

**CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016
CONTENTS**

PAGE

Society Information.....	1
Statistical Information.....	2
Report of the Directors.....	3
Statement of the Directors.....	4
Report of the Independent Auditors.....	5, 6 & 7
Financial Statements:	
Statement of Comprehensive Income.....	8
Statement of Financial Position.....	9
Statement of changes in Equity.....	10
Statement of Cash Flows.....	11
Notes to the Financial Statements.....	12-21

CS 4331

**DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

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

Maurice Anyango.....	Chairperson
Alice A. Murage	Secretary
Harun Aima.....	Member

Registered Office

Dhamini Sacco Society Ltd
1st 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, 5th Floor Wing B
P.O. Box 42790-00100, Nairobi
Tel: 020 2212515, 2212491
Mobile: 0700-736 709
Email: info@kibiegokiptum.co.ke

CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016
STATISTICAL INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2016

	<u>2016</u>	<u>2015</u>
Membership		
: Active	2,449	2,389
: Dormant	2,081	1,927
	<u>Kshs</u>	<u>Kshs</u>
Share Capital	26,870,502	22,149,400
Members Deposits	256,459,274	227,774,138
Capital Reserves	218,803	218,803
Statutory reserve fund	5,146,774	4,028,884
Retained Earnings	2,114,132	2,004,490
Loans to Members	269,774,204	250,137,060
Other Financial Assets	47,523,884	38,000,369
Current Asset	20,661,678	20,114,755
Current Liability	38,751,767	38,885,187
Total Assets	342,814,884	310,094,075
Liabilities	295,211,041	266,659,325
Turnover	41,719,386	41,704,140
Current Assets	20,645,678	20,106,755
Current Liabilities	33,824,555	34,377,124
Interest on Members Deposits	25,508,735	23,460,736
Employees of the Sacco	5	5
KEY RATIOS		
Liquidity Ratio	0.75:1	1.03:1
Operating Efficiency/Loan Quality Ratios		
Total Expenses/ Total Revenue	25.00%	30.74%
Interest rate on member's deposits	10.00%	10.30%
Dividend rate on members share capital	18.00%	18.00%

CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016
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 31st December 2016

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.

RESULTS	2016	2015
	Kshs	Kshs
Surplus (deficit) before tax	5,589,450	5,421,865
Provision for taxation	(185,877)	(122,418)
Net Surplus (deficit) after tax	5,403,573	5,299,447
Transfer to statutory reserve	(1,117,890)	(1,084,373)
Total distribution	4,285,683	4,215,074
Retained earnings for the year	10,361	53,490
Interest on Members deposits	25,508,735	23,460,736

Dividend/Interest on members' Deposits

The Board of Directors recommends a payment rate of 18.00% dividends on members share capital and interest on members' deposits at the rate of 10.00% as at 31st December, 2016.

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.....

CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016
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 onand signed on its behalf by:

Chairman.....

Treasurer.....

Hon Secretary.....

**CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016
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 31st December 2016, 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 31st December 2016 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 judgement, 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.

**DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

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 judgement and maintain scepticism 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with

CS 4331

**DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

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

.....

**CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2016

		2016	2015
<u>REVENUE</u>	NOTES	Kshs	Kshs
Interest on loans	2 (a)	35,997,994	33,703,313
Total interest income		35,997,994	33,703,313
Interest expense	2 (b)	(25,772,092)	(23,941,754)
Net interest income		10,225,902	9,761,558
Other Operating Income	3	5,721,392	8,000,827
Total Income		15,947,294	17,762,386
<u>EXPENSES</u>			
Financial expenses	4 (a)	900,147	612,484
Personnel expenses	4 (b)	4,964,132	5,090,290
Administration expenses	4 (c)	2,493,349	2,987,881
Governance expenses	4 (d)	1,426,815	2,464,828
Depreciation/Arnotization	4 (e)	503,329	707,835
Marketing Expenses	4 (f)	70,072	477,202
Total Expenses		10,357,844	12,340,521
Operating Surplus before Tax and Distribution		5,589,450	5,421,865
Income Tax Expense	14	(185,877)	(122,418)
Net Surplus for the year		5,403,573	5,299,447
20% Statutory Reserve (see results page 3)		(1,117,890)	(1,084,373)
Surplus for the year available for distribution		4,285,683	4,215,074
Honoraria		(250,000)	(250,000)
Proposed dividends		(4,025,322)	(3,911,584)
Retained Earnings		10,361	53,490

**CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31ST DECEMBER 2016

		2016	2015
ASSETS	NOTES	Kshs	Kshs
Cash and cash equivalents	5(a)	4,789,867	1,783,096
Inventory	6	16,000	8,000
Prepayments and Sundry Receivables	7	254,885	599,698
Trade and Other Receivables	8	15,600,927	17,723,962
Other Financial Assets	9(a)	47,523,884	38,000,369
Property plant and equipment	10(a)	574,447	750,297
Intangible Assets	10(b)	764,116	1,091,594
Loans to members	11	269,774,204	250,137,060
Suspense Account		3,516,555	-
Total Assets		<u>342,814,884</u>	<u>310,094,075</u>
LIABILITIES			
Members' Deposit	12	256,459,274	227,774,138
Interest on Members Deposits Payable	13(a)	25,508,735	23,460,736
Dividends Payable	13(b)	4,099,719	3,985,981
Tax Payable	14	185,877	122,418
Provision for doubtful Debts	16	641,616	399,664
Trade Payables and Accrued Expenses	18	5,710,265	8,298,875
Withdrawable Savings	17	170,000	181,957
Insurance Fund	15	2,435,556	2,435,556
Total liabilities		<u>295,211,041</u>	<u>266,659,325</u>
EQUITY			
Share capital	19	26,870,502	22,149,400
Share Revaluation	9(b)	13,253,632	15,033,174
Reserves	20	7,479,709	6,252,177
Total Equity		<u>47,603,842</u>	<u>43,434,751</u>
Total Liabilities and Equity		<u>342,814,884</u>	<u>310,094,076</u>

The financial statements on pages 8-21 were authorised for issue by the Board of Directors on.....2017 and signed on its behalf by :

(1) Chairman.....

(2) Board Member.....

(3) Board member.....

**CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2016	Share capital	Statutory Reserve	Capital Reserve	Retained Earnings	Revaluation Reserve	TOTALS
	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
At 1st January 2015	18,447,347	2,944,511	218,803	1,950,999	-	23,561,661
As restated	18,447,347	2,944,511	218,803	1,950,999	-	23,561,661
Surplus for the year after tax	-	-	-	5,421,865	-	5,421,865
Transfer to statutory reserve	-	1,084,373	-	(1,084,373)	-	-
Revaluation Reserve	-	-	-	-	15,033,174	15,033,174
Provision for tax	-	-	-	(122,418)	-	(122,418)
Issued Share capital	3,702,053	-	-	-	-	3,702,053
Proposed Dividends	-	-	-	(3,911,584)	-	(3,911,584)
Proposed Honoraria	-	-	-	(250,000)	-	(250,000)
As at 31st December 2015	22,149,400	4,028,884	218,803	2,004,489	15,033,174	43,434,750
At 1st January 2016	22,149,400	4,028,884	218,803	2,004,489	15,033,174	43,434,750
Prior Year Adjustments	-	-	-	99,282	-	99,282
As restated	22,149,400	4,028,884	218,803	2,103,771	15,033,174	43,534,032
Surplus for the year after tax	-	-	-	5,589,450	-	5,589,450
Transfer to statutory reserve	-	1,117,890	-	(1,117,890)	-	-
Revaluation Reserve	-	-	-	-	(1,779,543)	(1,779,543)
Provision for tax	-	-	-	(185,877)	-	(185,877)
Issued Share capital	4,721,102	-	-	-	-	4,721,102
Proposed Dividends	-	-	-	(4,025,322)	-	(4,025,322)
Proposed Honoraria	-	-	-	(250,000)	-	(250,000)
As at 31st December 2016	26,870,502	5,146,774	218,803	2,114,132	13,253,632	47,603,842

