

**CS 4331  
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018**

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**SOCIETY INFORMATION**

**Management Committee Members**

Francis Mueke.....	Chairperson
Dan Omondi .....	Vice Chairperson
Eva Macharia .....	Hon. Secretary
Julius Nzele ... ..	Treasurer
Simon Oriedo.....	Member
Henry Mburu.....	Member
Lilian Munyiri.....	Member
David Maloba.....	Member
Caleb Musamali.....	Member

**Supervisory Committee Members**

Samuel Mwega.....	Chairperson
Valarie Owour .....	Secretary
Charles Macharia.....	Member

**Registered Office**

Dhamini Sacco Society Ltd  
1<sup>st</sup> Floor Bishop Garden Towers  
P.O. Box 44749-00100  
Nairobi.  
LR No 209/8342/2  
Info@Dhamini.com  
**Tel: 020-2728373**

**Principal Bankers**

Co-operative Bank of Kenya limited,  
Co-op House ,  
**Nairobi**

**Auditors**

Kibiego Kiptum & Co.  
Certified Public Accountants of Kenya  
Transnational Plaza, 5<sup>th</sup> Floor Wing B  
P.O. Box 42790-00100, Nairobi  
Tel: 020 2212515, 2212491  
Mobile: 0700-736 709  
Email: [info@kibiegokiptum.co.ke](mailto:info@kibiegokiptum.co.ke)

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**STATISTICAL INFORMATION**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018**

	<u>2018</u>	<u>2017</u>
<b>Membership</b>		
:Active	2,989	2,769
:Dormant	2,379	2,041
	<u>Kshs</u>	<u>Kshs</u>
Share Capital	36,763,504	32,623,811
Members Deposits	289,301,728	279,559,480
Capital Reserves	218,803	218,803
Statutory reserve fund	7,118,024	6,138,127
Retained Earnings	1,659,846	1,640,257
Loans to Members	252,413,868	280,944,038
Other Financial Assets	113,959,655	72,355,389
Current Asset	31,185,673	30,239,974
Current Liability	59,131,503	50,097,414
Total Assets	408,383,998	386,021,859
Liabilities	348,433,231	329,656,894
Turnover	47,533,267	46,698,718
Interest on Members Deposits	25,100,000	27,955,948
 <b>Employees of the Sacco</b>	 7	 6
 <b>KEY RATIOS</b>		
Liquidity Ratio	0.54:1	0.18:1
 <b>Operating Efficiency/Loan Quality Ratios</b>		
Total Expenses/ Total Revenue	35.00%	27.00%
Interest rate on member's deposits	9.00%	10.00%
Dividend rate on members share capital	10%	11.31%

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**REPORT OF THE BOARD OF DIRECTORS**

The board of directors has pleasure in submitting its annual report and the audited financial statements for the year ended 31<sup>st</sup> December 2018

**Incorporation**

The society is incorporated in Kenya under the co-operative societies Act, cap 490 and is domiciled in Kenya.

**Principal Activity**

The principal activity of the society is to promote thrift amongst its members by affording them an opportunity for accumulating their savings and to create thereby a source of funds from which loans can be made to them exclusively for provident and productive purposes at fair and reasonable rates of interest.

<b>RESULTS</b>	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Surplus (deficit) before tax</b>	5,552,725	5,192,172
Provision for taxation	(653,239)	(235,408)
<b>Net Surplus (deficit) after tax</b>	<b>4,899,486</b>	<b>4,956,764</b>
Transfer to statutory reserve	(979,897)	(991,354)
<b>Total distribution</b>	<b>3,919,589</b>	<b>3,965,411</b>
<b>Retained earnings for the year</b>	<b>19,589</b>	<b>23,153</b>
<b>Interest on Members deposits</b>	<b>25,100,000</b>	<b>27,955,948</b>

**Dividend/Interest on members' Deposits**

The Board of Directors recommends a payment rate of 10.00% dividends on members share capital and interest on members' deposits at the rate of 9.00% as at 31<sup>st</sup> December, 2018.

