



**CS/3530
ANNUAL REPORT AND
FINANCIAL STATEMENTS
2020**

Building Our Economic Base Through Saving and Borrowing

KANISA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD.

FY2020 ANNUAL REPORT AND FINANCIAL STATEMENTS

27TH MARCH 2021

**THE KANISA SACCO 39TH AGM HELD ON 27TH MARCH 2021
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.

SLOGAN

Building Our Economic Base Through Saving and Borrowing

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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NOTICE FOR THE 39TH AGM



TO ALL HONOURABLE MEMBERS

RE: ANNUAL GENERAL MEETING (AGM)

DATE: 1st March, 2021

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, 27th March 2021. One Hundred and Fifty (150) members will be allowed to physically participate at Jubilee Hall, Desmond Tutu Conference Centre, AACC, Off Waiyaki Way, Westlands, Nairobi, while the rest will join virtually starting from 9.00am. Details of the registration process for both physical and virtual attendance plus the link for the virtual attendees will be shared soon.

Agenda

1. Call to order, opening prayers and welcome remarks;
2. To read the notice convening the 39th Annual General Meeting;
3. To adopt the agenda of the 39th Annual General Meeting;
4. To confirm and adopt the minutes of the 38th Annual General Meeting held on Saturday, 9th March 2019;
5. Presentation of the Central Management Committee (CMC) report covering the period 2019 and 2020;
6. Presentation of the Supervisory Committee report covering the period 2019 and 2020;
7. To receive, consider and adopt the financial report covering the period ended 31st December 2019 and 2020;
8. To receive, consider and approve the proposed budget for 2021 financial year and the proposed budget for the 2022 financial year;
9. To appoint an external auditor for the year 2021;
10. To receive, consider and approve the proposed amendments to Kanisa SACCO Society Limited By-Laws as per the schedule shared;
11. To receive, consider and adopt the proposed resolutions;
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 elect, pursuant to Rule 28(1) of the Cooperative Societies Rules, the one (1) member of the Supervisory Committee retiring each year by rotation; and
14. 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 on or before 13th March 2021.

Nonattendance for those who register for the physical AGM will attract a penalty of Kes. 500. Admission for those attending virtually will be closed 30 minutes after the meeting starts. 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 all the attached Forms below as well as give a brief profile of themselves, and forward the same to the Finance and Administration Manager through info@kanisa-sacco.org before 13th March 2021. Please note that Section 7 (7.2) and Section 9.3 (9.3) of Kanisa SACCO Society By-Laws requires, among others, that in order to be elected into office, one must be over 21 years old, must have been an active member for two (2) consecutive years, and should have minimum deposits of Kenya Shillings One Hundred Thousand (Kes 100,000).

Attachments

1. Candidates' Details Form
2. Fit and proper Test Form

By Order of the Central Management Committee,

Alice Agunda

Hon. Secretary.

CC: County Cooperative Officer, Westlands Sub County, Nairobi.

County Cooperative Auditor, Nairobi City County.

County Commissioner, Nairobi City County.



REPUBLIC OF KENYA

MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVES
State Department for Co-operatives
Office of the Commissioner

Telephone: 020-2731531-9
0704097021/23
0788484840/41
Fax: 020-2731511
Email: cooperativecommissioner@gmail.com
When replying please quote:

Social Security House BLK 'A'
Bishops Road, Capital Hill
P.O. Box 30547 - 00100
NAIROBI

REF: CS/3530

11th March, 2021

The Chairman
Kanisa Sacco
P. O. Box 1210-00606
NAIROBI

RE: AUTHORITY TO HOLD A HYBRID ANNUAL GENERAL MEETING

Reference is made to your letter dated 9th March, 2021 on the above subject and the Commissioner's circular on suspension of all General Meetings ref: MITC/SDC/2/17 dated 16th March, 2020.

The request for approval to hold an annual Virtual and Physical General Meeting as proposed on your letter has been granted with strict adherence to the Ministry of Health Covid-19 protocols in order to ensure the safety of the members and all stakeholders. These include; -

- i) Only members and invited stakeholders attend,
- ii) The venue for the meeting be spacious enough to allow for social distancing of at least 1.5 m throughout the meeting,
- iii) The meeting to last not more than two (2) hours,
- iv) All participants to wear face masks throughout the meeting,
- v) Provide facilities and ensure handwashing/sanitizing at the entrance to the meeting venue.

The Society is advised to make necessary logistics for the meeting and ensure the meeting is lawful and procedural, properly planned and effectively managed under the applicable laws, regulations and global best practices including but not limited to: -

- i. Co-operative Societies Act (Cap 490)
- ii. Sacco Societies Act (Cap 490B)

Francis Wekesa

For: **COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT**

Copy to: County Director for Co-operatives
NAIROBI

Sub-County Co-operative Officer
WESTLANDS

PROGRAMME



No	Activity	Time
1.	Registration and admission of the members into the online platform	8:30 AM - 9:00 AM
2.	Calling the Meeting to Order and Opening Prayers	9:00 AM - 9:05 AM
3.	Welcome Remarks by the Chairperson	9:05 AM - 9:10 AM
4.	Adoption of the Agenda	9:10 AM – 9:20 AM
5.	Confirmation of the Minutes of the 38th AGM and matters arising	9:20 AM - 9:30 AM
4.	Management Committee Report and discussions	9:30 AM - 9:45 AM
5.	Supervisory Committee Report and discussions	9:45 AM - 10:00 AM
6.	Auditor's Report	10:00 AM - 10:20 AM
7.	Presentation and Adoption of Proposed FY2021 and Proposed FY2022 Budget	10:20 AM - 10:35 AM
8.	Department of Cooperatives Officer's Remarks	10:35 AM -10:40 AM
9.	Appointment of Auditors	10:40 AM - 10:50 AM
10.	Proposed amendments to Kanisa SACCO Society Limited By-Laws as per the schedule shared	10:50 AM – 11:10 AM
11.	Presentation of Resolutions	11:10 AM - 11:30 AM
12.	Elections of Office Bearers	11:30 AM - 11:50 AM
13.	Any Other Business	11:50 AM - 11:55 AM
14.	Closing Prayers	11:55 AM - 12:00 PM





SOCIETY INFORMATION

Central Management Committee

Ms. Ann Kioi
Mr. Nelson Opany
Mr. Boniface Maina
Ms. Alice Agunda
Mr. Philip Tuei
Ms. Grace Mwangima
Ms. Sandra Nyanchama
Mr. Richard Kola
Mr. Charles Simiyu

Supervisory Committee

Ms. Joyce Kangogo
Ms. Salome Kihara
Ms. Esther Mwai

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

Chairperson

Vice Chairperson

Treasurer

Hon. Secretary

Member

Member

Member

Member

Member

Chairperson

Secretary

Member



MINUTES OF THE 38TH ANNUAL GENERAL
MEETING HELD ON 9TH MARCH 2019
AT THE DESMOND TUTU CONFERENCE CENTRE, NAIROBI



The 38th Annual General Meeting held on 9th march 2019 at the Desmond Tutu Conference Centre, Nairobi

Present

There were 490 Members present (See attached list)

In Attendance

There were 2 in attendance (See attached list).

Absent with Apology

Written apologies were received from 282 members (See attached list).

Agenda

1. Call to order, opening prayers and welcome remarks.
2. To read the notice convening the 38th Annual General Meeting.
3. To adopt the agenda of the 38th Annual General Meeting.
4. To confirm and adopt the minutes of the 37th Annual General Meeting held on Saturday 24th 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 31st December 2018.
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 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.
13. To transact any other business whose notice will have been received by the Secretary in accordance with the Society's By-laws.

Min. 01/38/AGM/09/03/2019: Call to Order, Confirmation of the Quorum and Opening Prayer

The Annual General Meeting was called to order by the Chairperson, Bernard Okok at 8.20am 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.'

The meeting opened with a word of prayer said by **Rev. John Gichimu MNO KS00066**

Min. 02/38/AGM/09/03/2019: Welcome Remarks and reading of the Notice Convening the Annual General Meeting

The Chairperson welcomed members to the meeting while recognizing in particular, those who were attending Kanisa SACCO AGM for the first time. He then read the notice convening Kanisa SACCO 38th Annual General Meeting (AGM) as required.

Min. 03/38/AGM/09/03/2019: Adoption of Agenda

The agenda was proposed for adoption by James Sudi Nabangi Mno. KS01237 and seconded by Charles Lwanga Simiyu **MNO. KS00846.**

Min. 04/38/AGM/09/03/2018: Confirmation of the Minutes of the 37th Annual General Meeting

The Chairperson sought clarification from the members if the minutes should be read word by word or go straight to the matters arising. Florence Iminza proposed that we



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go straight to the matters arising since the minutes were forwarded to members early in advance for them to read. This suggestion was seconded by Lydia Mugambi **MNO. KS02487**.

The minutes were thereafter received for discussions after being proposed by Mochama Mogaka Ombuki, **MNO KS01089** and seconded by Irene Kizito **MNO KS1110**.

Min. 05/38/AGM/25/03/2018: Matters Arising

- a) Nelson Opany **MNO. KS01343** noted that his name was misspelt as Nelson Mbayia on page 15 of the report. This was corrected to read Nelson Opany.
- b) Maureen Etemesi **MNO. KS02535** observed that some members had not read through the minutes and therefore requested the moderator to summarize the issues for their benefit. The moderator noted her concern but also indicated that the minutes had been sent prior to the meeting for members to read.

Min. 06/38/AGM/09/03/2019: The Central Management Committee (CMC) Report

The Management Committee report was presented by the Chairperson, Bernard Okok Obuoga. He started his presentation by recognizing the presence of Francis Asena **MNO. KS00005** who had tirelessly served the SACCO in different capacities in leadership and management since the Society's inception in 1981 to 2016. Key highlights of the report were:

- a. **Leadership, Management and office reorganization and strengthening:** - During the FY2018, all operations planned were realized as planned. Two policies were developed namely the *acquisition, management and disposal of collateral and CRB listing policy and guidelines*. The Management urged members to find time and get full orientation of these policies for understanding.
- b. **Leadership and Management Transition** where members were informed that during FY2018 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. Further the Management appointed **Casper Mutoro** as the Credit Officer and recruited one staff **Quinter Anyango Otieno** to the position of Customer Relations Officer (CRO). During the same period a total of four students were admitted in and benefited from the Society's Academic attachment programme.

c. Achievements where the management reported the following:

- i. **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 where it 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*.
- ii. **Membership development and retention:** - Membership 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%; 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 a total of 87 members withdrew from the Society as compared to 104 in 2017.
- iii. **Finances and Incomes- during the year under review, the Society realized positive growth in all financial sectors.**
 - a) Deposits grew Ksh. 306,337,750 in 2017 to Ksh. 348,584,712 an increase of Ksh. 42,246,962 implying a 13.8% growth.
 - b) Jiokoe Savings scheme grew by 19.2% growth from Ksh. 6,425,242 in 2017 to Ksh. 7,660,854 in 2018 (an increase of Ksh. 1,235,612).

- c) Share capital grew by Ksh. 2,901,339 from Ksh. 13,207,350 in 2017 to Ksh. 16,108,689 in 2018 translating to 22%;
- d) Turnover increased by Ksh. 5,323,186 from Ksh. 31,983,189 in 2017 to Ksh. 37,306,375 reflecting a 16.6% increase;
- e) 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
- f) Dividends and Interest on deposits realized growths of 3.8% and 6.4% respectively in which dividends increased from 11.36% in 2017 to 11.79% in 2018 while interest on member deposits managed a growth of 6.6% to 7.0% in the same period. The Management proposed through a resolution, interest on members deposits of 7% with payment of 6% and 1% to be retained in deposits and Dividends of Ksh. 2.36 per share or 11.79% to be capitalized to shares.

d. New software implementation where the management reported to have fully initiated the process of software implementation and, during the year under review, a lot of tasks were realized. These included 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. The Management informed the members that the process of migrating into the new software was set to begin in April 2019 with the launch expected to be done after 2 months.

e. Loan Default Mitigation: During the year under review, the Management, following the finalization

of CRB listing policy and guidelines, initiated the listing of individuals that have totally failed, albeit of numerous reminders, to service their loans. To this end, a total of seven (7) names had been listed in the CRB and the Management planned to undertake this process on a continuous basis. As well as following up members who have defaulted their loans to their new employers / locations urging members to inform the SACCO the whereabouts if known of members whom they have guaranteed and have defaulted.

f. Overall Challenges were reported as follows:

- i. Low deposit and saving culture – which was still low given the direction the Society was supposed to move. The Management called upon members to consider, voluntarily, increasing what they invest in the Society for the purpose of both securing their future as well as enhancing their borrowing power;
- ii. Challenging membership development and retention – membership growth rate was way below the Strategic Plan expectations. While this **could be attributed to several factors including the shrinking marketing space, the Management called upon members to be good ambassadors of the SACCO and help in the recruitment of more members;**
- iii. Low diaspora recruitment where the management was proposing, through a resolution of a diaspora product and called upon members to support it;
- iv. Unidentified receipts – this continued to grow and the management 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 appealed to members to ensure that any evidence of payment to the Society accounts is passed through to the office for accounts update;
- v. Membership withdrawal – this increased as various reasons including loss of employments

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and relocations were given for the withdrawals. The Management reminded members that they can continue being a member even after they lose their job or relocated by getting in touch with the Management and agree on the payment and remittance mechanism;

- vi. Low investment in the Subsidiary – the year 2018 realized the lowest members' investment in the KHL. The Management reminded members of great investment opportunities being offered by the KHL and mechanisms of acquiring such. This included the KHL Property loan whose terms of acquisition by members is very friendly and were asked to contact the office on the available opportunities on how they can get these investments; and
- vii. Loan default – this continued to hamper the smooth provision of credit services. While the Management developed strategies to mitigate the default rate, they also called upon the members to be responsible both in their guarantorship as well as meeting their own credit obligations.

g. Prospects:

The Management report also came with prospects where the management viewed 2019 as a year of enhancing systems and approaches to 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. Further increasing membership development and reducing the rate of withdrawals and dormancy; development of policies or mechanisms to provide guidance on and toward debt management (including write off) and unclaimed assets as per the existing laws of the land; and policy on the attachment and internship. The management

also reported that the Society's current Strategic Plan (2015 – 2019) was coming to an end this year. To this end, the Management reported that it is planning 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.

