

**A**

**MINISTRY OF INDUSTRY, TRADE AND CO-OPERATIVES  
STATE DEPARTMENT FOR CO-OPERATIVE DEVELOPMENT**



Telephone: 020-2731531-9  
0704097021/23  
0788484840/41  
Fax: 020240096

Commissioner for Cooperative Dev.  
Social Security House  
P.O. Box 40811-00100 GPO  
**NAIROBI**

When replying please quote

Ref NO: CS/<sup>2981</sup>~~9381~~

**05/04/2019**

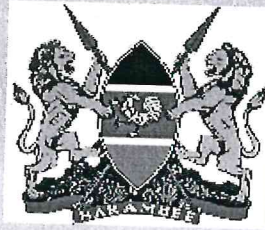
The County Co-operative Auditor  
P.O. Box 30202-00100  
**NAIROBI**

**CERTIFICATE OF ACCOUNTS – FINANCIAL YEAR 31/12/2017-2018  
MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**

1. The accounts of the above Society are forwarded herewith duly approved.
2. Please forward these accounts to the Chairman of the Society together with:
  - a. Debit Note NO: for **Kshs./=** being the fees as authorized under section 23(1) of the Act,
  - b. A fee Note for **Kshs.60,000/=** from the External Auditor will be sent direct by the Auditor to the Society. Bankers Cheques in settlement of (a) should be made payable to the Commissioner for Co-operative Development.

A handwritten signature in black ink, appearing to read 'Javel M. Murira', written over a large, loopy scribble.

**JAVEL M. MURIRA AG. DCA**  
For: **COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT**



MINISTRY OF INDUSTRY  
TRADE AND COOPERATIVES  
*State Department for Cooperative*  
MAIN REGISTRY

04 APR 2019

No. ....  
P.O. Box 30547 - 00100  
GPU, NAIROBI, KENYA

REPUBLIC OF KENYA

NAIROBI COUNTY

CS/NO.3981

MZIMA SPRINGS SACCO SAVINGS AND CREDIT

CO-OPERATIVE SOCIETY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

AS AT 31<sup>ST</sup> DECEMBER 2018

Ministry of Industry, Trade & Co-operatives

**C/S NO 3981**

**MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**

**Annual Report and Financial Statement for the year ended 31st December 2018**

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C/S NO 3981

**MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**

Annual Report and Financial Statement for the year ended 31st December 2018

## **Society Information**

### **Management and Supervisory Committee Members**

#### **MANAGEMENT COMMITTEE MEMBERS**

1 Chairman	Mr. Fredrick Odhiambo
2 Vice-Chairman	Ms. Loice Orege
3 Secretary	Mr. Were Lwanga
4 Treasurer	Dr. David Mathuva
5 Credit committee	Ms. Caroline Ndambiri (resigned 4 February 2019)
6 Credit committee	Mr. Josphat Manani
7 Credit committee	Mr. John Ouko (elected 30 April 2018)

#### **SUPERVISORY COMMITTEE MEMBERS**

1 Chairman	Ms. Josphine Kayerere
2 Secretary	Ms. Julian Sila
3 Member	Mr. Moses Muchemi

#### **REGISTERED OFFICE**

Mzima Springs SACCO Society Ltd.  
Strathmore University next to Madaraka Estate  
P.O.Box 59857-00200  
Nairobi  
Telephone: 07030034336

#### **PRINCIPAL BANKER**

Co-Operative Bank of Kenya limited  
Ukulima Branch  
Nairobi.

#### **INDEPENDENT AUDITORS**

County Director Co operative Audit  
Ministry of Industry, Trade and Industry  
P.O Box 30547-00100  
Nairobi County

C/S NO 3981

**MZIMA SRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**

**Annual Report and financial Statements for the year ended 31st December 2018**

**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 31st December 2018

**Incorporation**

The society is incorporated in Kenya under the Co-operative Society Act.cap 490 of 1997 ammended 2004 and is domicilled in kenya.

**Principal Activity**

The principal activity of the society is receiving savings from and provision of loans to its members.

