Repairs and Maintenance	55,000.00	55,000.00	0%	50,880.00	55,000.00	55,000.00	0%	75,000.00	36%	Equipment and computer maintenance plus back-up costs.
Office Rent	48,000.00	48,000.00	0%	34,800.00	48,000.00	48,000.00	0%	48,000.00	0%	Rent is paid quarterly @ Ksh 12,000/= per quarter.
Office Cleaning	42,000.00	42,000.00	0%	38,200.00	42,000.00	42,000.00	0%	42,000.00	0%	Covers cleaning of the three Kanisa SACCO offices.
Communication	126,500.00	150,000.00	19%	149,229.00	130,000.00	164,151.90	26%	164,151.90	0%	Kanisa-sacco.org domain renewal and hosting expenses plus telephone expenses.
Ushirika Day Celebrations	30,000.00	40,000.00	33%	40,000.00	30,000.00	62,500.00	108%	62,500.00	0%	Ushirika day contributions and expenses.
Corporate Social Responsibility	90,000.00	90,000.00	0%	-	100,000.00	100,000.00	0%	100,000.00	0%	Covers donations/Charity Day/Corporate Social Responsibility expenses.
Legal Expenses	65,000.00	65,000.00	0%	9,000.00	65,000.00	65,000.00	0%	65,000.00	0%	Covers legal consultation expenses if required.
Public Relations and Membership Retention	65,000.00	65,000.00	0%	38,634.00	65,000.00	65,000.00	0%	65,000.00	0%	Conduct visits to existing corporate organisations whose employees are members of the SACCO, recruitment of other potential organisations and members
Strategic Plan Implementation and Policy Development	150,000.00	100,000.00	-33%	136,000.00	250,000.00	405,000.00	62%	250,000.00	-38%	Costs associated with review of 2015 - 2019 Strategic Plan and development of the new strategic plan 2020 - 2024
Members Promotional Materials & Social Media Marketing		300,000.00		277,030.00	300,000.00	300,000.00	0%	300,000.00	0%	Printing of Promotional materials such as bags, cup, caps, key holders etc
Provision for Bad Debts		94,505.00		94,505.00	-	-	0%	-		For writing off the bad debts. No new proposal in FY2019
Provision for Loan Loss (IFRS 9)	-	-	0%	1,553,970.85	-	2,330,955.00	50%	2,330,955.00	0%	As per the International Financial Reporting Standards (IFRS) 9 Regulation
Office Supplies	150,000.00	150,000.00	0%	149,670.00	150,000.00	150,000.00	0%	150,000.00	0%	Purchase of office supplies e.g. water, newspaper and stationeries.
<b>Total Expenditure</b>	<b>9,580,425.00</b>	<b>10,382,982.00</b>	<b>8%</b>	<b>10,898,408.85</b>	<b>11,039,236.25</b>	<b>14,946,421.40</b>	<b>35%</b>	<b>15,146,067.13</b>	<b>1%</b>	
<b>Surplus for the Period</b>	<b>29,187,767.52</b>	<b>25,950,210.52</b>	<b>11%</b>	<b>26,407,966.95</b>	<b>28,839,275.52</b>	<b>28,194,259.18</b>	<b>-2%</b>	<b>30,048,483.00</b>	<b>7%</b>	



## FY 2019 REVISED BUDGET AND FY 2020 PROPOSED BUDGET (Cont.)

	Approved Budget 2018	Revised Budget 2018	% Increase/Decrease Compared to 2018 Approved Budget	Actual 2018	Approved Budget 2019	Revised Budget 2019	% Increase/Decrease Compared to 2019 Approved Budget	Proposed Budget 2020	% Increase/Decrease Compared to 2019 Revised Budget	Notes
<b>CAPITAL EXPENDITURE</b>										
Computer hardware and software		385,000.00	100%	454,694.00	-	600,000.00		300,000.00	50%	Purchase of additional computer hardware and operating systems taking into consideration the new staff and the new ERP requirements.
Website & Website Portal Development	50,000.00	110,000.00	120%	-	50,000.00	150,000.00	200%	50,000.00	-67%	Development and Improvement of the SACCO website inline with technological advances.
Kanisa SACCO Software	635,000.00	3,630,000.00	472%	1,874,886.00	635,000.00	1,850,000.00	191%	635,000.00	-66%	New Kanisa SACCO ERP purchase, implementation and annual maintenance.
Office Equipment		20,000.00	100%	-	-	30,000.00		-	-100%	Buying of office equipment
Office Furniture and Fittings		40,000.00	100%	34,500.00	-	165,000.00		40,000.00	-76%	Buying of office furniture and fittings
<b>TOTALS</b>	<b>685,000.00</b>	<b>4,185,000.00</b>	<b>511%</b>	<b>2,364,080.00</b>	<b>685,000.00</b>	<b>2,795,000.00</b>	<b>308%</b>	<b>1,025,000.00</b>	<b>-63%</b>	



The Kanisa SACCO Management proposes the following resolutions for consideration at the Society's 38th Annual General Meeting held on Saturday 9<sup>th</sup> March 2019

## **I. Disposal of Surplus**

That members resolve to dispose the FY2018 surplus realized as follows: -

- a) Declaration of disposal of interest on deposits at a rate of 7% calculated on a weighted average (pro-rata) basis, with a pay-out of 6% and retaining of 1% to deposits; and
- b) Declaration of dividends of Ksh 1.02 per share (5.1%) and that this be capitalized to shares.