Discussions on the Management report:

1. **Angeline Okola MNO. KS00359** raised a concern regarding leadership and management section on the next of kin form. She noted that this is a very sensitive form, why are people not filling the form, is there possibility of changing and checking if the form is available even during loan application. She further suggested that the forms be included during the education days to emphasize and educate members on the importance.

The management reported that counterchecking during the loan application process can be tedious but requested members to cooperate and fill the form.

2. **Nelson Opany MNO. KS01343-** noted on staffing that there was a slow process from SACCO during the transition process in terms of disbursement of loans and withdrawing savings.

The management acknowledged the challenge and stated that these were transitional problems and have since been rectified.

3. **Francis Mwangi Hillary MNO. KS00450** asked in regards to development of policies, the Management should inform members on the use of collateral in terms of charging and discharging since the process seems to be somehow complicated.

The management explained that it is working towards ensuring that the process is simplified and ensuring that the service providers are increased. It was also noted that the KHL properties are not valued when one wants to take a loan.

4. **Minoo Kyalo MNO. KS00021** suggested that the software should be able to capture all members' details in the records.

The management explained that this is being done and will give clear way of addressing the challenges. The software will come with the membership portal and will also ensure good operations.

5. **Pascal Bwire MNO. KS00388** – Enquired on whether in case of demise, the SACCO has a burial benevolent fund, insurance policy on medical grounds. He also asked on the issue of defaulters, whether besides the CRB listing, there are other measures from the management to recover the funds.

The management explained that the current loan insurance scheme with CIC has a burial package and all the loans are paid by the insurance. Listing with CRB is a mechanism being implemented to ensure that the defaulters are not able to access financial services anywhere else and hence make them pay up their loans.

6. **Grace Mwangima MNO. KS01344** asked whether Kanisa SACCO is trying to understand the reasons why the members are joining other SACCOs. She asked the Management to consider regular communication to Diaspora members and going to exhibition at various events that can help in membership recruitment drive.

The management appreciated the proposal informing the member that the SACCO has social media platforms in place and encouraged members to follow the Society's social media platforms.

7. **Violet Yimbo MNO. KS02318** proposed that the Management can have an exit form that the members note the reasons for withdrawal and this can be used when conducting a SWOT analysis.

The management appreciated the proposal

8. **Ann Muteti MNO. KS00007** – Proposed to the Management on having a Product for the children in university that they can be allowed to save in the SACCO, where they can have a reduced minimum deposits contribution and as they grow they can be members later.

The management appreciated the proposal noting that the Society has Mwanangu savings account for children which members they can make use of.

9. **Minoo Kyalo MNO. KS00021** – asked the Management to consider having incentives for members who participate in membership recruitment. **Florence Iminza MNO KS01054** on the other hand proposed that the Society give targets for recruitments to members for use in determining the incentive.

The management appreciated the proposals and stated that it will put them into consideration.

10. **Mutembei Nancy MNO. KS02086** – asked the management to do something not to lose members and not to affect guarantorship. She also encouraged members to form guarantor ship groups to guarantee one another. She proposed that the maximum loan to be guaranteed should be 2million.

The management appreciated the proposals and stated that it will put them into consideration.

11. **Kamau Waweru MNO. KS01622** – Asked why KHL is charging registration fee for plots if you are paying the plot upfront. He asked if this can be exempt for the ones that are paying directly and look at other means of making it much easier.

The management appreciated the proposals and stated that it will put them into consideration. It stated that several factors are considered when pricing such as cost of buying the plot, administrative costs, surveying fee, land boards and even the mark-up.

12. **Nelson Opany MNO. KS01343** – Appreciated the proposal on the software stating the members need to go digital and is happy with the progress.

13. **Claire Mino MNO.KS00021** – concerning KANISA Holding suggested that when plots are advertised and at that time members have big loans, the SACCO should look at how to help members who are interested but have huge loans or don't have.

The management stated that it will put into consideration requests by members who show interest and are credit worthy. The KHL Loan is not pegged on deposits and therefore even those with low deposits can be considered on a case by case basis.

14. **Barbara Muchinyi MNO. KS01190** – on Page 27 stated that she does not understand what IFRS is.

The management explained that this will be answered when the audited accounts will be presented by the auditor

15. **Angeline Okola MNO. KS00359**- on membership development and retention proposed that the management to come up with 5 or 3 core things that can sell the SACCO with key points as to why one would save with KANISA SACCO, advertising the SACCO strong points. Come up with means of awarding supersavers and recruiters even with certificates not necessarily monetary.

The management appreciated the proposals and stated that it will put them into consideration.

16. **Elijah Muriuki MNO. KS01007** - on unidentified receipts noted that there is a reduction from last year to this. However, he noted that the leadership and management is failing in terms of sensitizing the members on the importance, the management should institute strict measures to trigger a system of getting statements on random basis so that they are able to reconcile their accounts?

The management appreciated the proposal and stated that it is expected that the web portal will be utilized by members to check on their statements and in case of any inconsistencies report immediately.

17. **Johnson Manyanza MNO. KS01105** on page 26 asked the **MOU with organizations** whether it covers default mitigations and if it is with all organizations or some. In case of default the guarantors suffer. How fast does it happen when members report that members are working with institutions and nothing is done?

The management acknowledged the challenge caused by default and stated that it is working on strengthening the mechanisms of mitigating it.

18. **Mutua Mulonzya MNO. Ks 00017**- commend the management for putting together the report. On page 23 sec 3.2 he asked the management whether they have clear strategy of addressing dormant members. He noted that with 914 active members when will the management declare interest of more than 10%?

The management appreciated the comment and stated that for the Society to have money to do alternative investments, members have to save more and accepting to retain a % if not all of their interest on deposits. The Society has the capacity to deliver and to generate money and takes advantage of the investments opportunities available. Members have a role to play to be able to have high interest on deposits.

19. **Florence Iminza MNO. KS01054** - on loan default stated that the Society should tackle the person who has defaulted and not seeking to address the guarantors. As soft landing. There should be a way that the guarantors are not touched. Engaging defaulters in different forums so that the guarantors don't suffer the burden alone.

The management appreciated the comment and stated that the suggestion well taken and will be implemented.

20. **Lydia Mugambi MNO. KS02487-** stated that on the next of KIN form a big number of members come to member's events and the management should make use of such events to get members if possible to fill the forms.

The management appreciated the comment and stated that the suggestion well taken and will be implemented.

Min. 07/38/AGM/09/03/2019: Supervisory Report

The report was presented by the Supervisory Committee (SC) Chairperson Joyce Kangogo. The key highlights of the report were on the observations and findings made by the Supervisory Committee during the year under review. The SC reported that during the reviews, they observed that internal controls put in place by the management were adequate and that the SACCO affairs were compliant with the by laws though there is still room for improvement. The Supervisory Committee report was received for discussion after being proposed by **Charles Simiyu MNO. KS 00846** and seconded by **Pamela Konya MNO. KS00223**.

Discussions and Questions on the Supervisory Committee Report

- a. **Kamau Waweru MNO KS01622** sought to know the planned outcome aimed to be achieved by the software.
- b. **Sandra Nyanchama KS01034** - stated that for loanees background sensitizing the Sacco to know what to do is important
- c. **Johnson Manyanza KS01105** – stated that he had an issues with his balance of accounts and people he guaranteed had not paid, loan had not been serviced and had not received letter for 6 months.
- d. **Nancy Mutembei MNO. KS02086-** suggested that it is a guarantors' responsibility to make follow up in the office if the person they guaranteed has paid. She said that she follows up with the members of her group to ensure that they have paid.

The supervisory committee appreciated the comments and explained that it is following up on the software implementation process and noted that last year there were logistical challenges which have now been resolved. The management has signed the contract and the software vendor has visited the office to assess its readiness and the process is on course to commence the implementation. The Office sends an SMS to guarantors for them to confirm that they have guaranteed the person taking the loan to avoid forgery on the part of the guarantor. They encouraged the members to ask for the guarantors statements. The office always confirms with the guarantors and incase of default guarantors are notified in writing.

Min. 8/38/AGM/09/03/2019: Presentation of the Society Audited Accounts

The Audited Accounts of Kanisa SACCO Society Limited for the FY2018 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. 34,692,522.80 in 2018 from Ksh. 30,536,440.51 in 2017. Interest expenses to be paid to members at 7% were proposed leaving a net interest income of Ksh. 10,609,029.80;
- 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 418,393,237.15 from Ksh. 365,026,007.23
- e. **Total liabilities and Shareholders' funds** - the figures had increased from Ksh. 365,026,007.23 in 2017 to Ksh. 418393237.15 in 2018; and

- f. *Trade and other receivables* -
- g. *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.
- h. *IFRS the standards that are required to guard and ensure that the financial institutions are doing well. International standards that ensure that accounts are presented in a particular way.*

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 **Christopher Okoth MNO. KS02562** and seconded by **Grace Mwangima MNO. KS01344**.

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 namely: -

- a. **Nelson Opany MNO. KS01343** - requested for more information on changes in income tax law in terms of dividends.

It was explained that this ranges from 5% to 10% classified into 5-12 different categories. There are different categories depending on the different tax charged. Interest on deposits for Sacco's will remain 5% withholding tax charge.

- b. **Raphael Kigo MNO. KS00008** on note 9 noted rebates from Kanisa holding noting audited accounts operating profit of 4000 and wondered if this is sustainable.

Explanation was given that the 300,000 is the expense refund to the SACCO. Paid by the SACCO required to refund at the end of the year.

- c. **John Njenga MNO. KS01984** on note 11 communication expense social media is duplication. Is there a report on the social media outcome and has it been beneficial as it brought in more members?

It was explained that it was difficult to singularly locate the impact on a particular item. However, the impact has been huge and inquiries have increased with those inquiring giving feedback to the office. The budget line also caters for the office day to day communication expenses and social media accounts requires boosting the post with payments to reach out to wider audience.

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. 9/38/AGM/09/03/2019: Presentation and Adoption of the Budget

The budget proposals for the year 2020 and the revised 2019 budget were presented by Boniface Maina, the Treasurer. The budget was received for discussions after being proposed by **Charles Simiyu MNO. KS00846** and seconded by **Apollo Obiero MNO. KS00368**.

Key budget items that had changes included:

- a. **Interest on loans to members** - revised in the proposed budget for 2020 by 5% increasing from Ksh. 36083.5111.77 in 2019 to Ksh. 41162678.30 in 2020;
- b. **Interest income** – remained the same on approved Ksh. 920000.00 (2019) and Ksh. 920,000 (proposed 2020);

c. Expenditure – key budget items that were revised were as follows: -

- i. Salaries and wages amount - revised by 9% from Ksh. 3,500,000 approved in 2019, revised to 3,825,000 in 2019.
- ii. AGM expenses - revised by 6% from Kes 1,365,000 approved in 2019 to Kes 1450564.50 in 2019 and proposed Kes 1523092.73 in 2020.
- iii. Printing cost – increased by 25% from approved 200,000 in 2019 to 250,000 in 2020
- iv. Personnel development - increased by 38% from approved to 157500 to Ksh. 217350 revised in 2019;
- v. Transport - increased by 8% to Ksh. 453,200;
- vi. Communication - increased by 26%
- vii. Ushirika celebrations increased by 108%
- viii. Strategic plan implementation increased by 62%
- ix. Provision for loan loss as directed by the IFRS 9
- x. Total expenditure – was revised from Ksh. 11,039,236 approved in 2018 to the revised to 14,946,421.40 in 2019.

