



**MZIMA SPRINGS  
SACCO LTD**

Your Personal Anchor

**2019**

**< Annual Report >**

**& ACCOUNTS**



## Notice of the 2020 Annual General Meeting

Notice is hereby given that the 2020 Annual General Meeting of Mzima Springs SACCO Ltd will be held on

Date:	Saturday, 28 <sup>th</sup> March 2020
Time:	1.30 pm
Place:	Strathmore University – Auditorium

To transact the following business:

1. Confirm the minutes of the 2019 Annual General Meeting.
2. Report from the Chairman.
3. Report from the Supervisory Committee.
4. Presentation of 2019 audited financial statements.
5. Report from the Treasurer.
6. 2021 budget estimates.
7. Appointment of auditor.
8. Message from the Ministry Official.
9. Appropriation of surplus of the year 2019.
10. Resolutions.
11. Elections.
12. Any other business of which further notice will have been duly received (By Saturday, 21<sup>st</sup> March 2020 at 5.00 p.m.)

In order to manage the meeting efficiently, we assume that members will have read the various reports and therefore only important issues will be highlighted.

Please note that for the SACCO to conduct business we need one third as quorum, so please we encourage all members to attend and be on time.

**Were Lwanga**  
**Secretary**

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### **Vision**

To be an organized, well managed and competitive source of development for the better of Mzima Springs SACCO members.

### **Mission**

To provide leadership in lending and promote wise borrowing to Mzima membership in collaboration with employer centres.

### **Values**

Integrity  
Excellence  
Collaboration  
Innovation

## Society Information

**C/S NO 3981**

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

**Annual Report and Financial Statements for the Year Ended 31st December 2019**

### Society Information

#### Management and Supervisory Committee Members

	<b>MANAGEMENT COMMITTEE MEMBERS</b>	
<b>1</b>	Chairman	Mr. Fredrick Odhiambo
<b>2</b>	Vice-Chairman	Ms. Loice Orege
<b>3</b>	Secretary	Mr. Were Lwanga
<b>4</b>	Treasurer	Dr. David Mathuva
<b>5</b>	Credit committee	Ms. Anysia Nabangi
<b>6</b>	Credit committee	Mr. Fredrick Otieno
<b>7</b>	Credit committee	Mr. John Ouko
	<b>SUPERVISORY COMMITTEE MEMBERS</b>	
<b>1</b>	Chairman	Mr. Julius Mamicha
<b>2</b>	Secretary	Ms. Emily Cheroni
<b>3</b>	Member	Ms. Julian Sila

#### **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 Cooperatives  
P.O Box 30547-00100  
Nairobi County

## Management Team




### Management Committee Members

The Management Committee members who served in 2019 are as follows:

	Fredrick Odhiambo, Chairperson, Management Committee	Fredrick is currently a Doctoral Fellow at Strathmore University. He holds a Masters in Communication from the University of Nairobi and has over 13 years of working experience.
	Loice Orege, Vice Chair, Management Committee	Loice currently works with Strathmore Housekeeping Department. She has been a Mzima member for over 6 years with diverse experience in administrative aspects. She holds a Bachelor of Hospitality Management from Strathmore University.
	Were Lwanga, Secretary, Management Committee	Were currently works at Strathmore School as a Teacher with over 9 years of experience. He holds Post Experience Diploma in Education Management. Were has substantial administrative experience at Strathmore School.
	David Mathuva, Treasurer, Management Committee	David is currently a Senior Lecturer at Strathmore University and has previously worked with KPMG East Africa. He holds a Doctorate in Accounting and Finance, a Masters in Forensic Accounting and a Bachelor of Commerce, Finance.
	Anyisia Nabangi, Chair, Credit Sub-Committee	Anyisia is currently a Senior Auditor at Ernst and Young and has previously worked as the Revenue Accountant at Kianda School. She holds a Bachelor of Commerce from Strathmore and is Certified Public Accountant of Kenya.
	John Ouko, Member, Management Committee	John currently works with the Admissions Office at Strathmore University. He holds a Bachelor of Laws degree.
	Fredrick Otieno, Member, Management Committee	Fredrick is currently a Doctoral Fellow at Strathmore University. He holds a Master of Commerce in Forensic Accounting and a Bachelor of Commerce. He is also a Certified public Accountant.

### Supervisory Committee Members

The Supervisory Committee members who served in 2019 are as follows:

	Julius Mamicha, Chair, Supervisory Committee	Julius is based at Strathmore School where he has served for over 12 years in administration. He holds a Diploma in Management from Kenya Institute of Management.
	Julian Sila, Member, Supervisory Committee	Julian has been working with Strathmore's Catering department for many years.
	Emily Cherono, Member, Supervisory Committee	Emily Cherono currently works with Kibondeni College. She holds a Bachelor of Science in Hospitality and Tourism Management, an Advanced Diploma in Technical Education and a Diploma in Catering and Accommodation Management.

### SACCO Management Team

Below are the officers of Mzima Springs SACCO, their experience and qualifications.

