



AUDITED REPORT

STATISTICAL INFORMATION

		31.12.2019	31.12.2018
Number of members	-Active	2057	1808
	-Dormant	876	668
		KES	KES
Members deposits		397,665,271.13	348,584,712.36
Share capital		17,525,473.54	16,108,689.00
Loans to members		426,770,259.89	388,492,713.54
Statutory reserves		8,422,117.41	7,963,011.77
Savings scheme		11,929,632.82	7,660,854.00
Retained earnings		1,020,869.75	834,447.17
Current assets		52,148,372.24	27,730,413.00
Current liabilities		59,549,766.90	44,902,376.85
Turnover		48,768,536.13	37,306,375.80
KEY RATIOS			
Liquidity ratio		1:1	0.6:1
Membership increase		18%	11.60%
Percentage of expense to revenue		24%	25%
Interest on member deposits		7.85%	7.00%
Dividends per share (per value Kes 20/=)		1.14(5.7%)	1.02(5.1%)

STATEMENT OF THE MANAGEMENT COMMITTEE RESPONSIBILITIES




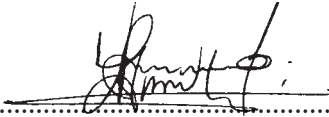
The Co-operative Societies Act requires Management Committee to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Society at the end of the financial year and its operating results for that year in accordance with IFRS. It also requires the Management 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 02/ 03/ 2020 and signed on its behalf by

Chairperson (Ann Kioi).....

Treasurer (Boniface Maina).....

Hon. Secretary (Alice Agunda)



INDEPENDENT AUDITORS REPORT

Opinion

We have audited the accompanying financial statements of KANISA SACCO Society Limited, which comprise of the statement of financial position as at 31 December 2019, 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 2019 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:

MINISTRY OF INDUSTRY, TRADE & CO-OPERATIVES

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

DATE **03/03/2020**



INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2019

REVENUE	NOTES	2019 KES	2018 KES
Interest on loans		46,371,016.42	34,692,522.80
Other interest income	8	958,844.23	796,507.00
		47,329,860.65	35,489,029.80
Interest expenses	14a	(32,000,000.00)	(24,880,000.00)
Net interest income		15,329,860.65	10,609,029.80
Other operating income	9	1,438,676.39	1,817,346.00
Net Income		16,768,537.04	12,426,375.80
Administration expenses	11	(14,030,830.01)	(10,688,617.10)
Other operating expenses	12	(325,917.17)	(210,602.24)
Net operating surplus before income tax		2,411,789.86	1,527,156.46
Withholding Income tax expense	9b	(116,260.73)	-
Operating surplus after tax		2,295,529.13	1,527,156.46
20% Transfer to statutory reserve		(459,105.83)	(305,431.29)
Surplus available for distribution		1,836,423.31	1,221,725.17
Provision for honoraria		(450,000.00)	(400,000.00)
Provision for dividends		(1,200,000.00)	(815,000.00)
Surplus to retained earnings		186,423.31	6,725.17

BALANCE SHEET AS AT 31ST DECEMBER 2019



	NOTES	2019 KES	2018 KES
ASSETS			
Cash and cash equivalent	6	38,685,876.39	17,394,635.00
Trade and other receivables	5	13,462,495.85	10,335,778.00
Loans to members	4	426,770,259.89	388,492,713.54
Financial assets	3	1,142,000.00	1,142,000.00
Property plant & equipment	2 (a)	1,367,607.51	1,028,110.61
Intangible Assets	2 (b)	2,755,260.00	-
Total Assets		484,183,499.64	418,393,237.15
LIABILITIES			
Members deposits	10a	397,665,271.13	348,584,712.36
Members savings scheme	16	11,929,632.82	7,660,854.00
Dividends payable	18	1,200,000.00	815,000.00
Interest payable on deposits	14b	31,200,000.00	24,400,000.00
Trade and other payables	7	8,017,813.73	6,176,435.85
Insurance fund	15	7,202,320.35	5,850,087.00
Total Liabilities		457,215,038.03	393,487,089.21
Shareholders Fund			
Share capital	10b	17,525,473.54	16,108,689.00
Reserves	13	9,442,988.07	8,797,458.94
Total Shareholders Fund		26,968,461.61	24,906,147.94
Total Liabilities and Shareholders Fund		484,183,499.64	418,393,237.15

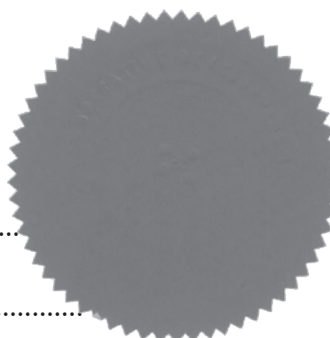


The financial statement on pages 33 - 47 were authorized for issue by the management committee on 2nd March 2020 and signed on behalf by

Chairperson (Ann Kioi).....