Discussions, Comments and Questions on the Budget were done as follows: -

- a. A member stated that communication from the SACCO was not efficient as some members were not receiving sms or emails.
- b. Ishmael Ochola MNO. KS02023** - was concerned by the allocation to social media marketing and queried the increase stating that there ought to be allocation for monitoring and evaluation to see the progress.
- c. Sandra Nyanchama MNO. KS01034** queried the provision for software noting that it was such a big cost allocated to communication while the **software** should address some of these expenses.

d. Claire Minoo MNO. KS00021 - on office rent appreciated the AACC noting that the amount allocated for rent was way below the market rate and not available anywhere in Nairobi.

e. Nelson Opany MNO. KS01343 on KHL asked if the management was not ambitious enough or was fearing to risk. On Audit fees he said that the amount for audit verses the actual cost was still high in the revised budget. He argued that while the Society is able to get it cheaply elsewhere, it is important that every year we bring resolution according to the quotations, and depend on the members' proposal of the auditors.

f. Esther MWAI MNO. KS01101 on investments from note 6 cooperative bank savings account was low maybe due to interest rate capping the banks have really been low while there are viable financial institutions out there. Ushirika day celebrations why is it high?.

g. Jerald Ogada MNO. KS00975 - he stated that provision of bad debts was replaced with IFRS 9.

h. Johnson Manyanza MNO. KS01105 – on charges of the AGM he noted an increase and asked if there were mechanisms in place to make members attend the AGM.

i. John Njenga MNO. KS01984 - stated that analysis of Facebook page showed that close to 15 posts were done and in analyzing how they are performing, the posts that were made were on meetings and not on the products and services. In future how do you make it more articulate?

j. Sylus Adionga MNO. NO. KS01925 - on printing costs asked if this was for the loan forms as some members print these forms in the cyber therefore a possibility to make savings. AGM booklets, are they *categorized under printing or under AGM expenses?*

The management in response to the above questions stated as follows: -

- a. **On communication: - members not getting emails and sms were advised to get in touch with the SACCO office so that they update all their contacts for ease of communications. Even with the improved communication, some expenses in communication cannot be reduced by the software. The proposed software is new and the management is not yet to understand how effective it will be in addressing communication challenges.**
- b. **Audit fees these are the expenses spent as paid to the ministry auditor.**
- c. **Dividend are from the shares the society has at CIC and cooperative bank.**
- d. **Ushirika day budget was high due to the Society's participation in the adjudication process.**
- e. **It was noted that with the increase in membership, the charges for non-attendance were bound to increase.**

It was clarified that the AGM books were categorised under AGM expenses. The printing costs incurred also include the members' handbook booklets and membership cards.

After the above explanation and clarification, the budget, was approved and adopted after being proposed by **Millicent Nyando MNO. KS01063** and seconded by **David Okoba MNO. Ks01761**

Min. 10/38/AGM/09/03/2019: Remarks by the County Cooperative Officer, Westlands Sub County

Mr. Njoroge Mwangi from the Co-operative Development Department (Westlands Sub-County), in his remarks, appreciated members on their conduct and management for providing information and clarification to the questions answered. He said that the future belongs to those who plan and prepare for it. In terms of default management, he noted that the SACCO has done well and urged the members to take a duty to repay the loans that they have

taken as the management has done well in safeguarding members funds. Return on investment has improved, and he challenged members to pull their socks in terms of savings for KANISA SACCO to also join the billionaire club. He noted Cyber-crime as one of the challenges facing the industry. He explained that IFRS 9 requires that all cooperatives make provisions for loan loss. He said that the Ministry is working closely with SACCOS to mitigate the rates of default.

Min. 11/38/AGM/09/03/2019: Appointment of Auditors

Mr. Njoroge of the Department of Co-operative Development, Nairobi County, Westlands Sub-County, presented the list of shortlisted 9 Candidates firms as follows:

No	Name of the Audit Firm	Audit Fee
1	EKV & Associates.	Kes 342,200 Incl VAT
2	Ronalds & Associates	Kes 174,000 Incl VAT
3	Biticha & Associates	Kes 150,000 Excl VAT
4	Maingi Jackson & Associates	Kes 130,000 Excl VAT
5	Kuguru & Associates	Kes 100,000 Excl VAT
6	Chacha Joel Managing Partner Mcjoel & Associates	Kes 100,000 Excl VAT
7	Erastus Hae And Partners	Kes 100,000 Incl VAT
8	Njagi Isaac & Associates	Kes 65,000 Excl VAT
9	State Department for Co-operative Audit in the ministry of Industry, Trade and Co-operative	Kes 47,800 Incl VAT

- a. No 5. Was removed from the list as they are not registered to conduct cooperative audit.
- b. Martin Nyongesa KS00615- Proposed the State cooperative as the auditors and Lydia Mugambi KS02487 seconded. This proposal was unanimously appointed as there were no other proposal.

Min. 12/38/AGM/09/03/2019: Election of Office Bearers

The elections of office bearers were supervised by Mr. Njoroge Mwangi, of the Co-operative Development Department assisted by Aisha. They were conducted as follows: -

a. **Central Management Committee (CMC):** - Three members were retiring. These were:

- i. Patrick Gathenya - AACC, retiring on rotational basis, not seeking re-election
- ii. Janet Masese- RSC - not seeking for re-election for their personal decision.
- iii. Wilfred Gitau- Formerly RSC -Seeking re-election.

In addition to the above, 4 other candidates were vying for posts in the CMC namely Richard Kola, Nelson Opany, Grace Mwangima and Sandra Nyanchama. Elections were therefore conducted and votes obtained as follows:

No	Name of Candidate	Proposed by	Seconded by	Votes
1	Richard Kola, AACC MNO. KS00039	FRANCIS ASENA MNO. KS00005	CLAIRE MINOO MNO. KS00021	92
2	Wilfred Gitau Individual MNO. KS00176	PASCAL BWIRE MNO. KS00388.	NANCY MUTEMBEI MNO. KS02086	54
3	Charles Simiyu RSC MNO. KS00846	ALBERT MACKENZIE MNO. KS01717	ISHMAEL OCHOLA MNO. KS02023	57
4	Nelson Opany WSB MNO. KS01343	Terry Ambani MNO. KS02431	JANE NJENGA MNO. KS00041	116
5	Grace Mwangima PROCMURA MNO. KS01344	Nancy KAMAU MNO. KS00231	FLORENCE IMINZA MNO. KS01054	130
6	Sandra Nyanchama Individual MNO. KS01034	DANIEL KONES MNO. KS02515	HELLEN MURUGI MNO KS00861	110

From the above votes, three members were declared as elected to the office namely: -

- i. Grace Mwangima
- ii. Nelson Opany
- iii. Sandra Nyanchama

b. **Supervisory Committee:** Two positions were vacant and only two candidates had expressed interest as follows: -

No	Name of Candidate	Proposed by	Seconded by	Votes
1	Salome Kihara	Martin Nyongesa	Pamela Konya MNO. KS00223	
2.	Esther Mwai	Angeline Okola MNO. KS00359	Patrick Gathenya MNO. KS00361	

Since there were no other proposals, Salome Kihara and Esther Mwai were declared elected unopposed.

Min. 13/38/AGM/09/03/2019: Resolutions

The chairperson took the members through the resolutions as follows:

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

1. 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.

The resolution was adopted.

2. New products proposal

a) Health and Wellness Loan Product

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

- i. The cover should be provided by a recognized and registered health insurance service provider;

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- 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 enroll 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.

Peter Ngoha MNO. KS01603 proposed subject to further to management explores ways of making sure that the SACCO operates as an umbrella. The proposal was unanimously agreed.

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.

This resolution was unanimously opposed.

3. Products Realignment

The Management proposed 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

b) 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.

This was proposed by Agnes Ogola MNO KS01485 **and seconded by** Elizabeth Akinyi MNO.KS01963. **The resolution was adopted.**

b) KHL Property Loan

The following shall be part of the existing features

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

Waweru Kamau Mno.KS01622 asked if there is collateral for this loan, it was clarified that there is no other security or collateral apart from the land being acquired.

This proposed by Daniel Kones MNO KS02519 **and Seconded by** Alex Mwangi MNO KS02216

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.

Proposed by Violet OYIMBO KS02318 **and seconded by** Martin Nyongesa KS00615

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.

Proposed by Joshua Kigo MNO. KS02476 **seconded by** Silas Negesa KS00642

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4. Group Membership

- i. The Management request this 38th AGM to give it mandate to explore, develop and implement
- ii. Mechanisms for admitting and maintaining group membership to the Society; and
- iii. Upon realisation of the above mechanisms and being satisfied with the status of *Celebrating Parents Welfare Group* facilitate its group membership to the Society

Nicholas MNO. KS00763 proposed the resolution and was seconded by Nelson Opany MNO KS01343. **The resolution was adopted.**

5. Society Borrowing Power

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

Proposed by **Angela Ogola KS01485** seconded by **John Kimanzi MNO. KS01440**. The resolution was adopted.

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.

This was proposed by **Alice Mwamba MNO. KS00153** and seconded by **Francis Asena KS00005**, it was then unanimously accepted.

Min. 14/38/AGM/09/03/2019: AOB

The Chairperson informed the meeting that only one AOB was received and had been discussed and therefore there was no AOB. He said that the Society managed to hold the AGM early in the month due to the early preparations and interim audits. He noted that this year's AGM had recorded the highest number of contestant. He congratulated the new members elected into the management and appreciated the outgoing management members. Recognized the presence of KUSCO in the AGM.

Min. 15/38/AGM/09/03/2019: - Vote of Thanks

Peter Ngoha MNO KS01603 gave vote of thanks, He cited lots of preparation for successful AGM had been done by the management which was commendable. He thanked the staff for brightening the office. He stated that he has seen the old members showing confidence in Kanisa Sacco as a place of sustainability and direction. He thanked the management and also appreciated the report by the auditor. He thanked the members for their good number attendance.

Closing

The chair declared the 38th AGM closed and adjourned at 3.51pm. **Grace Mwangima MNO.KS01344** closed with a word of prayer.

Signed on 05/03/2020 for and on Behalf of the Annual General Meeting:



Chairperson:.....



Hon. Secretary:.....



1. Introduction

Honourable members, invited guests, ladies and gentlemen, I take this opportunity to welcome you all to our 39th Annual General Meeting. This year, Kanisa SACCO will be celebrating its 40th anniversary at a time when the world is grappling with the effects of COVID-19 pandemic. At 40 years, Kanisa SACCO has continued to grow in leaps and bounds and we thank God for enabling us to come this far. We thank you all for the continued support you have offered the Society over the years. As you are all aware, last year we postponed our AGM due to COVID-19 whose effects will be seen in the financial performance of our society. Therefore, this report comes in two folds as it will highlight the performance of the Society in the year 2019 and 2020.

Honourable members, it is my honour, on behalf of the management to present to you the management report for the *Financial Year 2019 and 2020 (FY2019 and FY2020)*. This report gives an overview of the key achievements during the two years under review, identifies challenges encountered and provides prospect for the future.

2. Overview of the operating context

2.1. FY 2019: - The economic activity in Kenya moderated in 2019, primarily due to lower agricultural output and considerably weak private sector investment. This was also coupled with the introduction of the new International Financial Reporting Standards (IFRSs) which came into play. Of important mention is the IFRS 9 (Financial Instruments) on loan loss provision whereby the Society was required to make provision amounting to Kes1,553,970.85, which was 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 imply that the loan defaulters will not meet their obligations. Therefore, this effect has had and will continue to have a wide ranging impact in

the treatment of various elements in the SACCO financial accounts. Despite the introduction of the new currency, inflation rate increased raising the cost of living which affected all our members in one way or the other. Massive job loses, harsh climatic conditions and massive business closures were witnessed across the country. As a result of this and other challenges, including a weakening exchange rate that affected our members, the Society dormancy rate increased as many of our members were not able to save as expected.

2.2. FY 2020: - The year begun with optimism and projections for growth and we were optimistic about the trends in our operating context that there would be growth in all sectors of our economy which would impact positively on the performance of our Society. However, according to the Kenya National Bureau of Statistics (KNBS), Kenya's economic growth slowed down to 4.9% in the first quarter of 2020 compared to 5.5% over the same period in 2019. The Gross Domestic Product (GDP) decline was mainly attributed to an underperforming economy coupled with heightened uncertainty following the outbreak of COVID-19 during the end of the first quarter. This led to decelerated growth in real estate sector. Economic performance in the third quarter of 2020 remained depressed but relatively better compared to the second quarter of 2020. Real GDP was estimated to have contracted by 1.1 per cent in the quarter compared to a growth of 5.8 per cent in the corresponding quarter of 2019. This is an indication that the economy performed worse in 2020 than in 2019. The International Monetary Fund (IMF) predicted that the Kenyan economy was expected to contract by 0.3% in 2020, mainly due to the negative shocks of COVID-19. The Kenya Shilling continued to weaken against major currencies such as the US Dollar and the



Euro. This reflects the operating environment of the Company amid deteriorating economy. Since KHL does not operate in isolation, it was affected greatly by the depressed economy and effects of the COVID 19.

INTERNALLY AT Kanisa SACCO, the outbreak of COVID-19 pandemic unfortunately disrupted most of our plans and projections for FY2020 as well as the social and economic aspects of our Society resulting to a reduction in revenues especially coming from reduced loan uptake which is the core business of our society. Our response to the outbreak of this pandemic was done in line with the measures developed by the Government of Kenya to help businesses cope with the pandemic and the health and safety protocols issued by the World Health Organisation. Apart from the COVID-19 pandemic, the Kenyan Government gazetted the **"THE SACCO SOCIETIES (NON-DEPOSIT-TAKING BUSINESS) REGULATIONS, 2020"**. The purpose of these regulations are two fold namely to specify the non-deposit taking business to which the SACCO Society Acts apply and to prescribe measures for the conduct of the specified non deposit taking business by SACCO Societies. These regulations seek to operationalise prudential regulation and supervision of specified non deposit taking SACCOs as envisaged in the SACCO Act with the objective to enhance savings mobilisation, protections of SACCO's member's deposits, and financial stability within the SACCO subsector. They also stipulate the financial, governance, and operational standards expected of the specified non deposit taking business. While we acknowledge that these regulations are going to streamline the operations of the specified non deposit taking SACCOs in which category Kanisa SACCO falls in, we realise that they will have an impact on how we operate and relate with our members. The commencement date was gazetted on 10th December 2020 and they came into effect on 1st January 2021. Hon. Members, we are expected to apply for authorisation under the regulations 2020 and for us to comply, we will be presenting a resolution to this effect and we call upon

you to support this resolution when tabled together with the amended by-laws.