<b>Results</b>	<b>2018</b>	<b>2017</b>
	<b>Kshs.</b>	<b>Kshs</b>
Surplus before tax	1,639,357.72	820,653.67
Proposed Dividends	430,000.00	315,757.00
Proposed Honoraria	400,000.00	210,000.00
Net Surplus(deficit)	1,639,357.72	819,876.67
Retained Surplus/loss for the Year	481,486.18	130,144.33
<b>Interest on members deposits</b>	<b>7.5%</b>	<b>7.5%</b>

**Dividends/Interest on members deposits**

The Management Committee recommends payment of first and final dividend of (10%) per share (2017: 10%) to all members in the register as at 31st December 2018, subject to deduction of applicable withholding tax.

They also recommend interest on members weighted average deposits at the rate of 7.5% (2017: 7.5%) on deposit balances held by the society as at 31st December 2018 and will be paid subject to deduction of applicable withholding tax. Calculation of interest payable is based on the number of months the deposits were held by the society during the year.

**Management Committee**

The members of the management committee who served during the year to date of this report is as listed on page 1

By order of Management Committee

Secretary ..... WERE LWANGA M.

Signature ..... Hwangi ..... Date ..... 02/04/2019

C/S NO 3981

**MZIMA SRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**

**Annual Report and financial Statements for the year ended 31st December 2018**

**REPORT OF THE MANAGEMENT COMMITTEE**

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<b>Results</b>	<b>2018</b>	<b>2017</b>
	<b>Kshs.</b>	<b>Kshs</b>
Surplus before tax	1,639,357.72	820,653.67
Proposed Dividends	430,000.00	315,757.00
Proposed Honoraria	400,000.00	210,000.00
Net Surplus(deficit)	1,042,916.33	819,876.67
Retained Surplus/loss for the Year	481,486.18	130,144.33
<b>Interest on members deposits</b>	<b>7.5%</b>	<b>7.5%</b>

**Dividends/Interest on members deposits**

The Management Committee recommends payment of first and final dividend of (10%) per share (2017: 10%) to all members in the register as at 31st December 2018, subject to deduction of applicable withholding tax.

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**Management Committee**

The members of the management committee who served during the year to date of this report is as listed on page 1

By order of Management Committee  
Secretary .....

Signature .....Date .....

C/S NO 3981

**MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**

Annual Report and Financial Statement for the year ended 31st December 2018

**Statistical Information as at 31st December 2018**

		<u>2018</u>	<u>2017</u>
Number of members -	Active	853	815
	Dormant	86	64
		<u>939</u>	<u>879</u>
Employees		3	3

**Financial**

Share Capital	4,749,900.00	4,568,900.00
Members Deposits	193,908,860.98	161,265,880.00
Statutory Reserve Fund	5,375,551.88	5,047,680.33
Retained Earnings	5,076,162.18	4,615,870.61
Loans to members	201,933,791.32	177,123,442.28
Total Assets	225,142,976.97	189,396,493.28
Total liabilities	210,537,803.53	175,190,535.00
Share holders Funds	15,201,614.06	14,205,958.00
Interest income	18,226,062.17	15,480,623.00
Current Assets	22,908,291.98	11,864,258.00
Current Liabilities	210,537,803.53	175,190,535.00
Revenue	18,226,062.17	15,583,574.00

**KEY RATIOS**

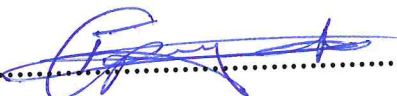
Liquidity Ratio	55%	55%
Percentage of expenses to revenue	33%	33%
Interest on Members deposits	7.5%	7.5%

**CS/NO.3981 MZIMA SPRINGS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2018**  
**STATEMENT OF THE MANAGEMENT COMMITTEE RESPONSIBILITIES**

The Co-operative Societies Act Cap 490 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.

Approved by the management committee on..... 1 April 2019 .....and signed on its behalf  
by:

Chairman.....  .....

Treasurer..... D&W, 1 April 2019 .....

Secretary..... Manager .....

Date..... 02/04/2019 .....