	Isaac Maingi, Senior Accountant	Isaac is currently a Senior Accountant at Mzima Springs SACCO. He is pursuing his Certified Public Accountancy qualification. He has over 11 years of experience in Accounting and general administration. He has interests in Accountancy & Finance.
	Hannah Muduya Kegehi, Administrator	Hannah is currently an Administrator at Mzima Springs SACCO where she has worked for the last ten years. She holds a Diploma in Front Office Management and a Diploma in Business Management. She believes that Mzima has taught her how to place members at the centre of everything.
	Faith Kimani Assistant Accountant & Loans Officer	Faith is currently an Assistant Accountant at Mzima Springs SACCO. She holds a Bachelor of Business Information Technology and is currently pursuing her CPA Section 4 qualification. She has over 2 years of working experience.



## Our History

About fifteen employees of Strathmore School registered Mzima Springs SACCO in 1983. When it was registered, it was meant to only serve the subordinate staff. As Strathmore School expanded, more and more members joined in and by 1990 all employees of the School were eligible to join the SACCO.

The section of the college was moved over to Madaraka estate in 1992 and this threatened the continuity of the SACCO. However it was agreed rather than register a new SACCO, the current members of the college will continue being members of Mzima Springs SACCO with an appropriate management structure put in place to serve the interest of both groups.

This agreement was vital as it led to the growth of the SACCO serving the Strathmore fraternity. This was because any person employed by any of the Strathmore institutions is eligible to be a member of the SACCO. These institutions included Kianda School, El Molo, Kibondeni and Tigoni. Current position

Currently as a result of expansion of the institutions membership the SACCO is comprised of the following Centres:

- |                      |                                     |
|----------------------|-------------------------------------|
| 1. Strathmore Café   | 14. Kimlea                          |
| 2. Creates           | 15. Quest Works                     |
| 3. Eastlands College | 16. Strathmore Educational Trustees |
| 4. Elmolo            | 17. Roshani                         |
| 5. Ewaso Club        | 18. Samara Centre                   |
| 6. Faida             | 19. Satima                          |
| 7. Fanusi            | 20. Strathmore Business School      |
| 8. Fontana           | 21. SRCC                            |
| 9. Hodari            | 22. Strathmore School               |
| 10. Karima           | 23. Strathmore University           |
| 11. Kianda Catering  | 24. Thigiri                         |
| 12. Kianda           | 25. Tigoni                          |
| 13. Kibondeni        | 26. Watani                          |

As at 31st December 2019, the total active members were 951.

## Products and Services

Below are the loan products offered by the SACCO.

	Loan product	Purpose	Interest rate	Suggested limit, terms & incentives	Suggested maximum term
1	Normal Loans	Granted for investment, development or personal purposes	1% per month on reducing balance	<ul style="list-style-type: none"> <li>Maximum of 3 times of member deposits or a limit of Kshs. 4,000,000 (subject to the 1/3 rule)</li> <li>Only one normal loan shall be granted at a time</li> <li>Easy loan top up facility possible at 1.5% of the top up amount</li> </ul>	60 months
2	Emergency loan	Granted due to unforeseen circumstances	1% p.m. on reducing balance	<ul style="list-style-type: none"> <li>Maximum of 3 times of member deposits or a limit of Kshs. 250,000 (subject to the 1/3 rule)</li> <li>Processed within 7 working days</li> <li>Only one emergency loan shall be granted at a time</li> <li>Easy loan top up facility possible at 1.5% of the top up amount</li> </ul>	18 months
3	School fees loan	Granted for educational purposes	1% per month on reducing balance	<ul style="list-style-type: none"> <li>Maximum of 3 times of member's deposits up to a maximum of Kshs. 150,000 (subject to the 1/3 rule)</li> <li>Only one school fees loan can be granted at a time</li> <li>School fees invoice</li> <li>Easy loan top up facility possible at 1.5% of the top up amount</li> <li>Paid directly to school</li> <li></li> </ul>	12 months
4	Karibu Loan	Granted to new members who have not attained the 6 month probation period	1 % per month reducing balance	<ul style="list-style-type: none"> <li>Maximum of 3 times of member's deposits up to a maximum of Kshs. 100,000 (subject to the 1/3 rule)</li> <li>Only one Karibu loan can be granted at a time</li> <li>Easy loan top up facility possible</li> <li>Loan should be fully guaranteed.</li> <li>Upon attainment of the 6 month period, a member cannot be offered the Karibu loan.</li> <li>A processing fee of 3% of the amount applied.</li> </ul>	12 months