CS 4331

**DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2016

	NOTE	2016	2015
		Kshs	Kshs
Cashflow from operating activities:-			
Interest Receipts		35,997,994	33,703,313
Other receipts		2,681,054	5,374,687
Interest Payments/dividends		(23,452,002)	(20,881,867)
Payments to employees and Suppliers		(9,797,805)	(11,192,622)
Prior year adjustments		99,282	-
		5,528,523	7,003,510
(Increase)/Decrease in operating assets			
Net Loans to members		(19,637,144)	(40,475,658)
Prepayments and Other Receivables		344,813	(318,802)
Trade and other Receivables		2,123,035	(5,660,680)
Suspense Account		(3,516,555)	-
Increase/(Decrease in operating liabilities			
Net Deposits from members		28,685,136	28,160,478
Withdrawable savings		(11,957)	-
Coop Bank Shares Revaluation		-	15,033,175
Increase/Decrease in Inventory		(8,000)	32,500
Trade and Other Payables		(2,925,899)	(1,149,758)
Net Cash From Operating Activities Before Income Taxes		10,581,952	2,624,766
Tax paid		(122,418)	(71,113)
Net Cash Flow from operating Activities After Tax		10,459,534	2,553,653
Cash flow from investing activities			
Purchase of property and Equipment		-	(61,950)
Dividends Received		988,702	679,970
Interest Received		2,051,635	1,946,171
Financial Assets		(11,303,058)	(9,863,657)
Net cash from investing activities		(8,262,721)	(7,299,466)
Cash flow from financing activities			
share capital contribution		4,721,102	3,702,053
Dividend Paid		(3,911,584)	(3,061,652)
Net cash from financing activities		809,518	640,401
Net(decrease)/increase in cash and cash equivalents		3,006,331	(4,105,412)
Cash and cash equivalent at the beginning of the year		1,783,096	5,888,508
Cash and cash equivalent at the end of the year		4,789,427	1,783,096

CS 4331

**DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016
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:

Asset	Rate (%)
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.

CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016
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.

CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

NOTES TO THE ACCOUNTS (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016	2015
	Kshs	Kshs
2. (a) INTEREST INCOME		
Interest on loans to members	35,997,994	33,703,313
	35,997,994	33,703,313
b) Interest Expenses		
Interest on members deposits	25,500,000	23,460,736
Interest on school fees savings	263,092	466,462
Withdrawable Savings Interest	9,000	14,556
	25,772,092	23,941,754
3. Other Operating Income		
a) Investment income		
(i) CIC dividends	74,054	70,528
(ii) Co-op Bank dividends	841,154	540,508
(iii) KUSCCO dividends	73,494	68,934
(iv) British American Investment Fund	-	48,754
(v) CIC Money market fund interest	403,959	751,351
(vi) Church Commissioners for Kenya Fixed deposit interest	1,230,637	804,598
(vii) Church commissioners for Kenya Savings interest	8,546	11,519
(viii) Treasury Bill	408,493	329,949
b) Registration fees	401,200	496,500
c) Penalties, Charges and Commissions	322,700	2,323,948
d) Mpesa Commissions	251,222	205,441
e) Insurance fees	1,631,332	2,265,098
f) Loan Application Fees	74,600	83,700
	5,721,392	8,000,827

CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

NOTES TO THE ACCOUNTS (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016	2015
	Kshs.	Kshs.
4. EXPENSES		
(a) FINANCIAL EXPENSES		
Bank Charges and Commissions	258,531	212,820
Provision for Bad debt	641,616	399,664
	900,147	612,484
(b) PERSONNEL EXPENSES		
Salaries and Wages	4,034,469	4,093,290
Staff Training & Seminars	407,904	98,750
Staff Provident fund and Gratuity	155,781	577,746
Staff medical expenses	365,978	320,504
	4,964,132	5,090,290
(c) ADMINISTRATION EXPENSES		
Printing and Stationery	180,496	131,208
Repairs and Maintenance	16,000	-
Travelling and subsistence	133,630	68,950
Telephone & postage	117,689	223,400
Office Insurance	16,112	22,021
Office Rent	916,497	1,039,332
Strategic Planning	59,635	103,620
General office expenses	273,540	146,651
Income Tax	252,911	-
Internet and Website	141,655	-
Special Audit fees	148,950	-
Software maintenance	23,000	250,000
Legal Fees	79,130	128,396
Subscriptions and publications	46,816	833,904
Audit Fees	70,350	40,400
Supervision Fees and Recoverable	7,235	-
Value Added Tax	9,703	-
	2,493,349	2,987,881
(d) GOVERNANCE EXPENSES		
CMC allowances	890,165	1,063,850
Committee Training/Seminars	91,500	337,050
Members Education	202,090	507,590
A G M Expenses	243,060	556,338
	1,426,815	2,464,828

CS 4331

**DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

NOTES TO THE ACCOUNTS (CONT'D) FOR THE YEAR ENDED 31ST DECEMBER 2016	2016 Kshs.	2015 Kshs.
(e) DEPRECIATION / ARMORTISATION		
Depreciation	503,329	707,835
	503,329	707,835
(f) MARKETING EXPENSES		
Marketing and Promotional products	70,072	477,202
	70,072	477,202

NOTES TO THE ACCOUNTS (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016.