3. Performance

3.1. Year 2019 :- The Society recorded positive growth and the year 2019 performance was a demonstration of the strength of our brand as a going concern. This year provided us with positive prospects for future growth through re-energized strategic pillars and utilization of ICT in the office as well as the successful implementation of a new Enterprise Resource Planning (ERP) System, Microsoft Dynamics 365, which comes together with an Online Members Portal, Mobile Phone Application and a USSD Shortcode. The management successfully implemented the resolutions passed at the 38th AGM except the health and wellness loan product which could not be implemented. We faced challenges with accessing the relevant information that we wanted from the service providers and therefore we could not roll out the product.

3.2. Year 2020: - Though the year had started on a positive note, the economic downturn due to COVID-19 after the first case was announced in Kenya had a ripple effect on employment and businesses. Many of our members who were in employment were affected by pay-cut, redundancies, loss of jobs while those in businesses either recorded losses or completely shut down. This resulted in many of our members defaulting, irregularly servicing their loans while others withdrew their deposits and savings to cater to their needs. Despite the indefinite postponement of AGM's, we were able to pay out our dividends nonetheless. Leveraging on technology, we increased our use of online services as well as enhanced our risk management strategies to ensure that our financial resources are not severely affected. Some of these strategies included loan capping, loan restructuring as well as giving grace period to those who requested on a case by case basis. It is also unfortunate that the pandemic also made us lose some of our members. May we observe a minute of silence in honour of all those who left us in the last two years.

3.4. Overall Performance The society performed as follows: -

Description	Performance		
	FY2018	FY2019	Fy2020
Members Deposits	348,584,712	397,665,271	402,365,131
Share Capital	16,108,689	17,525,473	21,196,751
Turnover	37,306,375	48,768,537	47,270,215
Savings scheme	7,660,854	11,929,632	8,810,319
Description	Performance		
Members joining	257	212	169
Loan portfolio	388,492,713	426,770,259	382,663,728
Loan Recovery through Use of debt collectors and Credit Reference Bureau (CRB) listings	-	235,000	794,000
Interest on deposits	7%	7.85%	6.8%
Dividends	5.1%	5.7%	8.5%
Members withdrawing	86	68	92
Dormancy	668	876	1286
Kanisa Holdings Limited (KHL):	Nil	Nil	Nil

Kanisa Holdings Limited (KHL): in FY 2019 KHL there was low investment in projects as well as frequent withdrawals from already sold projects. This was exacerbated by the COVID-19 pandemic that resulted in defaults as well as withdrawals. This caused the company to close the year with payables amounting to **Kes. 7,103,141** due to Kanisa Sacco. Within the two years the Board of Directors, has concentrated on the completion and finalization of already started projects which by the end of the year, it still had pending 12 plots in Komashrine, 2 withdrawn plots at Kantafu and 2 at Isinya 2. The Society received a letter from the Board of Directors of KHL suspending guarantor ship of KHL Property Loan which has brought about numerous challenges from withdraws especially into already closed projects, inconveniencing the operations of the company and thus stalled the growth of the company. It is with this understanding that we have scrapped this product from our list. As indicated in the table above the Company failed to meet its financial targets during the two years under review. Therefore, no dividends were declared for the Society. The Company's

Board of Directors through the Society Leadership has put in place measures to address the challenges faced by KHL and hopes that the new strategic plan 2020-2022 which among others seeks to strengthen its operations, grow capital base through equity funding and to venture into new areas of business in a bid to diverse incomes sources to help it realize positive returns.

4. Achievements

4.1. Launch our New ERP System and Digital Platforms:

As mentioned in 3.1. above, we successfully rolled out the new software. However, we have taken note that the system comes with associated costs that need to be met to ensure smooth delivery of services and to facilitate periodic maintenance and upgrade of the supporting infrastructure. Therefore, there is need to share these costs between the SACCO and members accessing these mandatory and optional convenience services available on the mobile platform. We encourage you, our Honourable members to register using the prescribed forms to enable you access the USSD and Mobile App services. We also wish to inform you that access to information on the web portal shall remain free but members will be required to self-register directly on the portal.

4.2. Loan Recovery through Use of debt collectors and Credit Reference Bureau (CRB) listings:

We continued to strengthen the operations and mitigation of loan defaults through utilization of the new software that enabled us send constant reminders to defaulters. We engaged the services of debt collectors and we were able to recover **Kes. 235,000 in FY 2019 and Kes 794,000 in FY2020** by the end of the year. Honourable members, we wish to inform you, that recovery through engagements of debt collectors is subject to a fee of 10% of the recovered amount and 16% of the collection fee as VAT which will be paid by the defaulter. To this end, we are optimistic that during the coming years we will be able to recover much more. The Management will continue strengthening the process of loan default mitigations

and calls for your cooperation to ensure the Society plays its role in this challenging field.

4.3. Ushirika Awards: - In FY2019 the Society, for the second year running, was recognized as the 2nd Most Efficient and Best Managed Community-Based SACCO at the 2019 Cooperative Alliance of Kenya (CAK) Awards Gala Dinner held on 20th July 2019 at Safari Park Hotel in Nairobi as a culmination of the Ushirika Day Celebrations. The Society received two trophies and certificates in respect to this achievement. This was a clear demonstration and proof that the Society has been consistent in the delivery of quality services to its membership. Comparing the performances in 2018 and 2019, Kanisa SACCO recorded improvements in seven out of the 8 award categories. These categories are; membership, finance, credit administration, products and services, governance, information technology, and human resource management. The management reviewed the adjudication results and is putting in place measures to ensure better performance in the coming years. However, due to the COVID-19 pandemic, this event did not take place.

4.4. Enhanced our Digital Communication Channels: during the period under review we achieved the following: -

- a) **Developed an interactive new website :-** As part of our continuing efforts to enhance communication with members and other stakeholders, we overhauled the Kanisa SACCO website with a fresh new look. Check out kanisa-sacco.org to explore the new website.
- b) **Refreshed Social Media Channels:** - We made efforts to refresh our existing social media channels on Facebook and Twitter. Additionally, we opened accounts on Instagram, LinkedIn and YouTube. These channels have grown slightly in audience and activity and we are intentional on using them as key avenues for marketing and bringing visibility to the society.

c) **Marketing:** - In FY2019 we produced branded umbrellas and 2020 wall calendars as part of our public-facing marketing tools. For FY 2020, we printed wall calendars that were distributed to members and organisations

d) **Communications:** In FY 2019 we introduced a new SACCO newsletter christened "Ushirikiano" as a periodic information dissemination tool. This continued being disseminated throughout the year 2020.

e) **Enhanced ICT and Communication Systems.** The management resolved and implemented the use of kanisa-sacco.org domain-based email addresses for all official communications to enhance security and authenticity of information. Going forward, email communication emanating from a personal email address of any management and supervisory committee members or staff shall not be considered as official. We also installed new software systems to enhance operations in all the office laptops as well as acquiring new laptops for staff. All these are aimed at enhancing efficiency in service delivery to members.

5. Research and Development: - Alive to the fact that correct and up-to-date information is key in making informed decisions and the need to entrench a culture of peer learning within the SACCO sub sector, the Management on various occasions conducted reviews, online research, surveys, benchmarking meetings to come up with new ways of strengthening our existing processes, products and services. The lessons learnt have greatly informed the proposed resolutions that are presented to this meeting for consideration.

6. The Leadership and Management, and Office Staffing

6.1. The Leadership and Management: The Society underwent changes in the management after the successful AGM held on Saturday, 9th March 2019 during the elections of office bearers, where two positions fell

vacant. This was necessitated by the need for the Society to comply with the by-laws. The two members who had expressed interest to serve in the CMC at the AGM were therefore co-opted to fill the vacant positions and they will be presented to this AGM for ratification. During this AGM, three members of the Management namely **Alice Agunda, Boniface Maina, Philip Tuei** and one member of the Supervisory Committee, Joyce Kangogo, are retiring but are eligible to offer themselves for re-election subject to fulfillment of the criteria specified.

6.2. Staffing: - In FY 2019, the management hired Geoffrey Mokaya as the Accountant. However, in FY 2020, the management had to summarily dismiss him together with the credit officer - Casper Simiyu due to gross misconduct.

6.3. Office Reorganization and Strengthening: The Management, rearranged the office to maximize on the available space as well as create a conducive environment for staff. New workstations were purchased as well as working tools for the staff. We also ensured that all the Society's assets are insured against fire, burglary, all risks and PVT (Political, Violence and Terrorism).

6.4. Academic Attachment programme: In FY 2019, we admitted one student on attachment who greatly benefited from this programme. In FY2020, we offered internship to one graduate. 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.

7. Membership Participation, Events and Demise

7.1. Membership Participation: The Management continues to appreciate all the feedback given during FY2019 & 2020 that came through E-mails, phone calls and filled questionnaires. We appreciate all those members who participated in the 2015-2019 strategic plan review and for the valuable inputs and feedback that we received feeding into the 2020-2024 strategic plan.

7.2. Members Events: The events held in 2019 were the 38th Annual General Meeting, Education Day, Chai Day, Corporate Social Responsibility as well as our participation in the national Ushirika Day Celebrations. However, in FY2020 the 39th AGM was postponed and education day was held virtually and there was no any activity undertaken as CSR.

7.2.1. Education Day – The 2019 Education Day event was held on Saturday, 7th September 2019 at the Cooperative Retreat and Conference Centre located within the Cooperative University of Kenya in Karen, Nairobi. Convened under the theme *“managing your wealth and securing your future through healthy living”* the event attracted a total of 236 members plus at least 4 potential members. This attendance was lower compared to 471 in 2018. In 2020 we held two virtual education events. Leveraging the Zoom platform technology, the first session was held on Saturday, **12th September 2020**. The session covered the *Impacts of the Non Deposit Taking SACCO Regulations on the Society and its Members* and addressed among other areas; why the regulations were introduced, their implications on the SACCO business, how members will be affected, the expanded role of the CMC/ Board together with requirements for those seeking SACCO leadership positions. The Management also provided an update on the steps being taken towards compliance. The session was facilitated by Eliud Nzola from the Co-op Consultancy and Insurance Agency. The second session took place on Saturday 10th October 2020 and focused on *Personal Financial Reorganization Amidst COVID-19 Realities*. This eye-opening session was delivered by **Mr. Roy Okonji**, a renowned Debt and Money Management Coach enabled members to learn about tips on managing finances during times of crisis, managing debt commitments, reasons to save more and maintaining good standing with the SACCO. *If you missed any of the sessions, you can watch them again on the Kanisa SACCO Facebook Page*

7.2.2. Chai Day - in 2019, the Chai Day Event to welcome new members to Kanisa SACCO took place on Saturday 22nd June 2019 at the Desmond Tutu Conference Centre. On this day our newest members to the Kanisa SACCO family were taken through an orientation on the history, structure and processes of the SACCO, Products and services offered, Overview of Kanisa Holdings Limited as well as what is expected from them as members. They also had a chance to ask questions and interact with Leadership and staff of the SACCO. This is now set as annual event and we **encourage new members to participate** when called upon. Due to the COVID-19 restrictions, we never held a Chai day event in 2020.

7.2.3. Corporate Social Responsibility (CSR) – In the spirit of Corporate Social Responsibility, Kanisa SACCO on its Charity Day held on 10 May 2019 brought smiles to hundreds of learners with a donation of revision books for Grade 6,7 and 8 pupils at Ndongoro Primary School in Lower Kabete, Nairobi. According to a report from the school Head Teacher Mrs. Esther K. Mwaura, the school has a total population of 506 pupils (252 boys and 254 girls). As a contribution, Kanisa SACCO in consultation with the school purchased and donated textbooks for Grades 6, 7 and 8 worth Seventy Thousand Shillings (KES. 70,000). The SACCO team also held mentorship sessions with the pupils aside from meeting the school management to discuss other possible ways of support in future.

7.3. Demise: - In FY2019, the Society lost two members namely **Cynthia Cheron** and **Albert Gitonga**. In FY2020 the society lost 5 members namely John Githua, Adriano Ombati, Dr. Eva Muchemi, Ken Ouko and Hellen Nyarindo. The Management calls upon all to stand and observe a minute of silence in honor of these two gallant honorable members. May the Almighty God 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 departed have been paid by the insurance.

8. Kanisa SACCO 2020-2024 Strategic Plan

During the FY 2019: - the management developed the next strategic plan and the first draft was shared with you all for comments. We thank you for the feedback that we received which were incorporated in the document and the final document shared with all of you in FY2020. The plan has also been uploaded on our website. We encourage all of you to interact with it and give us your feedback and lets all together drive the SACCO forward.

9. The New SACCO Regulations 2020

As mentioned earlier, the Kenyan Government gazetted the **"THE SACCO SOCIETIES (NON-DEPOSIT-TAKING BUSINESS) REGULATIONS, 2020"**. To prepare ourselves we have conducted education to management, staff and members to help in better understanding of the regulations and reviewed the existing policies and developed new ones to comply with new regulations 2020. The new documents/policies developed are: - Board Charter, Disaster Preparedness and Business Continuity, Risk Management Policy, Communication & Social Media Policy, Liquidity Policy, Feasibility Study and Business Plan and Corporate Social Responsibility Policy. We also reviewed the following documents namely: - Interest and Dividend policy, Savings Policy, Accounting and Finance policy, Credit Policy, ICT Policy

Information Preservation Policy, By-Laws, Elections Policy, Investment Policy and Human Resource Policy. Further, in order to comply with the regulations, we have reorganized our staffing structure and commenced the recruitment process for new staff to fill vacancies created by the new regulations and the departure of two former staff. We have also acquired a bigger office to accommodate our growing operations and increasing staff and initiated a monthly monitoring of our capital adequacy ratios as required by the new regulations. These ratios include: Core capital to deposits ratio, Core capital to total assets, Share capital to reserves and Minimum Liquidity ratio. To build these ratios, it is imperative that we pass the

proposed resolutions which will ensure that we address the requirements stipulated in the new regulations as well as retain a reasonable amount of earnings for the SACCO's long term development and prudential compliance.