Treasurer (Boniface Maina).....

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





STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2019

	Share Capital	Statutory Reserve	Retained Earning	Total
	KSH	KSH	KSH	<u>KSH</u>
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

CASH FLOW STATEMENT



	31.12.2019	31.12.2018
	KES	KES
Cash flow from operating activities		
Interest received on loans	46,371,016.42	34,692,522.80
Other operating income	1,416,423.09	1,499,374.00
Interest payments	(24,880,000.00)	(18,960,851.00)
Payment to employees and suppliers	(10,858,231.67)	(8,973,308.24)
	12,049,207.84	8,257,737.56
Increase/Decrease in operating assets		
Loans to members	(38,277,546.35)	(49,311,563.00)
Trade and other receivables	(3,126,717.85)	(3,823,033.00)
Increase/Decrease in operating liabilities		
Deposits from members	49,080,558.77	42,246,962.00
Members savings	4,268,778.82	1,235,612.00
Trade and other payables	(975,838.00)	(11,498.00)
Honoraria paid	(400,000.00)	(350,000.00)
Insurance fund	1,352,233.35	(155,259.00)
Audit fee paid	(47,800.00)	(47,000.00)
Income tax paid	-	(1,002.30)
Net cash from operating activities after tax	23,922,876.58	(1,959,043.74)
Cash Flow from investing activities		
Purchase of property and equipment	(4,214,517.42)	(489,194.00)
Interest received	958,844.23	796,507.00
Dividends received	22,253.30	317,972.00
Net cash from investing activities	(3,233,419.89)	625,285.00
Cash flow from financing activities		
Share capital contributions	1,416,784.54	2,901,339.00
Dividends paid	(815,000.00)	(1,500,000.00)
Net cash from financing activities	601,784.54	1,401,339.00
Net(Decrease)/Increase in cash and equivalent	21,291,241.23	67,580.26
Cash and cash equivalent at the beginning of the year	17,394,635.00	17,327,054.82
Cash and cash equivalent at the end of the year	38,685,876.23	17,394,635.08



NOTE I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance and basis of preparation

The Financial Statements are prepared in accordance and comply with International Financial Reporting Standards. These financial Statements are presented in the functional currency, Kenya shillings (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%

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 PROPERTY PLANT & EQUIPMENT MOVEMENT SCHEDULE:

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

NOTE 2 (b) INTANGIBLE ASSETS - AMORTISATION SCHEDULE

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



NOTES TO THE ACCOUNTS (continued)

NOTE 3 FINANCIAL ASSETS.

	31.12.2019 KES	31.12.2018 KES
10,000 Ordinary shares @ Kes100 each in Kanisa holdings Ltd	1,000,000.00	1,000,000.00
132,000 Ordinary shares @ Kes 1 each in Co-op Bank (K) Ltd	132,000.00	132,000.00
10,000 Shares in CIC (K) Ltd @ Kes 1 each	10,000.00	10,000.00
	1,142,000.00	1,142,000.00

NOTE 4 LOANS TO MEMBERS.

At the start of the year	388,492,713.54	339,181,150.54
Granted during the year	418,533,965.52	389,343,786.00
Repayments during the year	(380,256,419.17)	(340,032,223.00)
	426,770,259.89	388,492,713.54
Balance as per listing	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	13,162,495.85	8,160,892.00
b Kanisa Holdings Rebates	300,000.00	300,000.00
c Surestep Systems and Solutions (Deposit for Software)	-	1,874,886.00
	13,462,495.85	10,335,778.00

NOTE 6 CASH AND CASH EQUIVALENT.

CIC money market - call deposit	28,776,770.23	10,417,926.00
CBA current account (reconciled)	4,537,780.26	2,125,069.00
Co-op bank savings account	96,957.00	596,957.00
Co-op bank current account(reconciled)	3,239,697.83	2,823,973.00
M-pesa accounts (verified).	2,032,607.07	1,427,355.00
Cash at hand (verified)	2,064.00	3,355.00
	38,685,876.39	17,394,635.00



**NOTE 7
TRADE AND OTHER PAYABLES**

	31.12.2019 KES	31.12.2018 KES
Interest on savings scheme accounts	800,000.00	480,000.00
Unpaid Interests on members deposits	-	1,701,580.00
Honoraria provided	450,000.00	400,000.00
Audit and supervision	47,800.00	47,800.00
Kanisa housing	-	15,000.00
Dorapos Designers	-	105,944.00
Income tax	116,260.73	-
Kanisa holdings Ltd	36,000.00	85,958.00
Provision for loan loss	3,884,926.00	1,553,970.85
Unidentified receipts	2,682,827.00	1,786,183.00
	8,017,813.73	6,176,435.85