5(a) CASH AND CASH EQUIVALENTS

	2016 Kshs	2015 Kshs
CCK (The church commissioners for Kenya) saving A/C	221,521	11,519
Coop bank savings A/C	5,560	4,333
Coop bank current A/C	4,215,110	1,106,507
Petty cash	-	11,450
Pay bill	151,158	402,030
Mpesa float	196,518	247,257
	4,789,867	1,783,096

6. INVENTORY

Stock (Jiko & Lamps)

Balance b/f	8,000	8,000
Acquisition during the year	27,960	-
Disposal during the year	(19,960)	-
Balance carried down	16,000	8,000

7. PREPAYMENTS AND SUNDRY RECEIVABLES

Strategic plan	145,985	177,276
Metropol credit refence bureau	23,200	72,200
Security and legal deposit	85,700	177,000
Rent prepaid	-	173,222
	254,885	599,698

8. TRADE AND OTHER RECEIVABLES

Debtor Employer	15,347,086	17,154,700
Tiles and Carpets Ltd	-	74,100
Accrued income (Treasury bill and CIC insurance Commission)	253,841	495,162
	15,600,927	17,723,962

**CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

NOTES TO THE ACCOUNTS(CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016.

2016

2015

9. INVESTMENTS

a) Other Financial Assets

CIC Insurance 32500 shares @ kshs 20	773,732	773,732
Coop Holding Society 1232840 shares @ kshs 9.5	11,711,980	13,270,290
Cooperative insurance ltd 742392 shares at kshs 3.50	2,598,372	2,819,605
KUSCCO shares 13487 @ kshs 100	1,348,749	1,189,467
CIC Insurance money market fund	6,250,612	3,506,227
Church commissioners for kenya fixed deposit	16,489,831	10,827,101
Treasury bill	8,350,608	5,613,947
	<u>47,523,884</u>	<u>38,000,369</u>

b) Cooperative Bank Shares

Coop Holding society 1232840 shares @ kshs 9.5	11,711,980	13,270,290
Cooperative Insurance ltd 742392 shares at kshs 3.5	2,598,372	2,819,605
Total	14,310,352	16,089,895
Less: Cost value	<u>(1,056,721)</u>	<u>(1,056,720)</u>
Share Revaluation	<u>13,253,632</u>	<u>15,033,174</u>

**CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

**NOTES TO THE ACCOUNTS(CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER
2016**

10. a) PROPERTY, PLANT & EQUIPMENT

	Computers and Equipments	Furniture and Fittings	Office Parti- tioning	Totals
<u>COST</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
Balance as at 1st January 2015	571,020	236,201	121,135	928,356
Additions	61,950	-	-	61,950
Disposals	-	-	-	-
Balance as at 31st December 2015	632,970	236,201	121,135	990,306
Balance as at 1st January 2016	632,970	236,201	121,135	990,306
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as at 31st December 2016	632,970	236,201	121,135	990,306
<u>Accumulated Depreciation</u>				
Balance as at 1st January 2015	598,552	141,600	115,394	855,546
Depreciation charge for the year	189,891	29,525	20,593	240,009
Balance as at 31st December 2015	443,079	206,676	100,542	1,095,555
Balance as at 1st January 2016	443,079	206,676	100,542	1,095,555
Depreciation charge for the year	132,924	25,834	17,092	175,850
Balance as at 31st December 2016	310,155	180,841	83,450	919,705
<u>Carrying Amount</u>				
As at 31st December 2016	310,155	180,841	83,450	574,447
As at 31st December 2015	443,079	206,676	100,542	750,297

**CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

NOTES TO THE ACCOUNTS(CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016.