**The Board of Directors**

The Board members who served during the year and to the date of this report is as listed on page 1.

**Auditors**

Kibiego Kiptum & Co. who were appointed auditors during the year, have indicated their willingness to continue in office and therefore offer themselves for consideration for re-appointment under the terms of the Co-operative Societies Act.

**By order of the Board**

**Hon. Secretary**

**Date.....**

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**STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES**

The SACCO Societies Act No. 14 of 2008 requires the board of directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the society as at the end of the financial year and of its operating results for that year in accordance with IFRS. It also requires the board of directors 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 safe-guarding the assets of the society and ensuring that the business of the society has been conducted in accordance with its objective, by-laws and any other resolutions made at the society's delegates meeting.

The Board of Directors 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 the manner required by the Sacco Societies Act No. 14 of 2008. The board of directors is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the society and of its operating results in accordance with the IFRS. The board of directors further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate system of internal financial control.

Nothing has come to the attention of the board of directors to indicate that the society will not remain a going concern for at least twelve months from the date of this statement.

Approved by the Board of Directors on .....and signed on its behalf by:

**Chairman.....**

**Treasurer.....**

**Hon Secretary.....**

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**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF DHAMINI SACCO SOCIETY LTD**

**Opinion**

We have audited the accompanying financial statements of Dhamini Sacco Society Limited, set out on pages 8 to 21 which comprise the statement of financial position as at 31<sup>st</sup> December 2018, and the 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 notes.

In our opinion, the financial statements give a true and fair view of the state of the Society's financial affairs as at 31<sup>st</sup> December 2018 and of the results of its performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the **International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)**, and we have fulfilled our other ethical responsibilities in accordance with the **IESBA Code**. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matter**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We did not find any significant matter during the course of our audit.

**Responsibilities of Directors and Those Charged with Governance for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the society's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**As part of an audit in accordance with ISAs, we exercise professional judgment and maintain skepticism throughout the audit. We also:**

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the society to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal requirements**

As required by the Sacco Societies Act No. 14 of 2008, we report to you that the financial statements are in agreement with the books of accounts 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:

- (i) In accordance with the provisions of the Sacco Societies Act.
- (ii) In accordance with Dhamini Sacco Society's objectives, by-laws and any other resolutions made by the society members at a general meeting.

*The engagement partner responsible for the audit resulting in this independent auditors report is CPA Kibiego Benjamin Kiptum – P/No 554*

**CERTIFIED PUBLIC ACCOUNTANTS OF KENYA**

**NAIROBI**

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**STATEMENT OF COMPREHENSIVE INCOME**

<b>FOR THE YEAR ENDED 31ST DECEMBER 2018</b>		<b>2018</b>	<b>2017</b>
<b><u>REVENUE</u></b>	<b>NOTES</b>	<b>Kshs</b>	<b>Kshs</b>
Interest on loans	2 (a)	32,235,268	38,465,063
<b>Total interest income</b>		<b>32,235,268</b>	<b>38,465,063</b>
Interest expense	2 (b)	(25,728,175)	(28,509,334)
<b>Net interest income</b>		<b>6,507,093</b>	<b>9,955,729</b>
<b>Other Operating Income</b>	3	15,297,999	8,233,655
<b>Total Income</b>		<b>21,805,092</b>	<b>18,189,384</b>
<b><u>EXPENSES</u></b>			
Financial expenses	4 (a)	824,104	812,040
Personnel expenses	4 (b)	7,041,926	6,025,766
Administration expenses	4 (c)	4,591,139	2,849,867
Governance expenses	4 (d)	1,877,515	1,936,556
Depreciation/Amortization	4 (e)	1,218,797	1,003,200
Marketing Expenses	4 (f)	698,886	369,784
<b>Total Expenses</b>		<b>16,252,367</b>	<b>12,997,213</b>
<b>Operating Surplus before Tax and Distribution</b>		<b>5,552,725</b>	<b>5,192,171</b>
<b>Income Tax Expense</b>	14	(653,239)	(235,408)
<b>Net Surplus for the year</b>		<b>4,899,486</b>	<b>4,956,763</b>
<b>20% Statutory Reserve (see results page 3)</b>		(979,897)	(991,353)
<b>Surplus for the year available for distribution</b>		<b>3,919,589</b>	<b>3,965,410</b>
Honoraria		(250,000)	(250,000)
Proposed dividends		(3,650,000)	(3,692,258)
<b>Retained Earnings</b>		<b>19,589</b>	<b>23,152</b>