## **2. New products proposal**

### **a) Health and Wellness Loan Product**

This loan product will enable members purchase a medical cover from recognised institutions and pay upfront at ease. The following features shall apply:

- i) The cover should be provided by a recognised and registered health insurance service provider;
- ii) Applicant will have to meet the terms and conditions of the respective service provider;
- iii) Loan applied shall not exceed the total premium payable;
- iv) An interest of 0.83% per month (10% per annum) calculated on a reducing balance basis will be charged;
- v) The maximum loan repayment period will be twelve (12) months;
- vi) The loan amount applied is payable to the service provider against the issued invoice;
- vii) The applicant can use this product to purchase cover for and enrol their relatives and friends;
- viii) In procuring this product, members can either pay upfront in lump sum at no charge or proceed to take a loan with the stated conditions; and
- ix) All other loan terms and conditions of the Society shall apply.

### **b) Diaspora Loan Product**

This product will enable the Diaspora members achieve their dreams while abroad with a loan from Kanisa SACCO. The following features shall apply:

- i) This loan will be eligible for diaspora members only (Any member living and working outside Kenya);
- ii) Proof of foreign residence will be required;
- iii) The loan will be advanced in the currency of the loanee's choice and the loanee will meet all the transactions charges where applicable;
- iv) The loan must be fully guaranteed or within a member's free deposits;
- v) Collateral provided must be within Kanisa SACCO jurisdiction (Republic of Kenya) and under the existing terms and conditions of collateral management ;
- vi) The loan will be advanced three times of the member's deposits up to a maximum of Seven (7) Million;



- vii) The maximum loan repayment period will be thirty six (36) months;
- viii) The interest rate will be 1.042% per month (12.5% per annum) calculated on a reducing balance basis; and
- ix) All other loan terms and conditions of the Society shall apply.

### **3. Products Realignment**

The Management proposes to re align the following loan products to include the following features:

#### **a) Enhanced Karibu Loan**

The current Karibu loan conditions are:

- i) This loan product is meant to benefit new members who have not finished six (6) months as required by the By-laws.
- ii) Amount applied should not be more than the members' deposits;
- iii) Interest of 10% and insurance charges shall be deducted upfront from the applied and approved amount;
- iv) Repayment period shall not be more than a period of Twelve (12) months from the date of approval;
- v) A member should have fully paid share capital as required by the by -laws;
- vi) No guarantors needed; and
- vii) All other credit terms and conditions apply

#### **Enhanced Karibu loan will have the following enhanced features:**

- i) Loan will be granted up to four (4) times of the members deposits up to a maximum of Ksh 100,000;
- ii) The maximum loan repayment period will be twelve (12) months;
- iii) An interest of 1% per month (12% per annum) calculated on a reducing balance will be charged;
- iv) The loan must be fully guaranteed unless covered by the members' deposits;
- v) A third (1/3) of the applied amount will be retained to the applicant's deposits;
- vi) The retention as per clause (v) above shall not be applicable if the applied amount is within the member's free deposits;
- vii) The applicant must have saved consistently for at least four (4) months; and
- viii) All other loan terms and conditions of the Society shall apply.

#### **b) KHL Property Loan**

The following shall be part of the existing features

*In case of default or withdrawal from the KHL project, the loanee will be paid the refund less any encumbrances to the Society*

### **c) Mjengo Loan**

To be expanded to include projects that will empower and enhance member's lives which include: purchase of off plan houses, purchase of already done houses, construction of green houses, and any other value addition to the property.

- i) Reduce the interest rate from 13.5% per annum (1.125% per month) to 12.5% per annum (1.042% per month) calculated on amortisation basis;
- ii) The applicant will be required to provide proof of the intended project work to be undertaken;
- iii) The plans submitted will be subjected to a verification process by an independent SACCO service provider at the cost of the loanee where applicable; and
- iv) All other loan terms and conditions of the Society shall apply.

### **d) Review of the Loan Refinancing terms and conditions**

- i) Applicant will only be allowed to refinance twice every six (6) months or four (4) times every twelve (12) months;
- ii) The first loan refinancing within six months will not attract any loan refinancing fee, while the second loan refinancing within the six (6) months' period will attract a loan refinancing fee of 5% of the amount applied; and
- iii) All other loan terms and conditions of the Society shall apply.

## **4. Group Membership**

- a) The Management request this 38<sup>th</sup> AGM to give it mandate to explore, develop and implement mechanisms for admitting and retaining group membership to the Society; and
- b) Upon realisation of the above mechanisms and being satisfied with the status of *Celebrating Parents Welfare Group* facilitate its group membership to the Society

## **5. Society Borrowing Power**

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

## **6. Honoraria**

Declare to pay Four Hundred Thousand Kenya Shillings (Ksh. 400,000) as honoraria to the Management and Supervisory Committee members and as bonus to staff.