CS/NO.3981

**MZIMA SPRINGS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31.12.2018**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MZIMA SPRINGS  
SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD.**

**Opinion.**

We have audited the accompanying financial statements of MZIMA SPRINGS SAVINGS AND CREDIT Co-operative Society Limited, which comprise the statement of financial position as at 31.12.2018. statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at 31.12.2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan 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. We recommend further investigation to be done concerning this figure.

**Directors' responsibility for the financial statements**

The directors 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 directors, 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 AND CO-OPERATIVES**



**CPA BETTY C RONO**

**DEPUTY COUNTY DIRECTOR CO-OP AUDIT**

**NAIROBI CITY COUNTY.**

Date... 2/4/2019 .....

C/S NO 3981

**MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**

**Annual Report and Financial Statements for the year ended 31st December 2018**

**Income statement for the year ended 31st December 2018**

REVENUE	NOTES	2018 KSHS	2017 KSHS
Interest on members loans		18,226,062.17	15,475,443.00
Other interest income	2b	-	5,180.00
Interest Expenses	2a	(11,328,764.00)	(9,600,000.00)
<b>Net Interest Income</b>		<b>6,897,298.17</b>	<b>5,880,623.00</b>
Other Operating Income	3	198,357.00	102,951.00
<b>Net revenue</b>		<b>7,095,655.17</b>	<b>5,983,574.00</b>
Administrative Expenses	4	(5,836,620.60)	(4,975,215.80)
Other Operating Expenses	5	(216,118.24)	(214,197.00)
<b>Total Expenditure</b>		<b>(6,052,738.84)</b>	<b>(5,189,412.80)</b>
<b>Surplus /deficit before income tax</b>		<b>1,042,916.33</b>	<b>794,161.20</b>
Income tax expense		-	(777.00)
<b>Surplus/deficit after income tax</b>		<b>1,042,916.33</b>	<b>793,384.20</b>
20% transfers to Statutory reserve		208,583.27	(158,676.84)
<b>Surplus available for distribution</b>		<b>834,333.07</b>	<b>634,707.36</b>
Provision for Dividends		(430,000.00)	(315,757.00)
Provision for Honorarium		(400,000.00)	(210,000.00)
<b>Surplus to Retained Earnings</b>		<b>4,333.07</b>	<b>108,950.36</b>

C/S NO 3981

**MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**

Annual Report and Financial Statements for the year ended 31st December 2018

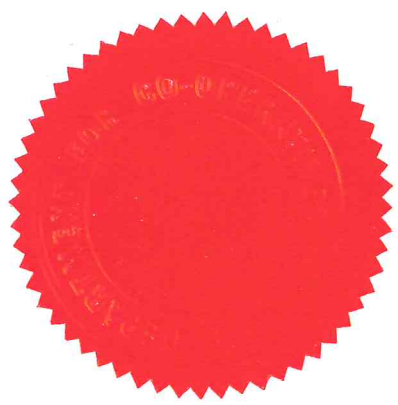
Statement of financial position as at 31st December 2018

ASSETS	NOTES	2018 KSHS	2017 KSHS
Cash and Cash equivalent	6	12,450,306.36	2,010,763.00
Trade and other receivables	7	10,457,985.62	9,853,495.00
Loans to Members	8	201,928,492.68	177,123,442.28
Uncredited bankings	17	-	80,000.00
Other Financial Assets	11	64,000.00	64,000.00
Property plant and Equipment	21	145,753.67	134,593.20
Intangible Assets	21	91,140.00	130,200.00
<b>Total Assets</b>		<b>225,137,678.33</b>	<b>189,396,493.48</b>
<b>LIABILITIES</b>			
Members Deposits	13	193,908,860.98	161,265,880.00
Interest on Members Deposit	9	11,328,764.00	9,600,000.00
Smart Saver Deposits	10	990,034.00	560,863.00
Dividends payable	9a	430,000.00	315,757.00
Trade and Other payables	16	3,880,144.55	3,448,035.00
<b>Total Liabilities</b>		<b>210,537,803.53</b>	<b>175,190,535.00</b>
<b>SHARE HOLDERS EQUITY</b>			
Share Capital	14	4,749,900.00	4,568,900.00
Reserves	15	9,849,974.81	9,637,058.48
<b>Total Shareholders' Equity</b>		<b>14,599,874.81</b>	<b>14,205,958.48</b>
<b>Total Liabilities and Share holders Equity</b>		<b>225,137,678.33</b>	<b>189,396,493.48</b>



The financial statement on pages 6-15 were authorized by the Management Committee on 1 April 2019 and signed on its behalf by,

CHAIRMAN.....  
SECRETARY.....  
TREASURER.....  
DATE 2/4/2019.....