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**STATEMENT OF FINANCIAL POSITION**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018**

		<b>2018</b>	<b>2017</b>
<b>ASSETS</b>	<b>NOTES</b>	<b>Kshs</b>	<b>Kshs</b>
Cash and cash equivalents	5	6,961,211	4,621,597
Inventory	6	16,000	16,000
Prepayments and Sundry Receivables	7	23,200	164,488
Trade and Other Receivables	8	31,146,473	25,437,889
Other Financial Assets	9(a)	113,959,655	72,355,389
Property plant and equipment	10(a)	2,065,182	617,569
Intangible Assets	10(b)	1,798,409	1,864,889
Loans to members	11	252,413,868	280,944,038
<b>Total Assets</b>		<b>408,383,998</b>	<b>386,021,859</b>
<b>LIABILITIES</b>			
Members' Deposit	12	289,301,728	279,559,480
Interest on Members Deposits Payable	13(a)	35,119,627	32,435,649
Dividends Payable	13(b)	6,656,170	5,017,906
Tax Payable	14	653,239	235,408
Provision for doubtful Debts	16	2,146,763	553,419
Trade Payables and Accrued Expenses	18	11,950,148	9,249,476
Withdrawable Savings	17	170,000	170,000
Insurance Fund	15	2,435,556	2,435,556
<b>Total liabilities</b>		<b>348,433,231</b>	<b>329,656,894</b>
<b>EQUITY</b>			
Share capital	19	36,763,504	32,623,811
Share Revaluation	9(b)	14,190,590	15,743,968
Reserves	20	8,996,673	7,997,186
<b>Total Equity</b>		<b>59,950,766</b>	<b>56,364,965</b>
<b>Total Liabilities and Equity</b>		<b>408,383,998</b>	<b>386,021,859</b>

The financial statements on pages 8-21 were authorised for issue by the Board of Directors on.....2019 and signed on its behalf by :

(1) Chairman.....

(2) Board Member.....

(3) Board member.....