5	Student loan	Targeted to Strathmore students who have borrowed funds to cater for their needs or for investment purposes	1% per month reducing balance	<ul style="list-style-type: none"> <li>Maximum is equivalent to student member deposit.</li> <li>The loan should be fully guaranteed (fellow student members can guarantee)</li> <li>Only one student loan can be granted at a time</li> <li>Easy loan top up facility possible at 1.5% of the top up amount</li> </ul>	24 months
6	Insurance premium finance loan	Advanced to members to pay insurance premiums	1.5% per month on reducing balance	<ul style="list-style-type: none"> <li>Amount shall be equivalent to the actual insurance premium</li> <li>Loan amount paid directly to insurance company</li> </ul>	12 months
7	Salary advance	Shall be granted against a member's salary	A commission of 5% graduating to 6% and 7% in month 2 and 3.	<ul style="list-style-type: none"> <li>One salary advance per month</li> <li>No guarantors needed</li> <li>Maximum of Ksh. 30, 000</li> </ul>	Up to 3 months
8	Buyout loan	To acquire loans taken with other financial institutions	1% per month	<ul style="list-style-type: none"> <li>Buyout loan repayment period is determined by the previous loan repayment period.</li> <li>2% of the top up amount processing fees.</li> <li></li> </ul>	Period is equivalent to the remaining period of the old loan

#### Our Savings Products

- Children savings scheme
- Special savings scheme for members and students

## Chairman's Report



**D**ear members and all the invited guests, welcome to our 2020 AGM.

### **The SACCO's 2019 Review**

Mzima Springs SACCO has been able to remain vibrant despite 2019's hard economic and it is our hope and quest to maintain the great performance in 2020.

### **SACCO growth**

The SACCO has witnessed a steady asset growth with the current asset base standing at Kshs. 259,333,375.45 as at 31st December 2019 up from Kshs 225,137,678.33 in 2018 and Kshs 177,123,442.28 in 2017.

We have been able to comfortably disburse loans within a week including huge amounts. In the peak period of December and January for example, we disbursed Kshs 9,429,362.51 and Kshs 14,842,718.00 respectively without delay and without any form of pressure. The entire year saw the SACCO disburse a total of Kshs 134,508,383.00 against the remittance of approximately Kshs 96 million. We are grateful to you our dear members and indeed to our various affiliate centres that act as collection and remittance points for the great support.

### **Investments**

Mzima Springs SACCO was able to invest a total of Kshs 6 million in the money market and as at now we are in the process of opening an investment account with the Central Bank for further investments in the government bonds. It is our hope that we shall be able to invest more to give you dear members much better returns. As announced last year in the AGM, the Smart Savings (Smartika) product was official closed.

### **Digital Lending**

Technological changes invite technological adjustments. Mzima Springs SACCO has been trying out the possibility of incorporating mobile form of lending and if all is well, soon you should be able to have your SACCO within your palms and even borrow little amounts without paperwork.

### **Direct Debit**

In our quest to shield guarantors and to tighten any possible loopholes for outside payroll borrowers who may fail to repay, the SACCO has incorporated the Central Bank's tool of direct debit as its sole repayment method. Kindly note that no more standing orders are acceptable to the SACCO.

### **Loan Recovery Procedures:**

One major challenge that the SACCO continues to face is loan repayment. To this effect, the following procedure has so far been put in place:

1. Classification of loans as defaulted after 3 months.
2. Write to the borrower informing him/her to repay the loan (through texts, email/ phone call)

3. Notification to the member and the all his/her guarantors.
4. In case of failure, the SACCO recovers the defaulted loan from the deposits and the balance of the loan taken to the defaulters' module in the system.
5. Full recovery effort including blacklisting with the credit reference bureau (CRB).
6. Recovery from guarantors as follows:
  - On installment basis
  - Get from the guarantor's deposits
  - The guarantors to bring cash/ collateral
7. Debt collectors have been engaged and any collection done by them is at the debtors expense. The defaulter pays an additional cost of 15% of the funds to be recovered. Between January 2020 and now, an amount of Kshs 1,983,868 has been collected.

*Note: In case a defaulter repays his/her loans, the monies recovered from their guarantors are ploughed back into their accounts as deposits.*

### **Mzima Spring SACCO Website**

The website is currently being revamped and soon it will have a new updated look.

### **Mzima Springs' SACCO's 5-year Strategic Plan**

- Annual strategy to give an 11% interest payment on deposits.
- Target a membership of over 1,000 members by 2020.
- Create standards that impact positively on member welfare.
- Inculcate honesty, integrity and other virtues in the management and running of the SACCO.
- The longer term plan is to have a Mzima Springs Fosa.

### **Interest Rebate and Dividend Payments.**


The Management has set aside Kshs. 14,100,000.00 up from Kshs. 11,328,764.00 in 2018 towards payment of interest on deposits in the year ended 2019. In addition, we have set aside Kshs. 500,000.00 in dividends up from Kshs. 430,000 in 2018. All this has been possible due to the good performance the SACCO recorded in the year just ended.

### **Mzima Management Committee elections**

Some of the management Committee and Supervisory Committee members' terms come to an end today. Kindly vote wisely.

### **Conclusion**

May God guide Mzima SACCO and bless its members. Thank you.



### **Fredrick Odhiambo**

Chairman, Management Committee  
Mzima Springs SACCO

## Supervisory Committee Report



The supervisory committee has the pleasure to table its report in the Annual General meeting today.