C/S NO 3981					
MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD					
Annual Report and Financial Statements for the year ended 31st December 2018					
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2018					
	NOTES	SHARE CAPITAL KSHS	STATUTORY RESERVE FUND KSHS	RETAINED EARNING KSHS	TOTALS KSHS
Year ended 31/12/2017					
At start of the year		1,559,300.00	4,883,705.00	4,165,761.00	10,608,766.00
Prior year adjustment				319,965.28	319,965.28
Surplus for the Year/(deficit)				794,161.20	794,161.20
Corporation Tax				(777.00)	(777.00)
Statutory Reserve fund			158,676.84	(158,676.84)	0.00
Contribution		332,100.00			332,100.00
Transfer from Deposits		2,677,500.00			2,677,500.00
Honoraria				(210,000.00)	(210,000.00)
Provision for dividends				(315,757.00)	(315,757.00)
<b>Balance C/F 31/12/2018</b>		<b>4,568,900.00</b>	<b>5,042,381.84</b>	<b>4,594,676.64</b>	<b>14,205,958.48</b>
	NOTES	SHARE CAPITAL KSHS	STATUTORY RESERVE FUND KSHS	RETAINED EARNING KSHS	TOTALS KSHS
Year ended 31/12/2018					
At start of the year		4,568,900.00	5,042,381.84	4,594,676.64	14,205,958.48
Prior year adjustment				0.00	0.00
Surplus for the Year/(deficit)				1,042,916.33	1,042,916.33
Corporation Tax				0.00	0.00
Statutory Reserve fund			208,583.27	(208,583.27)	(0.00)
Contribution		181,000.00			181,000.00
Transfer from Deposits		0.00			0.00
Honoraria				(400,000.00)	(400,000.00)
Provision for dividends				(430,000.00)	(430,000.00)
<b>Balance C/F 31/12/2018</b>		<b>4,749,900.00</b>	<b>5,250,965.11</b>	<b>4,599,009.70</b>	<b>14,599,874.81</b>

C/S NO 3981

MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December 2018

Cashflow for the year ended 31st December 2018

	2018	2017
	Kshs.	Kshs.
<b>Cashflows from operating activities</b>		
Interest Receipts	18,226,062.17	15,475,443.00
Other operating income	198,357.00	102,951.00
Interest payment	(9,600,000.00)	(8,243,963.72)
Payment to Employees & Suppliers	(4,753,888.12)	(4,730,504.00)
	<u>4,070,531.05</u>	<u>2,603,926.28</u>
<b>Increase/Decrease in Operating Assets</b>		
Trade and other receivables	(604,490.62)	(502,366.00)
Loan to Members	(24,805,050.40)	(34,102,185.28)
Uncredited bankings	-	88,466.00
	<u>(25,409,541.02)</u>	<u>(34,516,085.28)</u>
<b>Increase/Decrease in Operating Liabilities</b>		
Deposits from members	32,642,980.98	32,129,818.00
Smart Savers deposits	429,171.00	220,863.00
Trade and accrued Expenses	(1,119,241.65)	(89,373.00)
<b>Net cashflow from operating activities bef C</b>	<u>31,952,910.33</u>	<u>32,261,308.00</u>
Income tax		
<b>Net cashflow from operating activities</b>	<u>31,952,910.33</u>	<u>32,261,308.00</u>
<b>Cash flow from investing activities</b>		
Purchase of Assets	(39,600.00)	(92,000.00)
Investment Income	0	5,180.00
<b>Cash from Investing activities</b>	<u>(39,600.00)</u>	<u>(86,820.00)</u>
<b>Net cash from financial activities</b>		
Dividends paid	(315,757.00)	0.00
Share Capital contribution	181,000.00	332,100.00
<b>Net cash from financial activities</b>	<u>-134,757.00</u>	<u>332,100.00</u>
<b>Net Decrease/Increase in cash and cash equivalent</b>	10,439,543.36	594,429.00
Cash and cash equivalent at the beginning of the year	2,010,763.00	1,416,334.00
<b>Cash and cash equivalent at the end of the year</b>	<u>12,450,306.36</u>	<u>2,010,763.00</u>