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<b>STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2018</b>	<b>Share capital</b>	<b>Statutory Reserve</b>	<b>Capital Reserve</b>	<b>Retained Earnings</b>	<b>Revaluation Reserve</b>	<b>TOTALS</b>
	<b><u>Kshs</u></b>	<b><u>Kshs</u></b>	<b><u>Kshs</u></b>	<b><u>Kshs</u></b>	<b><u>Kshs</u></b>	<b><u>Kshs</u></b>
<b>At 1st January 2017</b>	<b>26,870,502</b>	<b>5,146,774</b>	<b>218,803</b>	<b>2,114,132</b>	<b>13,253,632</b>	<b>47,603,843</b>
<b>Prior Year Adjustments</b>	-	-	-	(497,027)	-	(497,027)
<b>As restated</b>	<b>26,870,502</b>	<b>5,146,774</b>	<b>218,803</b>	<b>1,617,105</b>	<b>13,253,632</b>	<b>47,106,816</b>
Surplus for the year before tax	-	-	-	5,192,171	-	5,192,171
Transfer to statutory reserve	-	991,353	-	(991,353)	-	-
Revaluation Reserve	-	-	-	-	2,490,336	2,490,336
Provision for tax	-	-	-	(235,408)	-	(235,408)
Issued Share capital	5,753,309	-	-	-	-	5,753,309
Proposed Dividends	-	-	-	(3,692,258)	-	(3,692,258)
Proposed Honoraria	-	-	-	(250,000)	-	(250,000)
<b>As at 31st December 2017</b>	<b>32,623,811</b>	<b>6,138,127</b>	<b>218,803</b>	<b>1,640,257</b>	<b>15,743,968</b>	<b>56,364,966</b>
<b>At 1st January 2018</b>	<b>32,623,811</b>	<b>6,138,127</b>	<b>218,803</b>	<b>1,640,257</b>	<b>15,743,968</b>	<b>56,364,966</b>
<b>As restated</b>	<b>32,623,811</b>	<b>6,138,127</b>	<b>218,803</b>	<b>1,640,257</b>	<b>15,743,968</b>	<b>56,364,966</b>
Surplus for the year before tax	-	-	-	5,552,725	-	5,552,725
Transfer to statutory reserve	-	979,897	-	(979,897)	-	-
Revaluation Reserve	-	-	-	-	(1,553,379)	(1,553,379)
Provision for tax	-	-	-	(653,239)	-	(653,239)
Issued Share capital	4,139,693	-	-	-	-	4,139,693
Proposed Dividends	-	-	-	(3,650,000)	-	(3,650,000)
Proposed Honoraria	-	-	-	(250,000)	-	(250,000)
<b>As at 31st December 2018</b>	<b>36,763,504</b>	<b>7,118,024</b>	<b>218,803</b>	<b>1,659,846</b>	<b>14,190,589</b>	<b>59,950,765</b>

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**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018**

	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Cashflow from operating activities:-</b>		
Interest Receipts	32,235,268	38,465,063
Other receipts	6,588,109	4,237,296
Interest Payments/dividends	(22,416,022)	(21,029,034)
Payments to employees and Suppliers	(14,374,050)	(11,342,888)
Prior year adjustments	-	(497,027)
	<b>2,033,305</b>	<b>9,833,410</b>
<b>(Increase)/Decrease in operating assets</b>		
Net Loans to members	28,530,170	(11,169,834)
Prepayments and Other Receivables	141,288	90,397
Trade and other Receivables	(5,708,584)	(9,836,962)
<b>Increase/(Decrease in operating liabilities</b>		
Members deposits	9,742,248	23,100,206
Coop Bank Shares Revaluation	(1,553,379)	2,490,336
Trade and Other Payables	2,343,216	3,272,145
<b>Net Cash From Operating Activities Before Income Taxes</b>	<b>35,237,104</b>	<b>17,779,698</b>
Tax paid	(235,408)	(185,877)
<b>Net Cash Flow from operating Activities After Tax</b>	<b>35,001,696</b>	<b>17,593,821</b>
<b>Cash flow from investing activities</b>		
Purchase of property and Equipment	(1,895,663)	(247,080)
Purchase of Intangible Asset	-	(1,900,000)
Dividends Received	2,223,869	1,028,041
Interest Received	6,486,021	2,968,318
Financial Assets	(41,604,266)	(22,341,168)
<b>Net cash from investing activities</b>	<b>(34,790,039)</b>	<b>(20,491,889)</b>
<b>Cash flow from financing activities</b>		
share capital contribution	4,139,693	5,753,309
Dividend Paid	(2,011,736)	(3,023,071)
<b>Net cash from financing activities</b>	<b>2,127,957</b>	<b>2,730,238</b>
<b>Net(decrease)/increase in cash and cash equivalent</b> s	<b>2,339,614</b>	<b>(167,830)</b>
Cash and cash equivalent at the beginning of the year	4,621,597	4,789,427
<b>Cash and cash equivalent at the end of the year</b>	<b>6,961,211</b>	<b>4,621,597</b>

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**NOTES TO THE ACCOUNTS**

**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 & 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 (Shs) rounded to the nearest thousand (000) and prepared under the historical cost convention, as modified by revaluation of certain assets as prescribed by IFRS's

**b) Revenue recognition**

- ❖ Interest on loans is calculated on a reducing balance at the rate of 1% per month and accrued on monthly basis on balances outstanding at the beginning of the month based on the interest rate determined by the Board of Directors
- ❖ Dividend income is recognized when earned.