### Overall Performance

With regards to the SACCO performance, the Supervisory Committee is pleased to provide the members of Mzima SACCO with the following information so that all can understand the SACCO status:

1. Membership: Membership has grown by approximately 11% from 853 active members in 2018 to 951 active members. This translates to 98 new members in the SACCO. We welcome all out new members to the Mzima Family.
2. Members deposits: Members' deposits has grown from 193,908,860.98 to 225,108,129.28 which translates to about 16%.
3. Share capital growth: Our share capital has grown from 4,749,900.00 to 5,495,900.00 which is about 16%.
4. Growth in loans to members: Loans to members has grown from 201,928,492.68 to 219,722,987.93 which is about 9%.
5. Growth in interest to members deposits: The interest has grown from 11,328,764.00 (7.5%) in 2018 to 14,100,000.00 (8.0%).
6. Total income: The total income for the year ended 2019 is Kshs. 21,961,791.10 from Kshs. 18,424,419.17 in 2018, marking a 19% increase in income.
7. Total expenses: The total administrative expenses for the year ended 2019 is Kshs. 6,512,567.40 against Kshs. 6,052,738.84 in 2018.

### Defaulters

The amount of loans defaulted keeps growing with over Kshs. 6 million in real default which the Management Committee is actively pursuing. So far, above Kshs. 1.9 million has been recovered through debt collectors and the credit reference bureau, Metropol.

### Dividends

It has been confirmed that the dividends will be paid at a rate of 11% and interest on deposits at 8% in full by the end of March 2020.

Any amounts less than Ksh. 1,000 will automatically be ploughed back to the members deposits.

Thank you

**Julius Mamicha**

Chairman, Supervisory Committee  
Mzima Springs SACCO



## The Treasurer's Report

Greetings Mzima members and friends, and welcome to our 2020 Annual General Meeting!

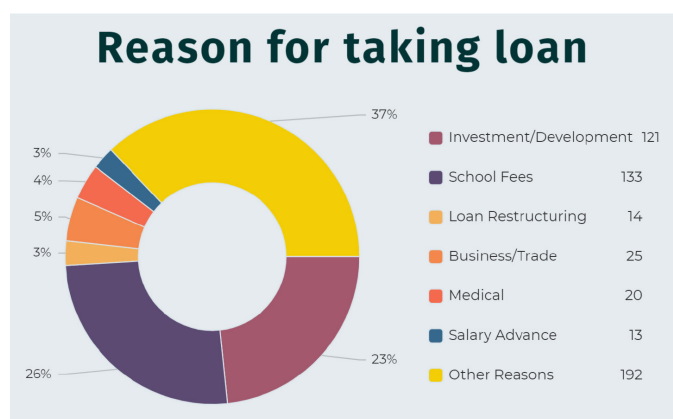


### General Performance of Mzima SACCO in 2019

**Lending:** The SACCO subsector continues to contribute tremendously to the lives of people in Kenya where 36% of loans by SACCOs are directed towards funding land and housing with 20.5% going to trade and 12% towards education. At Mzima Springs SACCO, a total of 518 various loans amounting to Kshs. 134,508,383.00 were disbursed in 2019 compared to Kshs. 97,282,297.76 in 2018. This represents a remarkable 38% increase in loans disbursed. With 26 centres and 951 active members, the SACCO experienced increased business activity in 2019, which we are grateful for. The average time to pay loans in 2019 was 3 to 4 days from the date the loan form is received and processed by the SACCO. We hope to further improve the turnaround time to disbursing payments in the near future.

The table below shows the distribution in loans disbursed and the reasons for the loans.

Type of loan	Number	Amount (Kshs.)	%
Emergency loan	221	19,402,734.00	14.42%
Karibu loan	2	90,000.00	0.07%
Normal loans	265	109,587,649.00	81.47%
Out of payroll	12	4,955,000.00	3.68%
Salary advance	12	249,000.00	0.19%
School fees	2	160,000.00	0.12%
Student loans	4	64,000.00	0.05%
Totals	518	134,508,383.00	100.00%



**Loan repayment and savings by members:** We recorded a remarkable increase in loan repayments by members from Ksh. 72,471,948.72 in 2018 to Kshs. 116,767,496.95 in 2019, a 61% increase. However, the loan default rate still remains high at 6.36% with over Kshs. 6 million loans being at high risk of irrecoverability. The Management Committee has however engaged debt collectors to assist in the recovery efforts, of which Kshs. 1.9 million has been recovered to date (32% recovery rate).

Member deposits grew significantly from Kshs. 193,908,860.98 in 2018 to Kshs. 225,108,129.28 in 2019, which is a 16% increase. Overall, the SACCO's loan to deposit ratio improved from 104% in 2018 to 97.6% in 2019, implying that our members are maintaining more deposits (savings) compared to loans taken with the SACCO, with average deposits per member of Kshs. 2,265.00 per month in 2019 alone. Growth in deposits (savings) has been one of our key pillars and we are keen to seeing members save more, while benefiting from the loan products Mzima offers.