10. Challenges - during the year under review, the management faced the following challenges namely:-

- a) **COVID-19 Pandemic and its effects on membership:** Its impacts have touched every person in every country, causing illness and death, disrupting livelihoods, and potentially pushing more people into extreme poverty. We saw our members growth reduce greatly in 2020 with only **169** new members joining out of the targeted 350. A further 92 members also withdrew from the SACCO;
- b) **Technical problems with the web portal, App and USSD short code:** - we have in different times experienced system interruptions which has affected your accessibility to the system. We are excited that some of you are accessing these services but concerned that the registration for these services still remains low with only 530 registered on the mobile app and 300 on the web portal. We encourage all of you to register before you leave this meeting;
- c) **Loan Defaults:** - while the management made tremendous progress in mitigating defaults, the percentage of those defaulting continued to rise as members lost their jobs/means of livelihoods whereas others were faced by circumstances that were beyond their control making them default on their loans. This was worsened by the COVID-19 pandemic. Further, those who had taken up KHL property loan withdrew from the projects. KHL loans default has posed a challenge both to the Society and the subsidiary and arising from these, we have stopped offering this product;
- d) **Dormancy:** - This increased significantly during the year under review. To mitigate this, the office has

been sending alerts to members who are categorized as dormant in the system and encourage them to activate their accounts;

- e) **Low rates of membership development:** The membership growth rate was way below the Strategic Plan expectations. We thank our members who continue to be our ambassadors and encourage you to continue referring your friends, relatives and acquaintances to the SACCO. We have proposed in the next strategic plan development of a Members Incentives Programme to inspire and motivate members who market the Society and help us grow our membership and influence;
- f) **Low Capital Base:** - This has remained low despite the envisaged growth in the Society's 2020-2024 strategic plan. Appreciating that there is a need to increase the minimum number of shares to improve our core capital and in order to comply with the new SACCO regulations 2020, we are proposing through a resolution to increase the share capital. We call upon you members to support this resolution;
- g) **Low diaspora recruitment;** - While we acknowledge our members in the Diaspora and their contribution to the growth of our Society, we note with concern that we have not been able to recruit more. In addition to using our diaspora members to market our society, we will continue to explore this year strategies of reaching out to this category of members;
- h) **Insufficient loan repayment:** - This has been a challenge as some loanees continue insufficiently repaying their loans thus denying the society the projected interest income. With the migration to the new software we are now able to detect these and we will recover the amounts as per the interest on deposit policy;

- i) **Unidentified receipts:** - This has continued to grow. We continue to urge all members to ensure that they always forward the deposits slips, and payment confirmation emails or messages to our office email or the WhatsApp line which is 0780612049;
- j) **Membership withdrawal** – effects of COVID-19 coupled with various reasons were given by members who withdrew which included loss of employments, relocations amongst others. 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 office and agree on the payment and remittance plan; and
- k) **Low investment in the Subsidiary** – the year 2019 & 2020 realized the lowest members’ investment in the KHL coupled with the high defaults and withdrawals of already sold projects. The company also did not launch any new project due to inadequacy of capital to finance the company’s operations. We have made proposal through a resolution to increase the shares of the company from the current 10,000 shares to 40,000 shares. We call upon you members to support this resolution.

With the above challenges, the Management calls on you, honorable members, to continue being our brand ambassador and market our Society within your networks. We further call upon individual contributors who are working in organizations to introduce Kanisa SACCO to their institution leadership and help us grow the list of our corporate organizations. We also urge you all to be active and fulfill your obligations when they fall due as stated in our by-laws while at the same time continue promoting the Kanisa SACCO brand.

11. 40th Anniversary Celebrations

On 10th August 2021 Kanisa SACCO will be 40 years old (40th Anniversary) since it was established by the staff of the All Africa Conference of Churches (AACC) on 10th August 1981. Over these four decades, Kanisa SACCO has

grown in membership, financial strength and its impact in supporting the achievement of the dreams of its members across different spheres of society. In the last 39 years, we have continued to build financially empowered individuals who support themselves, their families and their community to achieve their goals.

To mark this great milestone, the management has lined up a series of activities that will involve current and past members as well as other stakeholders who have stood with the Society on its journey to be a leading one-stop financial institution offering diverse products and services for members’ economic empowerment. To commemorate this day, we have organized a series of activities and campaigns to mark this great milestone (Ruby Anniversary) of the SACCO to celebrate our rich history and successes over the years.

The activities will be organized under the theme **“Prospering Together”** will focus on three sub themes:

- 1. Celebrating our Journey:** To celebrate 40 years since the establishment of Kanisa SACCO;
- 2. Showcasing our Impact:** To showcase the milestones and impact of Kanisa SACCO in the financial empowerment of its members; and
- 3. Building our Future:** To position Kanisa SACCO as a stable and reliable organization to drive its growth over the next decade.

Stay tuned for more details on the plan in the coming weeks.

12. Prospects

With the launch of the next five-year (2020 – 2024) Strategic Plan for the Society, the management is very optimistic that the future of our Society is bright. Further, the implementation of the new software coupled with the tight measures that we have put in place to deter default will strengthen our Society. While we believe that the rapid development of vaccines offers all of us some hope, we know that COVID-19 pandemic will continue

to dominate our lives in 2021 as we enter the second year of our strategic plan period. The management will endeavor to ensure that growth is realized in all the key indicators enumerated in the plan. This will be achieved through increasing customer service, diversifying the range of products available, improving internal systems, procedures and processes and developing staff capacity. We will ensure compliance with the new regulations 2020 as well as good governance in all areas of the Society's operations. While we acknowledge that these regulations comes with additional costs to the Society, we call upon you to support the resolutions we are tabling as your approval will pave way for us to commence the application process as required by the law.

It is our hope that this AGM will generate the impetus required to steer members towards the development and implementation of Kanisa SACCO strategic plan for 2020-2024.

13. Conclusion and acknowledgements

We wish to acknowledge and appreciate all those who have contributed, either directly or indirectly, to the positive strides made by the SACCO over the last two years. In particular, we wish to recognize the following: -

1. The members of the SACCO without whom the Society cannot exist. We thank you for your patronage and we continue to count on your support in the future;
2. The hardworking members of the Central Management Committee, Supervisory Committee and Staff of the SACCO, who dedicate themselves and sacrifice their time, expertise and being away from their families sometimes late into the night just to ensure that the affairs of the SACCO are managed prudently;
3. The State department of Cooperatives, and especially the County Cooperative Office in the Department, formerly Westlands Sub County with whom our jurisdiction from January 2020 fall under

Dagoretti Sub County for the constant guidance, counsel and support in the running of the affairs of the SACCO;

4. The leadership of the All Africa Conference of Churches (AACC) for the support, generosity and "parental care" that you have given to the SACCO since its inception in 1981 to date;
5. All our strategic partners and service providers who support our products and operations to ensure we deliver the best service possible to our members; and
6. Above all we give glory and honour to the Almighty God, from whom life, health and all good things comes from.

We look forward to your continued support as we endeavour to steer Kanisa SACCO to greater heights of achievement in line with our vision to be the leading one-stop financial institution offering diverse products and services for members' economic empowerment.

***Thank You and may the Almighty God Bless you all!
Asanteni Sana***



**Ann Kioi
Chairperson, Kanisa SACCO**

Nairobi, Kenya.

27th March 2021



SUMMARY OF THE SOCIETY'S PERFORMANCE

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 31/12/2020

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

	2020	2019	2018
	KES	KES	KES
Surplus before Tax	7,315,212.32	2,411,789.86	1,527,156.46
Income Tax Expense	(609,325.85)	(116,260.73)	-
Net Surplus after Tax	6,705,886.47	2,295,529.13	1,527,156.46
Retained Surplus for the year	3,114,709.18	186,423.31	6,725.17
Interest on Members deposit	27,500,000.00	31,200,000.00	24,400,000.00

Dividends/Interest on members deposits

The management committee recommends payment of first and final dividends of Kshs. 1.70 per share. They also recommend interest on members deposit of 6.8%

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

Auditors

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

By order of Management Committee

Signature.....Date **03/03/2021**
Hon. Secretary.



SUPERVISORY COMMITTEE REPORT FOR 2019/2020 TO MEMBERS DURING THE 39TH AGM



INTRODUCTION

On behalf of the supervisory Committee, I am pleased to welcome you to the 39th Annual General Meeting (AGM) of the Kanisa SACCO Society Limited. I also take this opportunity to thank each one of you for finding time to avail yourselves so that together we can review the last two years' performance of our Sacco.

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

- 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 a report to the General meeting.**

During the two years, the Supervisory Committee (SC) reviewed the books of the society on a quarterly basis and presented a report to the Management. As per its findings, the internal controls put in place are adequate though there is still room for improvement. The SC believes that with implementation of the new software, a lot will be achieved in terms of efficiency and effectiveness in service delivery to members. We are happy to also report that all issues raised were satisfactorily responded to and in writing, and that prompt actions to address these issues were undertaken by the CMC. The SC was also keen on follow up to ensure implementation of the proposed recommendations.

2.0 Key observations and recommendations;

The SC wishes to bring to the attention of members the following key observations:

2.1 Enterprise Resource Planning (ERP) Software

We take this opportunity to applaud the management and staff of the SACCO on its great effort to install the

Enterprise Resource Planning (ERP) software in the year 2019. This was such an uphill task as it did not only entail transfer of information from the old system to the new, but also improving efficiency in the internal business processes and thus enhancing service delivery to the SACCO's growing membership.

Acquisition of the software was well within the budget as its cost was Kshs. 1,439,670 while the budget was 1,500,000 and in the year 2020 on the other hand, it incurred maintenance cost of Kshs. 179,499 against approved budget of Kshs. 635,000.

The ERP system has many benefits to both the members and the management and one of the major ones which came in handy during this pandemic period was the possibility of registered members accessing their individual accounts from their comfort zones just at the click of a button. This helped a lot in minimizing office visits and hence adhering to the laid down measures by the Ministry of Health (MOH) in order to curb and minimize the spread of the virus, and members being able to catch up with their account status without being hindered by the national measures.

However, as we all know, before any success is achieved, challenges are inevitable and in this case, the SC noted that the ERP system being specifically tailor made for KANISA SACCO and also being the first of its kind had its own share of setbacks too, some of which were resolved while others are in the process of being solved. The SC also noted that members were slow in embracing the technology and that from the numbers given, by the end of 2020, only 476 members had registered on cloud pesa and 284 on the portal.

We take this opportunity to inform members that their participation is also key in achieving full success of this system. Without receiving feedback from registered members who are also using it, perfecting its service might take longer than necessary or even contribute to its failure. We therefore take this opportunity to echo the management's voice by urging all members who have not registered to either of these platforms to do so and those who have already registered to share their



experience and raise areas of challenge, concern and or necessary areas of improvement.

2.2 Loan Garantorship

The Supervisory committee observed that guarantorship during the year faced some challenges in that, during the loan processing members found it difficult to get someone to guarantee them and also, a number of members were shying off from guaranteeing others as default cases were on the rise and members were afraid of losing their hard-earned cash. To enhance guarantorship and ensure that members access the desired credit, the SC recommends that:

- i. The members go out of their way to recruit new members of good standing in the society with whom they can support each other in guarantorship. This way, members will not only obtain new alliances to enable them get guarantors and in turn access credit but will also increase Kanisa Sacco membership.
- ii. That the guarantors take personal initiative to understand the status of the member they intend to guarantee. Practice what is called 'Know Your Customer' (KYC) principle. This will assist in safeguarding one's hard-earned cash.
- iii. Use of alternative forms of security such as collaterals. This will ensure access of the desired credit.
- iv. Make use of Education and CSR days to know fellow members better and create healthy relationships which will boost confidence and build trust.

2.3 Unidentified Deposits

Supervisory Committee noted with a lot of concern that the unidentified deposits increased from ksh.1, 786,183.00 in 2019 to Ksh. 2,890,964.00 in 2020 despite the management's effort to try and trace the depositors. We would therefore like to appeal to members to ensure that while depositing funds to the Society's Account, they enter their Member numbers and ensure that they present the deposit slip to Kanisa Sacco for proper

accounting. By either physically taking it to the office or to immediately scan or take a photo of the deposit slip and send it to the office for proper accountability via email or WhatsApp through the Kanisa official email (info@Kanisasacco.org) or through whatsapp on phone numbers; +254714612049; +254780612049 respectively. This will ensure that all deposits are accounted for and minimize the unidentified amounts which bear risks of being taken to the Unclaimed Financial Assets Authority (UFA) if not accounted for within a specific period of time. Members are also encouraged to frequently check their statements which they can easily access from the ERP system at any time and take time to study them to ensure that all their monies are well accounted for.