### **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 statement are prepared in accordance and comply with International Reporting Standards. This financial statement are presented in the functional currency, Kenya Shillings (Kshs) and prepared under the historical cost convention, as modified by revaluation of assets as prescribed by IFRS.

#### **b) Revenue Recognition**

Interest on loan to members is calculated on reducing balancing method on a monthly basis on rates applicable to each type of loan. Interest income is recognized on a time proportion basis by reference to the principal outstanding and the effective interest rate applicable.

#### **c) Investments**

These are investments in the equity shares of other co-operative entities and are recognized initially at cost. They are not listed in the open stock exchange.

#### **d) Loans**

Loans are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate so as to allocate the interest income over the relevant period, and so as to exactly amortise the loan(including all fees, transaction costs and premiums) over the expected life of the loan.

#### **e) 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 cooperative society act Cap490

#### **f) Trade and other Payables**

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method

#### **g) Cash and Cash equivalent**

Cash and Cash equivalent comprise cash at 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.

#### **h) Tax**

The incomes of the society wholly comprise sources that do not attract tax under the income tax Act and as a result, no tax has been provided on account of the income of the society.

	2018 KSHS.	2017 Kshs
<b>2a Interest Expense</b>		
Interest on members deposit	11,328,764.00	9,600,000.00
Interest on members deposits is payable to members at the rate of 7.5 % on approval in the agm		
<b>2b Other Interest Income</b>		
Bank interest	0	5,180.00
<b>3 Other Operating Income</b>		
Entrance fees	57,000.00	99,000.00
Investment interest	133,357.00	3,951.00
Disposal proceeds	8,000.00	
<b>Total</b>	<b>198,357.00</b>	<b>102,951.00</b>
<b>4 Administrative Expenses</b>		
Salaries and wages(includes Paye,Nssf,NHIF)	1,533,000.00	1,934,752.00
Printing and Stationery	26,205.00	60,153.00
Telephone and postage	25,250.00	11,800.00
Legal fees	20,000.00	-
Depreciation	39,826.92	38,192.80
Armatization	39,060.00	55,800.00
Staff welfare	171,841.00	130,715.00
AGM Expenses	516,858.00	936,009.00
Insurance	291,070.33	325,503.00
CMC Sitting allowance	1,458,500.00	1,041,600.00
Supervisory Committee allowance	90,001.00	60,000.00
Travelling Expenses	6,570.00	18,820.00
Audit and Supervision fee	60,000.00	60,000.00
Supervision and Recoverable fee	-	-
Internal audit	80,000.00	-
Donation	-	15,450.00
Kuscco Subscripion	10,000.00	10,000.00
Website Charges	14,640.00	44,390.00
Medical Expenses	25,080.00	37,471.00
Sundry Expenses	147,240.00	0.00
Ministry of Cooperative (Inspection)	-	80,060.00
Nssf Employer	7,000.00	10,000.00
Staff Training	40,297.00	69,000.00
Office relocation expense	49,871.60	-
Committee Subsistence allowance	58,613.00	35,500.00
Rent and service charge	89,969.00	0.00
Professional fee	7,000.00	
Electricity	10,190.75	
Provision for loan loss	1,018,537.00	
<b>Total</b>	<b>5,836,620.60</b>	<b>4,975,215.80</b>
<b>5 Other Operating expenses</b>		
Bank charges and commissions	216,118.24	214,197.00
<b>Total</b>	<b>216,118.24</b>	<b>214,197.00</b>