**Liquidity of the SACCO:** I am happy to note that the liquidity position of the SACCO has more than doubled, from a paltry 6% in 2018 to 13% in 2019. This is a demonstration of prudent financial management of the SACCO given the strategies we put in place in 2017/2018. We have been able to invest Kshs. 6 million in the money market and plan to safely invest much more in 2020. The income from money invested in the unit trust increased from Kshs. 133,357.00 to Kshs. 305,817.64 in 2019, a 129% increase in additional income to the SACCO.

**Revenue and expenditure management:** Our revenue continues to grow, marking an 18% growth from 2018, with a reduction in our expenditure ratio, from 32.85% in 2018 to 29.65% in 2019. The prudent financial management has enabled us to declare an improved interest on dividends to the current 8% (from 7.5% in 2018) and 11% (from 10% in 2018) on time-weighted deposits and shares respectively.

**Budget management:** As you will notice from the budget attached to this annual report, the SACCO lived within its means and performed very well against the budget estimates of 2019. The actual income generated was more than the budgeted income by 9%. The actual expenditure in 2019 dropped by 9% when compared with what was budgeted for in 2019. All this has been possible due to the austerity measures taken by the Management Committee to closely track and manage SACCO income and expenses.

**Future outlook:** As the SACCO continues to grow and remain in the league of SACCOs with over Kshs. 100 million in total assets, we are grateful to God and have many more opportunities to tap into the future to ensure that Mzima is stable, sound and remains to be our primary source of development for the betterment of our dear members. I concur with our able Chairman that the SACCO is well on course towards attaining its strategic objectives and growing at a stable rate, while guaranteeing safety and stability to its members.

I am optimistic that 2020 comes with a very positive promise for Mzima as we work towards growing the SACCO to even greater heights.

Viva Mzima Springs SACCO! Viva Mzima members!



**Dr. David Mathuva, CPA (K), CFE**  
Treasurer  
Mzima Springs SACCO



## Corporate Governance Report

Previous research has shown that corporate governance in SACCO's in Kenya has not been effectively regulated and supervised. It is important to emphasize that good corporate governance practices in the SACCOs are imperative if the cooperative movement is to effectively play a key role in the overall development in Kenya. The Center for Corporate Governance and SASRA have recommended good corporate governance principles that the SACCO has tried to adopt and implement.

### Our Corporate Governance Principles

Mzima Springs SACCO lives by the following Cooperative values and principles:

Cooperative values	Cooperative Principles
<ul style="list-style-type: none"><li>• <b>Self-help</b></li><li>• <b>Self-responsibility</b></li><li>• <b>Democracy</b></li><li>• <b>Equality</b></li><li>• <b>Equity</b></li><li>• <b>Solidarity</b></li></ul>	<ul style="list-style-type: none"><li>• Voluntary and Open Membership</li><li>• Democratic Member Control</li><li>• Member Economic Participation</li><li>• Autonomy and Independence</li><li>• Education, Training, and Information</li><li>• Cooperation among Cooperatives</li><li>• Concern for Community</li></ul>

The roles of the two key committees in a SACCO are outlined below:

Management Committee Responsibilities	Supervisory Committee Responsibilities
<ul style="list-style-type: none"><li>• <b>Develop, review and uphold the bylaws.</b></li><li>• <b>Set and implement a strategic direction for the SACCO.</b></li><li>• <b>Ensure SACCO meets legislative requirements.</b></li><li>• <b>Develop SACCO policies and procedures and ensure they are documented and in a manual.</b></li><li>• <b>Manage SACCO resources, both financial and non-financial.</b></li><li>• <b>Manage membership.</b></li><li>• <b>Records and document management.</b></li><li>• <b>Deliver on delegated tasks and assignments.</b></li><li>• <b>Drive the SACCO strategy.</b></li></ul>	<ul style="list-style-type: none"><li>• Counterchecking, the effectiveness of the society's internal control systems through:<ul style="list-style-type: none"><li>a) Verification of all transactions of the SACCO society</li><li>b) Writing periodic report to be tabled at board meetings</li><li>c) Submission of its reports to the commissioner</li><li>d) Presenting its reports to general meeting.</li></ul></li><li>• The supervisory committee shall not perform the duties or exercise any of the powers of the board.</li></ul>

### Sub-committees, their composition and responsibilities

Sub-committee	Members	Responsibilities
<b>Executive Committee</b>	<ul style="list-style-type: none"><li>• Fredrick Odhiambo</li><li>• Loice Orege</li><li>• Were Lwanga</li><li>• David Mathuva</li></ul>	<ul style="list-style-type: none"><li>• This sub-committee is responsible for all administrative, finance, investment and strategic planning matters.</li></ul>
<b>Credit Committee</b>	<ul style="list-style-type: none"><li>• Anyisia Nabangi</li><li>• John Ouko</li><li>• Fredrick Otieno</li></ul>	<ul style="list-style-type: none"><li>• This sub-committee is responsible of reviewing and overseeing the overall lending policy of the SACCO Society</li></ul>
<b>Education and Nomination Committee</b>	<ul style="list-style-type: none"><li>• Loice Orege</li><li>• Were Lwanga</li><li>• John Ouko</li></ul>	<ul style="list-style-type: none"><li>• This sub-committee is responsible for marketing and providing education and training to the members, delegates, staff, management and the board as well as ensuring the SACCO is governed in accordance with its code of corporate governance and all other relevant guidelines.</li></ul>

## Management Committee Meetings in 2019

The following table shows the attendance of the Management Committee to the scheduled meetings during the year ended 31<sup>st</sup> December 2019.