2.4 Returns Maximization

From our observation, the Society has ensured various ways of maximizing its returns through various investment strategies one of which is investments in Kanisa Holdings Limited (KHL), a fully- owned subsidiary of Kanisa Savings and Credit Cooperative Society Limited. To realize the desired benefits from this investment, the Management of Kanisa Sacco had developed a product (Kanisa Holdings Property Loan) whose aim was to assist members own land . However, by the end of 2019 and continuing through the pandemic year 2020, the SC noted that some members had not been paying up their KHL property loan which in turn affected the company negatively hence reducing its ability to operate optimally and heavily impacting on the Sacco's wealth maximization. The SC therefore urge members to ensure that they meet all their obligations to the Sacco as failure to do so, eventually affects the ability of the Sacco to increase returns.

The other factor that the SC noted impacted heavily on the Sacco's wealth maximization efforts was the rate of outstanding loans falling between 181 to beyond 365 days. The year just ended 2020 had 46% of outstanding loans falling under this category also referred to as doubtful or bad debt category based on the new SASRA categorization. We would thus urge members to pay up their loans and also follow up with the people they have



guaranteed to ensure that they too pay their loans and in good time as these huge unpaid loans not only impact the guarantors but members in general due to the mandatory provision authorized by law which reduces the profits and hence the distributable profits as well.

Finally, the year 2020 was a difficult year for the Society and the members as well due to loss of businesses, jobs, pay cuts or no salaries at all. This impacted Sacco's main business of loaning as a majority of borrowers could only borrow up to a specified limit due to lack of guarantors or risk mitigation factors undertaken during the critical season of the pandemic and hence reduced income. We however commend the management for prudently investing the liquid funds available instead of lying in the banks and ensuring that the Sacco remained afloat and even managing to have distributable balance by the end of the year.

2.5 Changes in Management

The 2019 elections were conducted not as per the existing By-laws and as a result, during reconstitution of the office bearers, some members exited to allow for compliance with the election policy and the Society's By-laws, thus two members were co-opted into the Management replacing the members who exited. The Supervisory Committee would like to assure members that despite the changes, the SACCO executed its mandate as expected. We urge Members to support the amendment of the Bylaws on elections and support the management to ensure that the Sacco lives to its expectations.

2.6. Staff Misconduct

In the year 2020 the society encountered a fraudulent activity by two of its staff. This happened between 31st March and 8th May 2020. The matter was reported by the Sacco Manager and preliminary investigations were done by the Central Management Committee of the Sacco who found the two staff culpable and were immediately suspended from their duties and officially terminated from employment on 30th June 2020, after further investigations were done confirming the fraud.

The suspended staff on termination appealed and were given the hearing by the supervisory committee who after listening to them also upheld the management decision to terminate their employment with Kanisa Sacco and additionally gave the recommendations to management.

We commend the management for acting decisively on the matter, we further urge them to fully implement the recommendations shared in the appeal reports on the fraud issue.

3.0 Conclusion

The Supervisory Committee believes that the current Society's Internal Control environment is adequate in preventing the occurrence of frauds and errors after additional measures were put in place and that there is a reasonable assurance that the financial statements are complete, accurate and reliable. We would however encourage the management to occasionally review its internal controls as well as perform occasional system audits as systems keep changing every so often.

We would like to express our appreciation to the Management and Staff who tirelessly made efforts towards the achievement of Kanisa's Vision, Mission and Strategic plan which just ended.

And to you members thank you for giving us an opportunity to serve you.

Signed on 15th March 2021 by:



Joyce Kangogo..... Chairperson



Salome Kihara..... Secretary



Esther Mwai.....Member



AUDITED ACCOUNTS

STATISTICAL INFORMATION

KANISA SACCO LIMITED
Annual Report FY 2020

	31.12.2020	31.12.2019	31.12.2018
Number of members			
-Active	1816	2057	1808
-Dormant	1286	876	668
	KES	KES	KES
Members deposits	402,365,131.47	397,665,271.13	348,584,712.36
Share capital	21,196,751.95	17,525,473.54	16,108,689.00
Loans to members	382,663,728.23	426,770,259.89	388,492,713.54
Statutory reserves	9,763,294.89	8,422,117.60	7,963,011.77
Savings scheme	8,810,319.17	11,929,632.82	7,660,854.00
Retained earnings	4,135,589.41	1,020,870.48	834,447.17
Current assets	107,910,322.88	52,148,372.24	27,730,413.00
Current liabilities	57,640,748.09	59,549,766.90	44,902,376.85
Turnover	47,270,215.24	48,768,537.04	37,306,375.80
KEY RATIOS			
Liquidity ratio	0.5:1	1:1	0.6:1
Membership increase	5.8%	18%	11.6%
Percentage of expense to revenue	18%	24%	25%
Interest on member deposits	6.8%	7.85%	7.00%
Dividends per share (per value Kes 20/=)	1.70 (8.5%)	1.37(5.7%)	1.02(5.1%)



STATEMENT OF THE MANAGEMENT COMMITTEE RESPONSIBILITIES



The Co-operative Societies Act requires Management Committee to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Society at the end of the financial year and 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 has been conducted in accordance to its objectives, bylaws and any other resolutions made at the society's general meeting.

The Management Committee accepts responsibility for the Annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in a manner required by the Co-operative Societies 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 its operating results in accordance with IFRS. The Management Committee further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of Internal Financial Control.

Nothing has come to the attention of the Management Committee to indicate that the Society will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the management committee on 3rd March 2021 and signed on its behalf by

Chairperson.....
Treasurer.....
Secretary.....





INDEPENDENT AUDITORS REPORT

Opinion.

We have audited the accompanying financial statements of KANISA SACCO Society Limited, which comprise the statement of financial position as at 31 December 2020, 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 December 2020 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 directors determine is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the

risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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.

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,

DEPARTMENT OF CO OPERATIVES DEVELOPMENT
MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES
& CO OPERATIVES

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

Date **04/03/2021**



INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2020



REVENUE	NOTES	2020 KES	2019 KES	2018 KES
Interest on loans		41,583,462.44	46,371,016.42	34,692,522.80
Other interest income	8	4,062,172.36	958,844.23	796,507.00
		45,645,634.80	47,329,860.65	35,489,029.80
Interest expenses	14a	(28,000,000.00)	(32,000,000.00)	(24,880,000.00)
Net interest income		17,645,634.80	15,329,860.65	10,609,029.80
Other operating income	9	1,624,580.44	1,438,676.39	1,817,346.00
Net Income		19,270,215.24	16,768,537.04	12,426,375.80
Administration expenses	11	(11,760,735.86)	(14,030,830.01)	(10,688,617.10)
Other operating expenses	12	(194,267.06)	(325,917.17)	(210,602.24)
Net operating surplus before income tax		7,315,212.32	2,411,789.86	1,527,156.46
Withholding Income tax expense	9b	(609,325.85)	(116,260.73)	-
Operating surplus after tax		6,705,886.47	2,295,529.13	1,527,156.46
20% Transfer to statutory reserve		(1,341,177.29)	(459,105.83)	(305,431.29)
Surplus available for distribution		5,364,709.18	1,836,423.31	1,221,725.17
Provision for honoraria		(450,000.00)	(450,000.00)	(400,000.00)
Provision for dividends		(1,800,000.00)	(1,200,000.00)	(815,000.00)
Surplus to retained earnings		3,114,709.18	186,423.31	6,725.17



STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2020

KANISA SACCO LIMITED
Annual Report **FY 2020**

	NOTES	2020 KES	2019 KES	2018 KES
ASSETS				
Cash and cash equivalent	6	94,925,214.10	38,685,876.39	17,394,635.00
Trade and other receivables	5	12,985,108.78	13,462,495.85	10,335,778.00
Loans to members	4	382,663,728.23	426,770,259.89	388,492,713.54
Financial assets	3	1,142,000.00	1,142,000.00	1,142,000.00
Property plant & equipment	2 (a)	1,171,656.70	1,367,607.51	1,028,110.61
Intangible Assets	2 (b)	2,213,808.00	2,755,260.00	-
Total Assets		495,101,515.81	484,183,499.64	418,393,237.15
LIABILITIES				
Members deposits	10a	402,365,131.47	397,665,271.13	348,584,712.36
Members savings scheme	16	8,810,319.17	11,929,632.82	7,660,854.00
Dividends payable	18	1,800,000.00	1,200,000.00	815,000.00
Interest payable on deposits	14b	27,500,000.00	31,200,000.00	24,400,000.00
Trade and other payables	7	11,009,870.85	8,017,813.73	6,176,435.85
Insurance fund		8,520,558.07	7,202,320.35	5,850,087.00
-				
Total Liabilities		460,005,879.56	457,215,038.03	393,487,089.21
Shareholders Fund				
Share capital	10b	21,196,751.95	17,525,473.54	16,108,689.00
Reserves	13	13,898,884.30	9,442,988.07	8,797,458.94
Total Shareholders Fund		35,095,636.25	26,968,461.61	24,906,147.94
Total Liabilities and Shareholders Fund		495,101,515.81	484,183,499.64	418,393,237.15

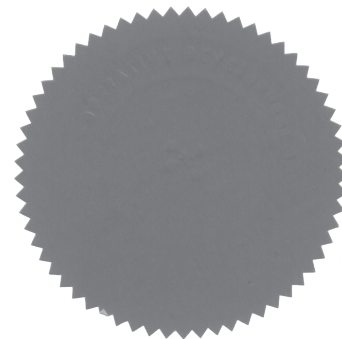


The financial statement on pages 38 - 52 were authorized for issue by the management committee on 3rd March 2021 and signed on behalf by

Chairperson (Ann Kioi).....

Treasurer (Boniface Maina).....

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



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2020



	Share Capital KES	Statutory Reserve KES	Retained Earning KES	Total KES
Year ended 31st Dec 2018				
At start of the year	13,207,350.00	7,657,580.48	827,722.09	21,692,652.57
Changes in equity in 2018				
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)
As at 31st December 2018	16,108,689.00	7,963,011.77	834,447.26	24,906,148.03
Year ended 31st Dec 2019				
At start of the year	16,108,689.00	7,963,011.77	834,447.25	24,906,148.02
Changes in equity in 2019				
Contributions	1,416,784.54			1,416,784.54
Adjustment in accounting policy				-
Surplus for the year			2,411,789.86	2,411,789.86
20% Statutory reserve		459,105.83	(459,105.83)	-
Tax provision		-	(116,260.73)	(116,260.73)
Dividends			(1,200,000.00)	(1,200,000.00)
Honoraria			(450,000.00)	(450,000.00)
As at 31st December 2019	17,525,473.54	8,422,117.60	1,020,870.56	26,968,461.69
Year ended 31st Dec 2020				
At start of the year	17,525,473.54	8,422,117.60	1,020,870.56	26,968,461.70
Changes in equity in 2020				
Contributions	3,671,278.41			3,671,278.41
Adjustment in accounting policy				-
Surplus for the year			7,315,212.32	7,315,212.32
20% Statutory reserve		1,341,177.29	(1,341,177.29)	-
Tax provision		-	(609,325.85)	(609,325.85)
Dividends			(1,800,000.00)	(1,800,000.00)
Honoraria			(450,000.00)	(450,000.00)
As at 31st December 2020	21,196,751.95	9,763,294.89	4,135,579.74	35,095,626.58



CASH FLOW STATEMENT

KANISA SACCO LIMITED
Annual Report **FY 2020**

	31.12.2020 KES	31.12.2019 KES	31.12.2018 KES
Cash flow from operating activities			
Interest received on loans	41,583,462.44	46,371,016.42	34,692,522.80
Other operating income	1,604,031.44	1,416,423.09	1,499,374.00
Interest payments	(32,000,000.00)	(24,880,000.00)	(18,960,851.00)
Payment to employees and suppliers	(8,661,515.86)	(10,858,231.67)	(8,973,308.24)
	2,525,978.02	12,049,207.84	8,257,737.56
Increase/Decrease in operating assets			
Loans to members	44,106,531.66	(38,277,546.35)	(49,311,563.00)
Trade and other receivables	477,387.07	(3,126,717.85)	(3,823,033.00)
Increase/Decrease in operating liabilities			
Deposits from members	4,699,860.34	49,080,558.77	42,246,962.00
Members savings	(3,119,313.65)	4,268,778.82	1,235,612.00
Trade and other payables	466,137.00	(975,838.00)	(11,498.00)
Honoraria paid	(450,000.00)	(400,000.00)	(350,000.00)
Insurance fund	1,318,247.65	1,352,233.35	(155,259.00)
Audit fee paid	(47,800.00)	(47,800.00)	(47,000.00)
Income tax paid	(116,260.73)	-	(1,002.30)
Net cash from operating activities after tax	49,860,767.36	23,922,876.58	(1,959,043.74)
Cash Flow from investing activities			
Purchase of property and equipment	(175,429.26)	(4,214,517.42)	(489,194.00)
Interest received	4,062,172.36	958,844.23	796,507.00
Dividends received	20,549.00	22,253.30	317,972.00
Net cash from investing activities	3,907,292.10	(3,233,419.89)	625,285.00
Cash flow from financing activities			
Share capital contributions	3,671,278.41	1,416,784.54	2,901,339.00
Dividends paid	(1,200,000.00)	(815,000.00)	(1,500,000.00)
Net cash from financing activities	2,471,278.41	601,784.54	1,401,339.00
Net(Decrease)/Increase in cash and equivalent	56,239,337.87	21,291,241.23	67,580.26
Cash and cash equivalent at the beginning of the year	38,685,876.23	17,394,635.00	17,327,054.82
Cash and cash equivalent at the end of the year	94,925,214.10	38,685,876.23	17,394,635.08





NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance and basis of preparation

The Financial Statements are prepared in accordance and comply with International Financial Reporting Standards.