## Notes on the Audited Accounts continued

<b>6 Cash and Cash equivalent</b>		
Cash in hand (not verified)	7,905.00	18,748.00
Bank current a/c- (Co op Bank)reconciled	1,072,905.84	1,754,861.00
Opening balance adjustment	43,489.00	43,489.00
Savings Account-Co operative Bank Ltd	6,193,665.00	193,665.00
Investment in money market(CIC/OLD MUTUAL)	5,132,341.52	0.00
	<u>12,450,306.36</u>	<u>2,010,763.00</u>
<b>Cash should be verified every year end and a certificate issued.</b>		
<b>7 Trade and other receivables</b>		
Sundry Debtors (Centres)	9,185,136.95	8,710,858.00
Due from Ex-Members	859,108.00	859,108.00
Prepaid Insurance	108,537.67	73,995.00
Prepaid W/Tax	148,318.00	148,318.00
Uncredited bankings (Cash recoveries a/c)	61,216.00	61,216.00
Prepaid rent and rent deposit	95,669.00	
	<u>10,457,985.62</u>	<u>9,853,495.00</u>
<b>8 Loans to members</b>		
At start of the year	177,123,442.28	143,021,257.00
Granted during the year	97,282,297.76	99,468,179.58
Repayment during the year	(72,471,948.72)	(65,365,994.30)
<b>At the end of the year</b>	<u>201,928,492.68</u>	<u>177,123,442.28</u>
Bal as per MPA	201,853,791.31	177,123,442.28
Difference	(74,701.37)	-
<b>9 INTEREST ON MEMBERS DEPOSITS</b>		
Balance brought forward	9,600,000.00	8,500,000.00
Payment during the year	(9,600,000.00)	(8,500,000.00)
Adjustments		
Provision for the year	11,328,764.00	9,600,000.00
	<u>11,328,764.00</u>	<u>9,600,000.00</u>
<b>9a Dividend payable</b>		
balance b/f	315,757.00	0.00
Paid within the year	(315,757.00)	315,757.00
Provision for the year	430,000.00	
	<u>430,000.00</u>	<u>315,757.00</u>
Dividends are payable to members at the rate of 10.% on approval in the agm.		
<b>10 SMART SAVER ACCOUNT</b>		
Balance brought forward	560,863.00	340,000.00
Amount received during the year	429,171.00	220,863.00
	<u>990,034.00</u>	<u>560,863.00</u>
<b>11 Other Financial Assets</b>		
Kuscco shares	64,000.00	64,000.00
	<u>64,000.00</u>	<u>64,000.00</u>

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MZIMA SRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD

Annual Report and Financial Statements for the year ended 31st December 2018

Notes on the Audited Accounts continued

	2018	2017	
<b>12 Shares Deposit and Loan balances</b>			
	<b>Shares</b>	<b>Deposits</b>	<b>Loans</b>
Balance as per control a/c	4,749,900.00	193,908,860.98	201,928,492.68
Balance as per MPA	(4,749,900.00)	(193,908,860.98)	(201,853,791.31)
<b>Difference</b>	<b>0.00</b>	<b>0.00</b>	<b>74,701.37</b>
<b>13 Members deposits</b>			
As at 1st jan . 2017	161,265,880.00	131,813,562.00	
Contribution during the year	29,350,514.35	38,455,993.87	
Other deposits (Not in system)	3,286,375.63	1,890,553.00	
Refunds during the year		(8,216,728.87)	
Transfer to Share Capital	-	(2,677,500.00)	
<b>Balance as per control at 31st Dec.2018</b>	<b>193,908,860.98</b>	<b>161,265,880.00</b>	
<b>Balance as per members deposit difference</b>	<b>193,908,860.98</b>	<b>161,265,880.00</b>	
<b>14 Share Capital</b>			
As at 1st january 2018 @ kshs 100 each	4,568,900.00	1,559,300.00	
Contribution during the year	181,000.00	332,100.00	
Capitalized reserves		-	
Transfer from Members Deposits account		2,677,500.00	
<b>Balance as at 31st December 2018</b>	<b>4,749,900.00</b>	<b>4,568,900.00</b>	
<b>Share Capital should not be refunded or transferred to any other reserve account.</b>			
<b>15 Reserves</b>			
Statutory reserve fund	5,250,965.11	5,042,381.84	
Retained earnings	4,599,009.70	4,594,676.64	
<b>Total</b>	<b>9,849,974.81</b>	<b>9,637,058.48</b>	