**c) Property, plant and equipment**

All property, plant and equipment are initially recorded at cost less depreciation. Increases in carrying value amounts arising on revaluations are credited to the revaluation reserve. Each year, the difference between the depreciation based on revalued carrying amount of the asset (the depreciation charged to profit and loss account) and depreciation based on the assets original charge is transferred to retained earnings. Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates in use are:

<b>Asset</b>	<b>Rate (%)</b>
Land and Building.....	Nil
Office furniture and equipment.....	12.50%
Computer Equipment .....	30%
Office Partitions.....	17%
Intangible Assets.....	30%

The assets' residual values and lives are reviewed, and adjusted if appropriate at each balance sheet date. Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

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**NOTES TO THE ACCOUNTS**

**(d) Trade and Other Receivables**

Trade and other receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective rate. A provision of impairment is recognized in the profit and loss account in the year when the recovery of the amount is due as per the original terms is doubtful. The provision is based on the difference between the carrying amount and the present value of the expected cash flows, discounted at the effective interest rate.

Receivables not collectible are written off against the related provision. Subsequent recoveries of the amounts written off are credited to comprehensive income and expenditure account in the year of recovery.

**(e) Trade and Other Payables.**

Trade and other payables are recognized initially at fair value and are subsequently measured at amortized cost using the effective rate.

**(f) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits held at call with banks and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**(g) Provision for Liabilities and Other Charge**

Provisions are recognized when the Sacco has a present obligation (legal or constructive) as a result of past event, it is probable that the Sacco will be required to settle the obligation, and a reliable estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

**(h) Statutory reserves**

Transfers are made to the statutory reserve fund at a rate of 20% of net operating surplus after tax in compliance with the provision of section 47 (1& 2) of the Co-operative Societies Act, Cap 490.

**i) Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation effected in the current year.

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	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>2. (a) INTEREST INCOME</b>		
Interest on loans to members	32,235,268	38,465,063
	<b>32,235,268</b>	<b>38,465,063</b>
<b>b) Interest Expenses</b>		
Interest on members deposits	25,100,000	27,955,948
Interest on school fees savings	619,175	544,386
Withdrawable Savings Interest	9,000	9,000
	<b>25,728,175</b>	<b>28,509,334</b>
<b>3. Other Operating Income</b>		
<b>a) Investment income</b>		
(i) CIC dividends	84,633	74,053
(ii) Co-op Bank dividends	1,089,776	843,028
(iii) KUSCCO dividends	1,049,460	110,960
(iv) CIC Money market fund interest	1,730,692	1,254,665
(v) Church Commissioners for Kenya Fixed deposit interest	4,428,205	1,561,182
(vi) Church commissioners for kenya Savings interest	13,390	8,204
(vii) Interest from call deposit	313,734	144,267
<b>b) Registration fees</b>	173,500	407,875
<b>c) Penalties, Charges and Commissions</b>	428,649	177,525
<b>d) Mpesa Commissions</b>	264,610	245,331
<b>e) Insurance fees</b>	2,183,464	1,209,042
<b>f) Loan Application Fees</b>	31,800	71,500
<b>g) Insurance, Kcb &amp; Equity Agency commission</b>	63,317	44,567
<b>h) Refinancing &amp; Boost fees</b>	2,343,250	2,081,456
<b>l) Photocopying fees</b>	1,099,519	-
	<b>15,297,999</b>	<b>8,233,655</b>