Name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fredrick Odhiambo	√	√	√	√	√	√	√	√	√	√	√	√
Loice Orege	√	√	X	√	√	√	√	√	√	√	√	√
Were Lwanga	√	√	√	√	√	√	√	√	√	√	√	√
David Mathuva	√	√	√	√	√	√	√	√	√	√	√	√
Nabangi, Anysia Nangila	X	X	X	√	√	√	X	√	√	√	√	√
Owino, Fredrick Otieno	X	X	X	X	√	√	X	√	X	X	√	X
John Robert	√	√	X	X	√	√	√	√	√	√	√	X
Caroline Ndambiri (resigned January 2019)	√	X	X	X	X	X	X	X	X	X	X	X
Josphat Manani (resigned April 2019)	√	√	√	√	X	X	X	X	X	X	X	X

## Supervisory Committee Meetings in 2019

The following table shows the attendance of the Supervisory Committee members to the scheduled meetings during the year ended 31<sup>st</sup> December 2019.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Name	Jan. - Mar.	Apr. - Jun.	Jul. - Sept.	Oct. - Dec.
Julius Mamicha	√	√	√	√
Emily Cherono	√	√	√	√
Julian Sila	√	√	√	√

## Sustainability Report

### Members

Our member base continues to grow and this means that we have to make deliberate efforts to serve them much better. To do this, we have invested in information systems, mobile based payments and other activities to ensure that we reach out to our members conveniently and serve them better. We also obtain feedback on the level of satisfaction of our esteemed members with our services. We try our level best to respond to member issues and any complaints are handled in the quickest way possible.

### Products and Services

Our products are tailored to meet our member needs. We constantly review the performance of the current product offering and look for ways of making the products value adding to our members.

### Human Resources


We ensure that our Human Resources are well qualified and adequately trained to meet the changing needs of members and the changing SACCO landscape. We also provide reasonably fair remuneration and benefits for our members, including training where necessary.

### The Society

Over the past years Mzima Springs SACCO has been contributing to various Centres towards charitable activities. In year 2019, Mzima Springs made donations totalling Kshs. 150,000 as follows:

- Macheo (Ksh 50,000)
- Strathmore School (Ksh 30,000)
- Kianda Foundation Trust (Ksh 20,000)
- Kibondeni College (Ksh 10,000)
- Kwetu Childrens' Home (Ksh 10,000)
- Kimlea Technical Training (Kshs. 10,000)
- Eastlands College of Technology (Kshs. 20,000)

The SACCO also received many thanks for the contributions made.




### Thank You!

On behalf of Macheo students, we would like to extend our gratitude to Mrs. Bernadette Musundi, Chair of the University Council, Prof John Odhiambo, the Vice Chancellor, Dr. Vincent Ogutu, the Vice Chancellor Designate, alumni, staff, students, parents and friends of Strathmore who in one way or another came out in support of the Vice Chancellor's Concert.

A special thank you to Mzima Springs SACCO, Prof John Odhiambo and to Dr. Deepak Bedi, a Strathmore School alumni who are the first official benefactors of the concert. We are grateful that you have believed in this cause and have worked with us to establish the Macheo Scholarship Fund that will educate bright and deserving students. Through sponsorship, donations, ticket sales and merchandise, we have raised KShs 250,000.

You may never meet the students you are helping, but you put a smile on their faces. Our aim is to help these students to realize that life can be better, that life should be better and that it is within their reach to make it happen.

Thank you for believing in them.



A "Thank You" note from Macheo organizers.

### Environment

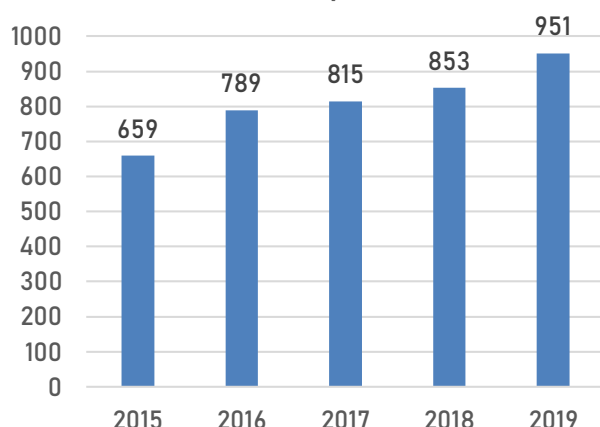
We are constantly conscious of the environment and ensure that we save on the printing paper and the water we utilize in our office. We also ensure that we conserve energy whenever there is no need to keep energy consuming equipment running.