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**MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**

Annual Report and Financial Statements December 2018

Notes on the Audited accounts continued

	2018 Kshs.	2017 Kshs
<b>16 Trade ,payables and accrued expense</b>		
Sundry creditors-Ex Members (2018)	434,104.00	474,104.00
Provision for Audit fees	60,000.00	60,000.00
Provision for honoraria	400,000.00	210,000.00
Professional fee	7,000.00	-
PAYE	102,711.80	79,396.00
NHIF	1,670.00	2,170.00
NSSF	1,200.00	400.00
Sundry payables (2016 c/d)	522,671.00	522,671.00
Due to Mzima Investment Company LTD	1,147,308.00	1,844,308.00
Accrued sitting allowance-MC	2,650.00	204,950.00
Accrued sitting allowance-SP	-	18,000.00
Electricity	10,190.75	-
Acrued rent and service charge	35,845.00	-
Withholding tax	6,429.00	-
prepaid rent -investment	11,996.00	-
Coporation Tax	32,036.00	32,036.00
Internal audit	40,000.00	-
Provision for loan loss	1,018,537.00	-
Office relocation	45,396.00	-
Salary control	400.00	-
	<u>3,880,144.55</u>	<u>3,448,035.00</u>
<b>17 Uncredited Bankings</b>		
Balance brought forward	80,000.00	168,466.00
Recoveries during the year	(80,000.00)	(88,466.00)
<b>Balance Carried down</b>	<u>0.00</u>	<u>80,000.00</u>

**18 Commitments**

The society has no commitments.

**19 Contigent liabilities**

The society has not given any guarantees to any third party that may give rise to contigent liabilities.

**20 Budget**

The society operated within the budget approved during the AGM.

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**MZIMA SPRINGS CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD**

Annual Report and Financial Statement for the period ended 31st December 2018

Notes on the Audited Accounts continued

21 Property/Plant and Equipment	Furniture and Fittings 12.50%	Computers & Accessories 30.00%	Total Kshs
<b>Cost as at 1st Jan 2018</b>	205,293.00	609,725.00	815,018.00
Additional during the year	39,600.00	-	39,600.00
<b>Totals</b>	<b>244,893.00</b>	<b>609,725.00</b>	<b>854,618.00</b>
<b>Accumulated Depreciation</b>			
Balance as at 1st Jan 2018	137,078.00	543,346.00	680,424.00
Charge for the year	8,526.88	19,913.46	28,440.34
<b>Accumulated Depreciation as at 31 Dec 2017</b>	<b>145,604.88</b>	<b>563,259.46</b>	<b>708,864.34</b>
<b>Carrying Amount</b>			
As at 31st December 2017	<b>68,215.00</b>	<b>66,378.20</b>	<b>134,593.20</b>
As at 31st December 2018	<b>99,288.13</b>	<b>46,465.54</b>	<b>145,753.67</b>
	<b>COMPUTER SOFTWARE 30.00%</b>	<b>TOTAL</b>	
<b>Rate</b>			
COST			
As at 1st January 2018	465,000.00	465,000.00	
Additions	-	-	
<b>As at 31st December 2018</b>	<b>465,000.00</b>	<b>465,000.00</b>	
<b>AMORTIZATION</b>			
As at 1st January 2018	334,800.00	334,800.00	
Charge for the year	39,060.00	39,060.00	
<b>As at 31st December 2018</b>	<b>373,860.00</b>	<b>373,860.00</b>	
<b>NETBOOK VALUE</b>			
As at 31st December 2018	91,140.00	91,140.00	
<b>As at 31st December 2017</b>	<b>130,200.00</b>	<b>130,200.00</b>	