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<b>NOTES TO THE ACCOUNTS (CONT'D)</b>	<b>2018</b>	<b>2017</b>
<b>FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>4. EXPENSES</b>		
<b>(a) FINANCIAL EXPENSES</b>		
Bank Charges and Commissions	272,040	258,621
Provision for doubtful debt	552,064	553,419
	<b>824,104</b>	<b>812,040</b>
<b>(b) PERSONNEL EXPENSES</b>		
Salaries and Wages	6,042,650	4,994,503
Staff Training & Seminars	362,990	165,007
Staff Provident fund and Gratuity	309,900	593,889
Staff medical expenses	326,386	272,367
	<b>7,041,926</b>	<b>6,025,766</b>
<b>(c) ADMINISTRATION EXPENSES</b>		
Printing and Stationery	215,944	203,429
Repairs and Maintenance	15,000	45,580
Travelling and subsistence	173,300	158,020
Telephone & postage	166,670	77,162
Office Insurance	-	9,483
Office Rent	2,432,958	1,122,748
Strategic Planning	75,000	360,110
General office expenses	455,030	305,109
Internet and Website	156,960	161,900
Software maintenance	522,000	250,000
Legal Fees	12,000	28,500
Subscriptions and publications	43,990	30,120
Credit Reference Bureau(CRB)	214,830	-
Audit Fees	85,124	77,385
Supervision Fees and Recoverable	8,712	7,939
Value Added Tax	13,620	12,382
	<b>4,591,139</b>	<b>2,849,867</b>
<b>(d) GOVERNANCE EXPENSES</b>		
CMC allowances	1,139,650	1,016,570
Committee Training/Seminars	172,400	206,293
Members Education	251,475	327,093
A G M Expenses	313,990	386,600
	<b>1,877,515</b>	<b>1,936,556</b>



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**(e) DEPRECIATION / ARMORTISATION**

Depreciation

	<b>2018</b>	<b>2017</b>
	<b>Kshs.</b>	<b>Kshs.</b>
	1,218,797	1,003,200
	<b>1,218,797</b>	<b>1,003,200</b>

**(f) MARKETING EXPENSES**

Marketing and Promotional products

Ushirika day

	678,886	341,784
	20,000	28,000
	<b>698,886</b>	<b>369,784</b>

**5 CASH AND CASH EQUIVALENTS**

CCK (The church commissioners for Kenya) saving A/C

Call Account

Coop bank current A/C

Petty cash

Equity Agency Account

Kcb Agency Account

Pay bill

Mpesa float

	437,361	440,778
	2,008,803	-
	3,301,827	3,605,724
	-	485
	208,580	-
	150,000	-
	678,006	378,092
	176,635	196,518
	<b>6,961,211</b>	<b>4,621,597</b>

**6. INVENTORY**

**Stock (Jiko & Lamps)**

**Balance b/f**

Acquisition during the year

Disposal during the year

**Balance carried down**

	<b>16,000</b>	<b>16,000</b>
	-	-
	-	-
	<b>16,000</b>	<b>16,000</b>

**7. PREPAYMENTS AND SUNDRY RECEIVABLES**

Metropol credit refence bureau

Rent prepaid

	23,200	23,200
	-	141,288
	<b>23,200</b>	<b>164,488</b>

**8. TRADE AND OTHER RECEIVABLES**

Debtor Employer

Accrued income

Dhamini Housing Debtor

	24,466,800	24,509,566
	4,079,673	928,323
	2,600,000	-
	<b>31,146,473</b>	<b>25,437,889</b>

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**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018.**

**2018**

**2017**

**9. INVESTMENTS**

**a) Other Financial Assets**

CIC Insurance 32500 shares @ kshs 20	773,732	773,732
Coop Holding Society 1479408 shares @ kshs 8.55	12,648,938	14,202,317
Cooperative insurance ltd 742392 shares at kshs 3.50	2,598,372	2,598,372
KUSCCO shares 14600 @ kshs 100	1,460,000	1,460,000
CIC Insurance money market fund	31,235,914	21,505,222
Church commissioners for kenya fixed deposit	53,242,699	24,815,746
KUSCCO Investment	12,000,000	7,000,000
	<b><u>113,959,655</u></b>	<b><u>72,355,389</u></b>