Society's Five-Year Financial Review

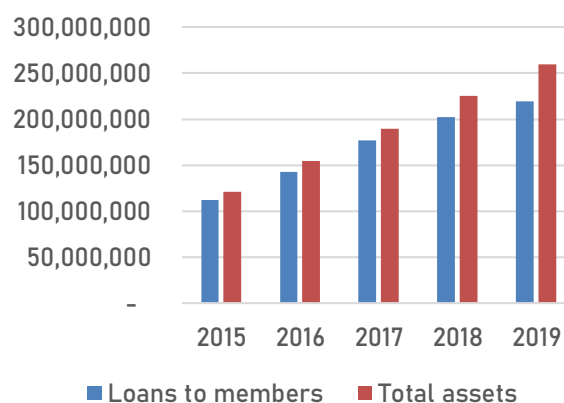
	2015	2016	2017	2018	2019
<b>Membership (active)</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs.</b>	<b>Kshs</b>
	659	789	815	853	951
<b>Loans to members</b>	111,940,329	143,021,257	177,123,442	201,933,791	219,722,988
<b>Cash and cash equivalents</b>	884,183	1,416,334	2,010,763	12,450,306	29,286,952
<b>Other assets</b>	8,149,226	9,942,381	10,262,288	10,758,879	10,323,436
<b>Total assets</b>	120,973,738	154,379,972	189,396,493	225,142,977	259,333,375
<b>Total equity</b>	11,339,327	9,344,995	14,205,958	14,605,173	15,581,329
<b>Total liabilities</b>	109,634,411	145,034,977	175,190,535	210,537,804	243,752,046
<b>Total income</b>	11,012,210	13,201,515	15,583,574	18,424,419	21,961,791
<b>Interest income</b>	10,922,566	13,078,015	15,475,443	18,226,062	21,563,973
<b>Other income</b>	89,644	123,500	108,131	198,357	397,818
<b>Profit before tax</b>	2,001,305	679,360	794,161	1,639,358	1,135,454
<b>Other disclosures</b>					
<b>Interest rate on deposits (%)</b>	8.00%	8.00%	7.50%	7.50%	8%
<b>Dividend on shares (%)</b>	NA	10.00%	10.00%	10.00%	11%
<b>Dividend on shares Kshs)</b>	NA	155,930	315,757	430,000	500,000
<b>Interest on deposits (Kshs)</b>	6,000,000	8,500,000	9,600,000	10,732,323	14,100,000

## Delivering on Our Promise

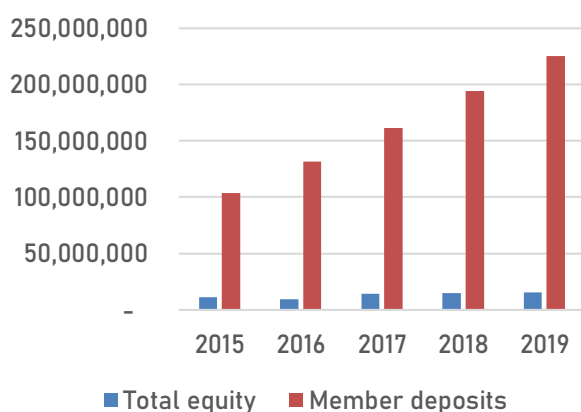
### Membership (active)



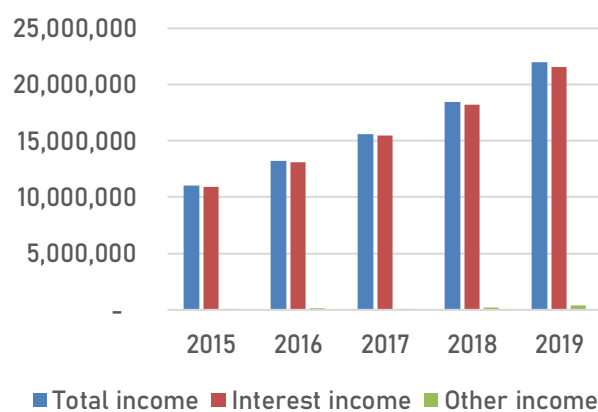
### Growth in Assets



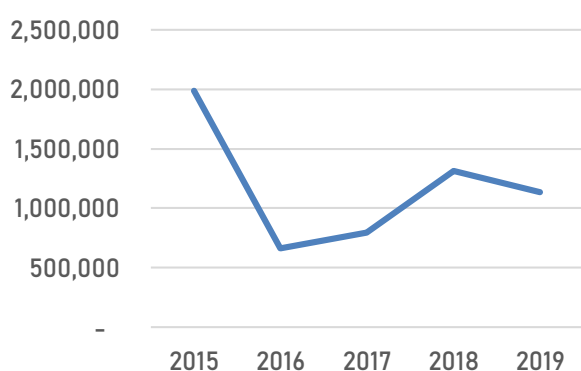
### Growth in Deposits and Equity



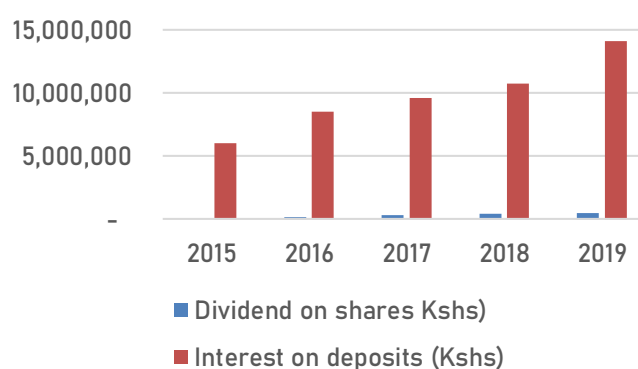
### Growth in Income



### Growth in Profit After Tax



### Growth in Returns to Members



C/S NO 3981

MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD.