These financial Statements are presented in the functional currency, Kenya shillings (KES) and prepared under the historical cost convention, as modified by revaluation of assets as prescribed by IFRS.

b) Revenue recognition.

Interest on loans to members is calculated on a reducing balance and amortisation method. 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:

Tangible Assets	Rates
Furniture & fittings	12.50%
Computers	30%
Office equipments	12.50%

The SACCO software will be amortised over a period of Five (5) years at the rate shown below:

Intangible Assets

Software	20.0%
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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

NOTE 2 (a) PROPERTY PLANT & EQUIPMENT MOVEMENT SCHEDULE:**31.12.2019**

DEPRECIATION RATE	12.50%	30%	12.50%	
	Furniture and Fittings	Computer and Equipments	Office Equipments	TOTAL
COST	KES	KES	KES	KES
1.1.2019	236,415.75	2,441,817.00	567,836.00	3,246,068.75
Additions	160,500.00	557,429.42	52,513.00	770,442.42
31.12.2019	396,915.75	2,999,246.42	620,349.00	4,016,511.17
				-
DEPRECIATION				
1.01.2019	119,855.15	1,821,381.42	276,721.58	2,217,958.15
For the period	34,632.58	353,359.50	42,953.43	430,945.51
31.12.2019	154,487.73	2,174,740.92	319,675.01	2,648,903.66
				-
NET BOOK VALUE.				
31.12.2019	242,428.03	824,505.50	300,673.99	1,367,607.51
31.12.2018	116,560.60	620,435.59	291,114.43	1,028,110.62

31.12.2020

DEPRECIATION RATE	12.50%	30%	12.50%	
	Furniture and Fittings	Computer and Equipments	Office Equipments	TOTAL
COST	KES	KES	KES	KES
1.1.2020	396,915.75	2,999,246.42	620,349.00	4,016,511.17
Additions	27,930.00	135,499.26	-	163,429.26
31.12.2020	424,845.75	3,134,745.68	620,349.00	4,179,940.43
				-
DEPRECIATION				
1.1.2020	154,487.73	2,174,740.92	319,675.02	2,648,903.67
For the period	33,794.38	288,001.43	37,584.25	359,380.06
31.12.2020	188,282.11	2,462,742.35	357,259.27	3,008,283.73
				-
NET BOOK VALUE.				
31.12.2020	236,563.64	672,003.33	263,089.73	1,171,656.70
31.12.2019	242,425.03	824,505.50	300,673.99	1,367,604.52

NOTE 2 (b) INTANGIBLE ASSETS - AMORTISATION SCHEDULE 2019

	20%	
COST	Software	TOTAL
	KES	KES
1.1.2019	-	-
Additions	3,444,075.00	3,444,075.00
31.12.2019	<u>3,444,075.00</u>	<u>3,444,075.00</u>
AMORTISATION		
1.01.2019	-	-
For the period	688,815.00	688,815.00
31.12.2019	<u>688,815.00</u>	<u>688,815.00</u>
NET BOOK VALUE.		
31.12.2019	2,755,260.00	2,755,260.00
31.12.2018	<u>-</u>	<u>-</u>

INTANGIBLE ASSETS - AMORTISATION SCHEDULE 2020

	20%	
COST	Software	TOTAL
	KES	KES
1.1.2020	3,444,075.00	3,444,075.00
Additions	12,000.00	12,000.00
31.12.2020	<u>3,456,075.00</u>	<u>3,456,075.00</u>
AMORTISATION		
1.01.2020	688,815.00	688,815.00
For the period	553,452.00	553,452.00
31.12.2020	<u>1,242,267.00</u>	<u>1,242,267.00</u>
NET BOOK VALUE.		
31.12.2020	2,213,808.00	2,213,808.00
31.12.2019	<u>2,755,260.00</u>	<u>2,755,260.00</u>

	31.12.2020	31.12.2019	31.12.2018
	KES	KES	KES
NOTE 3 FINANCIAL ASSETS.			
10,000 Ordinary shares @ Kes100 each in Kanisa holdings Ltd	1,000,000.00	1,000,000.00	1,000,000.00
132,000 Ordinary shares @ Kes 1 each in Co-op Bank (K) Ltd	132,000.00	132,000.00	132,000.00
10,000 Shares in CIC (K) Ltd @ Kes 1 each	10,000.00	10,000.00	10,000.00
	1,142,000.00	1,142,000.00	1,142,000.00
NOTE 4 LOANS TO MEMBERS.			
At the start of the year	426,770,259.89	388,492,713.54	339,181,150.54
Granted during the year	198,072,789.80	418,533,965.52	389,343,786.00
Repayments during the year	(242,179,321.46)	(380,256,419.17)	(340,032,223.00)
	382,663,728.23	426,770,259.89	388,492,713.54
Balance as per listing	382,663,728.23	426,770,259.89	388,491,825.25
Difference			(888.29)
NOTE 5 TRADE AND OTHER RECEIVABLES			
a Debtor Employer (List attached) Note 19 A	5,314,967.78	13,162,495.85	8,160,892.00
b Kanisa Holdings Refunds for loan withdrawal	7,103,141.00	300,000.00	300,000.00
c AACC Guesthouse - AGM Prepayment	567,000.00	-	-
d Surestep Systems and Solutions (Deposit for Software)	-	-	1,874,886.00
	12,985,108.78	13,462,495.85	10,335,778.00
NOTE 6 CASH AND CASH EQUIVALENT.			
CIC money market - call deposit	75,649,942.59	28,776,770.23	10,417,926.00
CBA current account (reconciled)	8,445,128.71	4,537,780.26	2,125,069.00
Co-op bank savings account	636,957.00	96,957.00	596,957.00
Co-op bank current account(reconciled)	5,916,583.35	3,239,697.83	2,823,973.00
M-pesa accounts (verified).	4,258,783.45	2,032,607.07	1,427,355.00
Cash at hand (verified)	17,819.00	2,064.00	3,355.00
	94,925,214.10	38,685,876.39	17,394,635.00

NOTE 7 TRADE AND OTHER PAYABLES

	31.12.2020	31.12.2019	31.12.2018
	KES	KES	KES
Interest on savings scheme accounts	500,000.00	800,000.00	480,000.00
Unpaid Interests on members deposits	-	-	1,701,580.00
Honoraria provided	450,000.00	450,000.00	400,000.00
Audit and supervision	49,700.00	47,800.00	47,800.00
Kanisa housing	-	-	15,000.00
Dorapos Designers	-	-	105,944.00
Coop Consultancy Insurance Agency	176,000.00		
Income tax	609,325.85	116,260.73	-
Kanisa holdings Ltd	118,000.00	36,000.00	85,958.00
Provision for loan loss	6,215,881.00	3,884,926.00	1,553,970.85
Unidentified receipts	2,890,964.00	2,682,827.00	1,786,183.00

Unidentified receipts refers to deposits made in the bank by members who fail to present the banking slips to the SACCO for recording.

11,009,870.85	8,017,813.73	6,176,435.85
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NOTE 8 OTHER INTEREST INCOME

Bank savings account	CO-OP Bank		
Money market	CIC	4,062,172.36	991,274.54
	Tax Withheld	-	(32,430.31)
		4,062,172.36	958,844.23
			796,507.00

NOTE 9 OTHER OPERATING INCOMES

Dividends receivable	_ CIC	-	1,704.30	1,636.00
	_ COOP BANK	20,549.00	20,549.00	16,336.00
Fines and penalties		1,292,624.55	1,046,550.00	852,200.00
CIC insurance commission		23,653.89	40,422.09	173,836.00
Rebates from Kanisa holdings		-	-	300,000.00
Zidisha and deposit boosting charges		118,453.00	117,451.00	216,338.00
Entrance fee		169,300.00	212,000.00	257,000.00
		1,624,580.44	1,438,676.39	1,817,346.00

NOTE 9 (b) PROVISION FOR WITHOLDING TAX

Gross Withholding Tax from interest income from CIC money market		609,325.85	148,691.04	-
Tax Withheld		-	(32,430.31)	
Net Withholding Tax		609,325.85	116,260.73	

	31.12.2020	31.12.2019	31.12.2018
NOTE 10a MEMBER DEPOSITS			
	KES	KES	KES
At the start of the year	397,665,271.13	348,584,712.36	306,337,750.36
Contributions during the year	74,748,346.06	76,186,732.68	98,445,851.00
Refunds during the year	(70,048,485.72)	(27,106,173.91)	(56,198,889.00)
Total	402,365,131.47	397,665,271.13	348,584,712.36
Balance as per the listings	402,365,131.47	397,665,271.13	348,584,708.22
Difference		-	4.14
NOTE 10b SHARE CAPITAL			
At the start of the year	17,525,473.54	16,108,689.00	13,207,350.00
Contributions during the year	3,671,278.41	1,416,784.54	2,901,339.00
Total	21,196,751.95	17,525,473.54	16,108,689.00
NOTE 11 ADMINISTRATION EXPENSES			
Printing	230,931.00	238,858.00	193,159.00
Transport expenses	441,480.00	493,527.00	428,840.00
Communication expenses	161,675.80	164,141.00	149,229.00
Depreciation and amortisation	912,832.06	1,119,760.51	324,140.25
Committee meeting reimbursements	1,133,900.00	1,150,500.00	1,002,600.00
Responsibility and supervision	337,400.00	344,600.00	318,000.00
Education and Training to committee	150,000.00	346,102.00	254,582.00
Personnel development (staff training)	80,700.00	208,500.00	110,750.00
Other committee expenses	301,631.00	296,878.00	291,793.00
Office supplies	146,128.80	151,897.00	149,670.00
Salaries and wages	4,001,918.80	3,766,009.50	2,781,062.00
AGM expenses	252,123.00	1,426,803.00	1,381,490.00
Education to members	161,294.00	998,212.00	982,482.00
Audit fees	49,700.00	47,800.00	47,800.00
Strategic plan implementation	165,845.00	377,340.00	136,000.00
Office rent	44,800.00	44,800.00	34,800.00
Public relations	-	60,000.00	38,634.00
Legal fees	-	-	9,000.00
Repairs and maintenance	63,522.40	54,319.00	50,880.00
Office cleaning	33,400.00	38,000.00	38,200.00
Ushirika day celebrations	-	77,500.00	40,000.00
Promotional Materials and Social Media	60,000.00	294,328.00	277,030.00
Provision for loan loss (IFRS 9)	2,330,955.00	2,330,955.00	1,553,970.85
Bad debts written off	-	-	94,505.00
ERP maintenance costs	179,499.00	-	-
SASRA Regulations compliance expenses	521,000.00	-	-
	11,760,735.86	14,030,830.01	10,688,617.10

	31.12.2020	31.12.2019	31.12.2018
	KES	KES	KES
NOTE 12 OTHER OPERATING EXPENSES			
Corporate Social Responsibility	-	94,884.00	-
Bank charges	194,267.06	231,033.17	210,602.24
	194,267.06	325,917.17	210,602.24
NOTE 13 RESERVES			
Statutory reserve	9,763,294.89	8,422,117.60	7,963,011.77
Retained earnings	4,135,589.41	1,020,870.48	834,447.17
	13,898,884.30	9,442,988.07	8,797,458.94
NOTE 14a INTEREST EXPENSE			
Interest on member deposits	27,500,000.00	31,200,000.00	24,400,000.00
Interest on savings scheme accounts	500,000.00	800,000.00	480,000.00
	28,000,000.00	32,000,000.00	24,880,000.00
NOTE 14b INTEREST PAYABLE ON DEPOSITS	27,500,000.00	31,200,000.00	24,400,000.00
The amount is payable on approval by the AGM @.	6.80%	7.85%	7.00%
NOTE 15 INSURANCE FUND			
Balance b/f	7,202,320.35	5,850,087.00	6,005,346.00
Contributions by members	2,285,377.72	2,319,373.35	1,545,612.00
Payment to insurance	(967,140.00)	(967,140.00)	(1,700,871.00)
Balance c/d	8,520,558.07	7,202,320.35	5,850,087.00
NOTE 16 MEMBERS SAVINGS SCHEME			
At the start of the year	11,929,632.82	7,660,854.00	6,425,242.00
Contribution for the year	11,841,359.78	13,654,672.60	11,742,957.00
Refunds for the year	(14,960,673.43)	(9,385,893.78)	(10,507,345.00)
Balance at the end of the year	8,810,319.17	11,929,632.82	7,660,854.00
This amount earned interest of 5.7% p.a paid on a prorata basis	5.70%	6.70%	6.30%
NOTE 17 BUDGET PERFORMANCE			
The society operated within the approved budget			
NOTE 18 DIVIDENDS PAYABLE	1,800,000.00	1,200,000.00	815,000.00
The management committee proposes to pay dividends to members @ Kes 1.70 (8.5%) per share subject to approval by the AGM			

NOTE 19

A. DEBTOR EMPLOYERS

	31.12.2020	31.12.2019	31.12.2018
	KES	KES	KES
All Africa Conference of Churches	2,394,657.78	7,720,471.00	1,875,449.00
Film Aid	-	190,172.00	369,749.00
Express Automation Ltd	923,658.00	1,121,023.00	1,316,671.00
FECCLAHA	208,875.00	165,917.00	440,327.00
PROCMURA	-	1,614,459.85	1,528,286.00
Telcom Deposit	2,300.00	2,300.00	2,300.00
Kenya Scouts	241,965.00	-	138,110.00
Lutheran World Federation	156,275.00	83,321.00	230,699.00
Lutheran World Relief	-	-	162,612.00
Sankara Hotel	29,000.00	989,062.00	1,034,200.00
Longrock Tours	232,693.00	145,918.00	55,952.00
Jamii Auto Care	140,300.00	96,000.00	-
Life & Peace Institute	121,085.00	72,874.00	74,021.00
Institute of Directors	-	13,000.00	13,000.00
Partners Worldwide	119,159.00	172,978.00	219,516.00
DMI	45,000.00	75,000.00	-
Kanisa Holdings Ltd - Dividends	700,000.00	700,000.00	700,000.00
	5,314,967.78	13,162,495.85	8,160,892.00

These are deduction not remitted by the end of the year.