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

NOTE 8 OTHER INTEREST INCOME

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

NOTE 9a OTHER OPERATING INCOMES

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

NOTE 9b PROVISION FOR WITHOLDING TAX

Gross Witholding Tax from interest income from CIC money market	148,691.04
Tax Witheld	(32,430.31)
Net Witholding Tax	116,260.73



NOTES TO THE ACCOUNTS (continued)

NOTE 10a MEMBER DEPOSITS

	31.12.2019 KES	31.12.2018 KES
At the start of the year	348,584,712.36	306,337,750.36
Contributions during the year	76,186,732.68	98,445,851.00
Refunds during the year	(27,106,173.91)	(56,198,889.00)
Total	397,665,271.13	348,584,712.36
Balance as per the listings	397,665,271.13	348,584,708.22
Difference	-	4.14

NOTE 10b SHARE CAPITAL

At the start of the year	16,108,689.00	13,207,350.00
Contributions during the year	1,416,784.54	2,901,339.00
Total	17,525,473.54	16,108,689.00

NOTE 11 ADMINISTRATION EXPENSES

Printing	238,858.00	193,159.00
Transport expenses	493,527.00	428,840.00
Communication expenses	164,141.00	149,229.00
Depreciation and amortisation	1,119,760.51	324,140.25
Committee meeting reimbursements	1,150,500.00	1,002,600.00
Responsibility and supervision	344,600.00	318,000.00
Education and Training to committee	346,102.00	254,582.00
Personnel development (staff training)	208,500.00	110,750.00
Other committee expenses	296,878.00	291,793.00
Office supplies	151,897.00	149,670.00
Salaries and wages	3,766,009.50	2,781,062.00
AGM expenses	1,426,803.00	1,381,490.00
Education to members	998,212.00	982,482.00
Audit fees	47,800.00	47,800.00
Strategic plan implementation	377,340.00	136,000.00
Office rent	44,800.00	34,800.00
Public relations	60,000.00	38,634.00
Legal fees	-	9,000.00
Repairs and maintenance	54,319.00	50,880.00
Office cleaning	38,000.00	38,200.00
Ushirika day celebrations	77,500.00	40,000.00
Promotional Materials and Social Media	294,328.00	277,030.00
Provision for loan loss (IFRS 9)	2,330,955.00	1,553,970.85
Bad debts written off	-	94,505.00
	14,030,830.01	10,688,617.10



	31.12.2019 KES	31.12.2018 KES
NOTE 12 OTHER OPERATING EXPENSES		
Corporate Social Responsibility	94,884.00	-
Bank charges	231,033.17	210,602.24
	325,917.17	210,602.24
NOTE 13 RESERVES		
Statutory reserve	8,422,117.60	7,963,011.77
Retained earnings	1,020,870.48	834,447.17
	9,442,988.07	8,797,458.94
NOTE 14a INTEREST EXPENSE		
Interest on member deposits	31,200,000.00	24,400,000.00
Interest on savings scheme accounts	800,000.00	480,000.00
	32,000,000.00	24,880,000.00
NOTE 14b INTEREST PAYABLE ON DEPOSITS	31,200,000.00	24,400,000.00
The amount is payable on approval by the AGM @.	7.85%	7.00%
NOTE 15 INSURANCE FUND		
Balance b/f	5,850,087.00	6,005,346.00
Contributions by members	2,319,373.35	1,545,612.00
Payment to insurance	(967,140.00)	(1,700,871.00)
Balance c/d	7,202,320.35	5,850,087.00
NOTE 16 MEMBERS SAVINGS SCHEME		
At the start of the year	7,660,854.00	6,425,242.00
Contribution for the year	13,654,672.60	11,742,957.00
Refunds for the year	(9,385,893.78)	(10,507,345.00)
Balance at the end of the year	11,929,632.82	7,660,854.00
This amount earned interest of 6.3% p.a paid on a prorata basis	6.70%	6.30%
NOTE 17 BUDGET PERFORMANCE		
The society operated within the approved budget		
NOTE 18 DIVIDENDS PAYABLE	1,200,000.00	815,000.00

The management committee proposes to pay dividends to members @ Kes 1.14(5.7%) per share subject to approval by the AGM



LIST OF SUNDRY DEBTORS AND LOAN DEFAULTERS

NOTE 19 A. DEBTOR EMPLOYERS

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

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

GRAND TOTAL

13,162,495.85	8,160,892.00
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