	2016	2015
10(b) INTANGIBLE ASSETS		
Balance as at 1.1.2016	1,091,594	
Additions	-	
Balance as at 31.12.2016	1,091,594	
As at 1.1.2016	1,091,594	
Additions	-	
Balance as at 31.12.2016	1,091,594	
Accumulated Depreciation		
Balance as at 1.1.2016	691,300	
Depreciation charge for the period	327,478	
Carrying Amount		
As at 31.12.2016	764,116	
As at 31.12.2015	1,091,594	

11. LOANS

Balance as at 1st January	250,137,060	209,661,402
Granted During the Year	211,720,155	175,521,304
Repayments During the Year	(192,083,011)	(135,045,646)
Balance as at 31st December	269,774,204	250,137,060
Balance per Members Personal Accounts (Actual)	269,774,204	250,137,060
Unreconciled Difference	-	-

12 .MEMBERS DEPOSITS

Savings Deposits

Ledger balance as at 1st January	227,774,138	199,613,660
Deposits during the year	51,097,033	58,899,896
Withdrawals/ Refunds and loans offset During the Year	(22,411,897)	(30,739,418)
Balance as at 31st December	256,459,274	227,774,138
Balance as per members personal accounts	256,459,274	227,774,138
Unreconciled Difference	-	-

**CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

NOTES TO THE ACCOUNTS(CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016.

	2016	2015
13 (a) INTEREST ON MEMBERS DEPOSITS		
Balance b/f	23,460,736	20,360,593
Provision for the year	25,500,000	23,982,010
Payment during the year	<u>(23,452,002)</u>	<u>(20,881,867)</u>
Balance carried down	<u>25,508,735</u>	<u>23,460,736</u>

(b) DIVIDENDS ON MEMBERS SHARES

Balance b/f	3,985,981	3,136,049
Provision for the year	4,025,322	3,911,584
Payment during the year	<u>(3,911,584)</u>	<u>(3,061,652)</u>
Balance carried down	<u>4,099,719</u>	<u>3,985,981</u>
Total	<u>29,608,453</u>	<u>27,446,717</u>

14. TAXATION

Income Tax

Interest from CCK (Church Commission of Kenya)	1,230,637	804,598
Interest from CCK savings	8,546	11,519
Total taxable income	1,239,183	816,117
Tax provision(15% of taxable interest)	185,877	122,418
Tax payable	<u>185,877</u>	<u>122,418</u>

15. INSURANCE FUND

Balance b/f	2,435,556	2,435,556
Contributions for the year	2,849,110	3,482,876
Insurance paid in the year	<u>(1,217,778)</u>	<u>(1,217,778)</u>
Recognised as income	<u>(1,631,332)</u>	<u>(2,265,098)</u>
Balance carried down	<u>2,435,556</u>	<u>2,435,556</u>

16. ACCUMULATED PROVISION FOR DOUBTFUL DEBTS

A provision for doubtful debts at 7.5% per annum on the historical defaulters subject to an approval at the Agm.

Historical doubtful debts	<u>8,554,880</u>	<u>5,328,853</u>
2016 provision at 7.5%	<u>641,616</u>	<u>399,664</u>

17. WITHDRAWABLE SAVINGS

Fixed withdrawable savings	<u>170,000</u>	<u>181,957</u>
	<u>170,000</u>	<u>181,957</u>

**CS 4331
DHAMINI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

NOTES TO THE ACCOUNTS(CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016.

	2016	2015
18. TRADE PAYABLES AND ACCRUED EXPENSES		
Creditors and Accruals	1,030,446	388,150
Audit fees	70,350	40,400
Value Added Tax	9,703	-
Supervision and Recoverable	7,235	-
Rent	90,944	-
Uncredited deposits	54,150	314,226
Interest on school fees fund	263,092	466,462
School fees fund	3,758,455	6,663,747
Honoraria	250,000	250,000
Deffered interest	175,890	175,890
	<u>5,710,265</u>	<u>8,298,875</u>
 19. SHARE CAPITAL		
Balance brought forward	22,149,400	18,447,347
Contributions for the year	4,721,102	3,702,053
Balance Carried Forward	<u>26,870,502</u>	<u>22,149,400</u>
20. RESERVES		
Statutory Reserve	5,146,774	4,028,884
Retained earnings	2,114,132	2,004,490
Capital reserve	218,803	218,803
	<u>7,479,709</u>	<u>6,252,177</u>
 21.PRIOR YEAR ADJUSTMENTS		
KUSCCO investments understated	99,282	-
	<u>99,282</u>	<u>-</u>