GRAND TOTAL

5,314,967.78	13,162,495.85	8,160,892.00
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FY 2021 AND FY 2022 PROPOSED BUDGET



	Approved Budget 2020	Actual 2020	% Increase/Decrease of Approved 2020 Budget Compared to 2020 Actual	Proposed Budget 2021	% Increase/Decrease Proposed 2021 Compared to 2020 Actual	Proposed Budget 2022	% Increase/Decrease Proposed 2021 Compared to Proposed 2022 Budget	Notes
INCOME								
Interest on Loans to Members	41,162,678.30	41,583,462.44	1%	49,900,155.00	17%	54,890,170.00	9%	Interest earned from loans to members.
Insurance Rebates & Commissions	330,000.00	23,653.89	-93%	30,000.00	21%	50,000.00	40%	Commissions earned from CIC Motor Vehicle Insurance and rebates from SACCO assurance policy.
Interest Income	920,000.00	4,062,172.36	342%	4,200,000.00	3%	4,500,000.00	7%	Interest earned from money market account at CIC.
Entrance fee	350,000.00	169,300.00	-52%	250,000.00	32%	250,000.00	0%	Entrance fees from new members @ Kes 1,000 per member.
Charges on non AGM/Education Day attendants	1,031,162.00	1,292,624.55	25%	-	0%	-	0%	Fines for non-attendance of the AGM and Education days.
Investment Income	550,000.00	20,549.00	-96%	25,000.00	18%	30,000.00	17%	Dividends received from Kanisa Holdings, CIC and Co-op bank shares investments. We didn't receive from KHL last year and don't expect in 2020. We would also want KHL to build its capital before it pays dividends
Zidisha and Deposit Boosting Charges	300,709.82	118,453.00	-61%	150,000.00	21%	150,000.00	0%	Amount charged on members who boost their deposits for the purposes of borrowing.
KHL Expenses Contributions	550,000.00	-		-	0%	-	0%	We would also want KHL to build its capital before it pays any contributions
Total Income	45,194,550.12	47,270,215.24	5%	54,555,155.00	13%	59,870,170.00	9%	



EXPENDITURE	Approved Budget 2020	Actual 2020	% Increase/Decrease of Approved 2020 Budget Compared to 2020 Actual	Proposed Budget 2021	% Increase/Decrease Proposed 2021 Compared to 2020 Actual	Proposed Budget 2022	% Increase/Decrease Proposed 2022 Compared to Proposed 2021 Budget	Notes
Personnel Expenses	4,016,250.00	4,001,918.80	-0%	5,564,865.00	28%	6,691,320.00	17%	Salaries and wages and medical cover related expenses
Personnel Training Development	228,217.50	80,700.00	-65%	400,000.00	80%	400,000.00	0%	Staff skills development as identified through performance reviews.
Monthly Responsibility and Supervision Expenses	352,800.00	337,400.00	-4%	374,000.00	10%	374,000.00	0%	Committee Administration and responsibility reimbursements.
Committee Meeting Reimbursements	1,150,600.00	1,133,900.00	-1%	1,250,000.00	9%	1,250,000.00	0%	GMC and Supervisory Committee meetings reimbursements.
AGM Expenses	1,523,092.73	252,123.00	-83%	1,100,000.00	77%	1,200,000.00	8%	AGM expenses based on current market rates for food and conference facilities as per the increase in membership.
Bank Charges	270,000.00	194,267.06	-28%	250,000.00	22%	250,000.00	0%	Bank charges include ledger fees and costs of sending dividends to members.
Depreciation	1,160,000.00	912,832.06	-21%	1,160,000.00	21%	1,000,000.00	-16%	Assets depreciation costs including the ERP amortization.
Education to Members	1,260,000.00	161,294.00	-87%	1,200,000.00	87%	1,200,000.00	0%	Education day expenses based on current market rates for food and conference facilities as per the increase in membership. The GMC continuously evaluates ways and means of organising this day at minimal costs.
Education to Committee Members	330,000.00	150,000.00	-55%	400,000.00	63%	400,000.00	0%	GMC and Supervisory Committee members training based on their duties in the Society.

Committee Other Expenses	302,500.00	301,631.00	-0%	350,000.00	14%	350,000.00	0%	350,000.00	Covers incidental expenses such as meetings with the banks, ministry, lawyers, auditors, and Adhoc committees.
Office stationary and Printing Costs	250,000.00	230,931.00	-8%	280,000.00	18%	280,000.00	0%	280,000.00	Printing and stationery costs
Audit fees	150,000.00	49,700.00	-67%	350,000.00	86%	350,000.00	0%	350,000.00	Fees for both internal and external auditors
Transport Expenses	500,000.00	441,480.00	-12%	525,000.00	16%	525,000.00	0%	525,000.00	This caters for Society's transport expenses.
Repairs and Maintenance	75,000.00	63,522.40	-15%	120,000.00	47%	120,000.00	8%	130,000.00	Asset repairs, insurance and back-up costs.
Office Rent	48,000.00	44,800.00	-7%	348,000.00	87%	348,000.00	0%	348,000.00	Rent is paid quarterly @ KES 87,000/= per quarter.
Office Cleaning	42,000.00	33,400.00	-20%	60,000.00	44%	60,000.00	0%	60,000.00	Office cleaning costs
Communication	164,151.90	161,675.80	-2%	180,000.00	10%	200,000.00	10%	200,000.00	Kanisa-sacco.org domain renewal and hosting expenses; Bulk mail service costs and office telephone expenses.
Ushirika Day Celebrations	62,500.00	-	-	120,000.00	100%	120,000.00	0%	120,000.00	Ushirika day adjudication fees, contributions and expenses.
Corporate Social Responsibility	100,000.00	-	-	120,000.00	100%	120,000.00	0%	120,000.00	Covers donations/Charity Day/Corporate Social Responsibility expenses.
Legal Expenses	65,000.00	-	-	100,000.00	100%	100,000.00	0%	100,000.00	Covers legal consultation expenses when required.
Public Relations and Membership Retention	65,000.00	-	-	70,000.00	100%	100,000.00	30%	100,000.00	Conduct visits to corporate organisations whose employees are members of the SACCO, recruitment of other potential organisations and members
Strategic Plan Implementation and Policy Development	250,000.00	165,845.00	-34%	250,000.00	34%	250,000.00	0%	250,000.00	Costs associated with implementation and review of the Strategic plan
Members Promotional Materials & Social Media Marketing	300,000.00	60,000.00	-80%	350,000.00	83%	350,000.00	0%	350,000.00	Printing of Promotional materials such as bags, cup, caps and social media expenses etc
Provision for loan loss (IFRS 9)	2,330,955.00	2,330,955.00	0%	2,330,955.00	0%	2,330,955.00	0%	2,330,955.00	Provision for loan loss as per IFRS 9

EXPENDITURE CONT.										
Office Supplies	150,000.00	146,128.80	-3%	200,000.00	27%	200,000.00	0%	200,000.00	0%	Office supplies costs - Water, newspaper, masks, sanitizer
ERP Maintenance and Annual support Costs	-	179,499.00	0%	550,000.00	67%	550,000.00	0%	550,000.00	0%	Annual ERP support and maintenance costs an ICT consultancy fees
SASRA Regulation and Compliance Expenses	-	521,000.00	0%	100,000.00	-421%	100,000.00	0%	100,000.00	0%	FY2020 - Development of the mandatory policies and training. Annual Fees related to the New SACCO Regulations
40th Anniversary celebrations	-	-	-	200,000.00	100%	200,000.00	0%	-	0%	Specific costs related to the Anniversary Celebrations
Total Expenditure	15,146,067.13	11,955,002.92	-21%	18,302,820.00	35%	18,302,820.00	5%	19,229,275.00	5%	
Surplus for the Period	30,048,482.99	35,315,212.32	18%	36,252,335.00	3%	36,252,335.00	11%	40,640,895.00	11%	
CAPITAL EXPENDITURE										
Computer hardware and software	300,000.00	135,499.26	-55%	400,000.00	66%	400,000.00	-33%	300,000.00	-33%	Purchase of computer hardware and operating systems.
Website & Website Portal Development	50,000.00	12,000.00	-76%	50,000.00	76%	50,000.00	0%	50,000.00	0%	Development and Improvement of the SACCO website inline with technological advances.
Kanisa SACCO Software	635,000.00			600,000.00	100%	600,000.00	-200%	200,000.00	-200%	Expansion of the current ERP licence to accommodate more Users
Office Equipment	-		0%	300,000.00	100%	300,000.00		150,000.00		Buying of office equipment - Telephone network and other equipment, CCTV
Office Furniture and Fittings	40,000.00	27,930.00	-30%	500,000.00	94%	500,000.00	-150%	200,000.00	-150%	Purchase of additional furniture and office fittings
Purchase of additional shares at Kanisa Holdings Limited	-		0%	1,000,000.00	100%	1,000,000.00	0%	1,000,000.00	0%	Purchase of additional shares at Kanisa Holdings Limited
TOTALS	1,025,000.00	175,429.26	-83%	2,850,000.00	94%	2,850,000.00	-50%	1,900,000.00	-50%	



PROPOSED RESOLUTIONS TO THE 39TH AGM



We, the members of Kanisa Savings and Credit Cooperative Society meeting at the 39th Annual General Meeting on 27th March 2021, hereby:

1. Disposal of Surplus

Resolve to dispose the FY2020 surplus realized as follows:

- Interest on Deposits at a rate of 6.8 %- Kes 27,500,000 (Calculated on a weighted average (pro-rata) basis, with a payout of 5% and retention of 1.8% to be ploughed back into member's deposit accounts; with the option of voluntarily retaining the entire amount.
- Dividends of 8.5% Kes 1,800,000 equivalent to KES 1.70 per share and that this be fully capitalized to shares.
- Kes 450,000 as honoraria to the Central Management Committee and Supervisory Committee members and as bonus to Staff.

2. Increase of Kanisa Holding Limited's Share Capital

- Raise Kanisa Holdings Limited (KHL) share capital from the current KES 1,000,000 to KES 4,000,000
- Accept the request by KHL Board of Directors to convert the debts of One Million Shillings (KES 1,000,000) owed to it by KHL into equity (shares) increasing its stake in the company to Two Million Shillings (KES 2,000,000); and further the Society to take up the remaining shares to ensure it retains full control of the subsidiary.

3. Kanisa SACCO Limited applies for authorization by Sacco Societies Regulatory Authority (SASRA) under the new regulations 2020.

4. Societies Borrowing Power.

Resolve that the Society's borrowing power remains at a limit of Twenty Million Kenya Shillings (KES. 20,000,000).

PROPOSED AMENDMENTS TO THE KANISA SACCO SOCIETY LIMITED BY-LAWS

Section/Clause	Current Provision	Proposed Change
Sec 3.2 a)	<i>The nominal value of each share shall be Twenty Kenya Shillings (KES 20/=) and every member shall hold a minimum of Three Hundred (300) shares in the Society worth Six Thousand Kenya Shillings (KES 6,000/=), but no member shall hold more than one-fifth (1 / 5) of the Society's total shares. Non-members shall not hold shares.</i>	<i>Increase Share Capital from 6,000 to 20,000 payable over the next two years (1,000 shares at KES 20/=)</i>
6.1	<i>add</i>	<i>j) Members can attend Annual General Meeting or Special General Meeting either physically or virtually</i>
7.1 (i)	<i>Unless he/she has been, a member of the Society for at least two (2) years prior to the Annual General Meeting at which he/she offers himself/herself for election.</i>	<i>Unless he/she has been, a member of the Society for at least Three (3) years prior to the Annual General Meeting at which he/she offers himself/herself for election.</i>
7.1 (v)	<i>add</i>	<i>c) Elections shall be conducted in accordance with the provisions of the Society's Election Policy.</i>
7.2 (a)(ii)	<i>Unless he/she has minimum deposits of One Hundred Thousand Kenya shillings (KES 100,000/=) in the Society.</i>	<i>Unless he/she has minimum deposits of Kes. 350,000 (Three hundred and fifty thousand only) in the Society.</i>
7.2 (a)(viii)	<i>If he/she cannot read, write and understand English.</i>	<i>If he/she doesn't have a minimum of secondary education qualification</i>
4.4(a)(i)	<i>He/she has paid non-refundable admission fee of one thousand Kenya Shillings (KES. 1,000)</i>	<i>He/she has paid non-refundable admission fee of two thousand Kenya Shillings (KES 2,000)</i>





Desmond Tutu Conference Centre | All Africa Conference of Churches (AACC) Waiyaki Way, Opposite Safaricom House
P. O. Box 1210 - 00606, Nairobi | Mobile: +254 714-612049, +254 780-612049, +254 774-606056
Email: Info@Kanisa-SACCO.Org | Website: www.Kanisa-SACCO.Org



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