**b) Cooperative Bank Shares**

Coop Holding society 1479408 shares @ kshs 8.55	12,648,938	14,202,317
Cooperative Insurance ltd 742392 shares at kshs 3.50	2,598,372	2,598,372
<b>Total</b>	<b>15,247,310</b>	<b>16,800,689</b>
Less: Cost value	(1,056,720)	(1,056,720)
<b>Share Revaluation</b>	<b><u>14,190,590</u></b>	<b><u>15,743,969</u></b>

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	2018	2017
<b>10(b) INTANGIBLE ASSETS</b>		
Balance as at January	4,434,045	1,091,594
Additions	-	-
<b>Balance as at December</b>	<b>4,434,045</b>	<b>1,091,594</b>
<b>Balance b/f</b>	<b>4,434,045</b>	<b>1,091,594</b>
<b>Prior year Adjustments</b>	-	1,442,451
Additions	-	1,900,000
<b>Restated Balance</b>	<b>4,434,045</b>	<b>4,434,045</b>
<b>Accumulated Depreciation</b>		
Balance as at January	1,864,889	764,116
Prior year Adjustments	-	1,005,802
Depreciation charge for the period	770,747	799,238
<b>Balance carried forward</b>	<b>1,798,409</b>	<b>1,864,889</b>
<b>11. LOANS</b>		
Balance as at 1st January	280,944,038	269,774,204
Granted During the Year	200,169,121	196,043,749
Repayments During the Year	(228,699,291)	(184,873,915)
<b>Balance as at 31st December</b>	<b>252,413,868</b>	<b>280,944,038</b>
Balance per Members Personal Accounts (Actual)	252,413,868	280,944,038
<b>Unreconciled Difference</b>		-
<b>12 .MEMBERS DEPOSITS</b>		
<b><u>Savings Deposits</u></b>		
Ledger balance as at 1st January	279,559,480	256,559,274
Deposits during the year	33,560,178	41,803,275
Withdrawals/ Refunds and loans offset During the Year	(23,817,930)	(18,802,731)
<b>Balance as at 31st December</b>	<b>289,301,728</b>	<b>279,559,480</b>
Balance as per members personal accounts	289,301,728	279,559,480

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**10. a) PROPERTY, PLANT & EQUIPMENT**

	<b>Computers and Equip- ments <u>Kshs</u></b>	<b>Furniture and Fittings <u>Kshs</u></b>	<b>Office Parti- tioning <u>Kshs</u></b>	<b>Totals <u>Kshs</u></b>
<b><u>COST</u></b>				
<b>Balance as at 1st January 2017</b>	632,970	236,201	121,135	<b>990,306</b>
<b>Prior Year Adjustments</b>	757,417	180,163	145,287	<b>1,082,867</b>
Additions	247,080	-	-	<b>247,080</b>
Disposals	-	-	-	-
<b>Balance as at 31st December 2017</b>	<b>1,637,467</b>	<b>416,364</b>	<b>266,422</b>	<b>2,320,253</b>
<b>Balance as at 1st January 2018</b>	1,637,467	416,364	266,422	<b>2,320,253</b>
Additions	173,793	289,980	1,431,890	<b>1,895,663</b>
Disposals	-	-	-	-
<b>Balance as at 31st December 2018</b>	<b>1,811,260</b>	<b>706,344</b>	<b>1,698,312</b>	<b>4,215,916</b>
<b><u>Accumulated Depreciation</u></b>				
<b>Balance as at 1st January 2017</b>	310,155	180,841	83,450	<b>574,446</b>
<b>Prior year Adjustments</b>	770,076	54,680	99,520	<b>924,276</b>
Depreciation charge for the year	167,171	22,605	14,186	<b>203,962</b>
<b>Balance as at 31st December 2017</b>	<b>1,247,402</b>	<b>258,126</b>	<b>197,156</b>	<b>1,702,684</b>
<b>Balance as at 1st January 2018</b>	1,247,402	258,126	197,156	<b>1,702,684</b>
Depreciation charge for the year	214,633	42,020	191,397	<b>448,050</b>
<b>Balance as at 31st December 2018</b>	<b>1,462,035</b>	<b>300,147</b>	<b>388,553</b>	<b>2,150,734</b>
<b><u>Carrying Amount</u></b>				
<b>As at 31st December 2018</b>	<b>349,225</b>	<b>406,197</b>	<b>1,309,759</b>	<b>2,065,182</b>
<b>As at 31st December 2017</b>	<b>390,065</b>	<b>158,238</b>	<b>69,266</b>	<b>617,569</b>

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	<b>2018</b>	<b>2017</b>
<b>13 (a) INTEREST ON MEMBERS DEPOSITS</b>		
<b>Balance b/f</b>	32,435,649	25,508,735
Provision for the year	25,100,000	27,955,948
Payment during the year	(22,416,022)	(21,029,034)
<b>Balance carried down</b>	<b>35,119,627</b>	<b>32,435,649</b>
<b>(b) DIVIDENDS ON MEMBERS SHARES</b>		
<b>Balance b/f</b>	5,017,906	4,099,719
Provision for the year	3,650,000	3,941,258
Payment during the year	(2,011,736)	(3,023,071)
<b>Balance carried down</b>	<b>6,656,170</b>	<b>5,017,906</b>
<b>Total</b>	<b>41,775,797</b>	<b>37,453,555</b>
<b>14. TAXATION</b>		
<b>Income Tax</b>		
Interest from CCK (Church Commission of Kenya)	4,341,539	1,561,182
Interest from CCK savings	13,390	8,204
<b>Total taxable income</b>	<b>4,354,929</b>	<b>1,569,386</b>
Tax provision(15% of taxable interest)	653,239	235,408
<b>Tax payable</b>	<b>653,239</b>	<b>235,408</b>
<b>15. INSURANCE FUND</b>		
<b>Balance b/f</b>	2,435,556	2,435,556
Contributions for the year	3,892,624	2,426,820
Insurance paid in the year	(1,709,160)	(1,217,778)
Recognised as income	(2,183,464)	(1,209,042)
<b>Balance carried down</b>	<b>2,435,556</b>	<b>2,435,556</b>
<b>16. ACCUMULATED PROVISION FOR DOUBTFUL DEBTS</b>		
<b>Bal b/f</b>	1,594,699	7,378,920
Historical doubtful debts provision at 7.5% p.a	552,064	553,419
<b>Bal c/d</b>	<b>2,146,763</b>	
<b>17. WITHDRAWABLE SAVINGS</b>		
Fixed withdrawable savings	170,000	170,000
	<b>170,000</b>	<b>170,000</b>

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	<b>2018</b>	<b>2017</b>
<b>18. TRADE PAYABLES AND ACCRUED EXPENSES</b>		
Creditors and Accruals	1,923,015	550,935
Audit fees	85,124	77,385
Value Added Tax	13,620	12,382
Supervision and Recoverable	8,712	7,939
Rent	190,787	-
Uncredited deposits	14,360	20,510
Interest on school fees fund	619,175	553,386
School fees fund	8,845,355	7,776,939
Honoraria	250,000	250,000
	<b><u>11,950,148</u></b>	<b><u>9,249,476</u></b>
<b>19. SHARE CAPITAL</b>		
<b>Balance brought forward</b>	32,623,811	26,870,502
Contributions for the year	4,139,693	5,753,309
<b>Balance Carried Forward</b>	<b><u>36,763,504</u></b>	<b><u>32,623,811</u></b>
<b>20. RESERVES</b>		
Statutory Reserve	7,118,024	6,138,127
Retained earnings	1,659,846	1,640,257
Capital reserve	218,803	218,803
	<b><u>8,996,673</u></b>	<b><u>7,997,186</u></b>
<b>21. PRIOR YEAR ADJUSTMENTS</b>		
Understated service charge for 2016	-	117,611
Understated tax for 2016	-	379,416
	<b><u>-</u></b>	<b><u>497,027</u></b>