Annual Report and Financial Statements for the Year Ended 31st December 2019

## 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 2019.

### Incorporation

The Society is incorporated in Kenya under the Co-operative Society Act. Cap 490 of 1997 amended 2004 and is domiciled in Kenya.

### Principal Activity

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

Results	2019 Kshs.	2018 Kshs.
Surplus before tax	1,135,454.42	1,042,916.33
Proposed dividends	500,000.00	430,000.00
Proposed honoraria	400,000.00	400,000.00
Net surplus (deficit)	1,135,454.42	1,042,916.33
Retained surplus/loss for the year	8,363.54	4,333.07
Interest on members' deposits	8.0%	7.5%
Dividend on members' shares	11.0%	10.0%

### Dividends/Interest on members deposits

The Management Committee recommends payment of first and final dividend of 11% per share (2018: 10%) to all members in the register as at 31st December 2019, subject to deduction of applicable withholding tax.

They also recommend interest on members weighted average deposits at the rate of 8.0% (2018: 7.5%) on deposit balances held by the society as at 31st December 2019 and will be paid subject to deduction of applicable withholding tax. Calculation of interest and dividend payable is based on the number of months the deposits or shares 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 the Management Committee

Secretary WERE LXAMBA

Signature W. Mwangi

Date 21/03/2020

# Statistical Information of the SACCO

C/S NO 3981				
MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD.				
Annual Report and Financial Statements for the Year Ended 31st December 2019				
STATISTICAL INFORMATION AS AT 31ST DECEMBER 2019				
		<b>2019</b>		<b>2018</b>
<b>Number of members</b>	Active	951		853
	Dormant	381		86
		<b>1,332</b>		<b>939</b>
<b>Employees</b>		3		3
Financial information				
<b>Share Capital</b>		5,495,900.00		4,749,900.00
<b>Members Deposits</b>		225,108,129.28		193,908,860.98
<b>Statutory Reserve Fund</b>		5,478,055.99		5,375,551.88
<b>Retained Earnings</b>		4,607,373.24		14,599,874.81
<b>Loans to Members</b>		219,722,987.93		201,928,492.68
<b>Total Assets</b>		259,333,375.45		225,137,678.33
<b>Total Liabilities</b>		243,752,046.22		210,537,803.53
<b>Shareholders' Funds</b>		15,581,329.23		14,599,874.81
<b>Interest Income</b>		21,563,973.46		18,226,062.17
<b>Current Assets</b>		39,363,186.54		22,908,291.98
<b>Current Liabilities</b>		18,643,916.94		15,638,908.55
<b>Revenue</b>		21,563,973.46		18,226,062.17
Key ratios				
<b>Liquidity Ratio</b>		13%		6%
<b>Current Ratio</b>		2.11		1.46
<b>Percentage of Expenses to Revenue</b>		29.65%		32.85%
<b>Interest on Members Deposits</b>		8.00%		7.50%
<b>Dividend on Member's Shares</b>		11.00%		10.0%
<b>Core Capital to Assets Ratio</b>		6.01%		10.98%
<b>Core Capital to Deposits Ratio</b>		6.92%		12.75%
<b>Institutional Capital to Assets Ratio</b>		3.89%		8.87%



## Statement of the Management Committees' Responsibilities

C/S NO 3981

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

**Annual Report and Financial Statements for the Year Ended 31st December 2019**

### 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.

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

Approved by the management committee on ..... 2-3-2020 .....  
and signed on its behalf by:

Chairman: .....  .....

Treasurer: .....  .....

Secretary: .....  .....

Date: ..... 2/3/2020 .....



## **Independent Auditor's Report**

**C/S NO 3981**

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

**Annual Report and Financial Statements for the Year Ended 31st December 2019**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 31st December 2019, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cashflows 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 31.12.2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Co-operative Societies Act.

#### **Key audit matters**

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.

#### **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: 02/02/2020

**C/S NO 3981****MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD.****Annual Report and Financial Statements for the Year Ended 31st December 2019****INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2019**

<b>Revenue</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Interest on members loans	<b>2</b>	21,563,973.46	18,226,062.17
Other interest income	<b>2b</b>	-	-
Interest on member deposits	<b>2a</b>	(14,100,000.00)	(11,328,764.00)
Interest expense	<b>2c</b>	(213,769.28)	-
<b>Net Interest Income</b>		<b>7,250,204.18</b>	<b>6,897,298.17</b>
<b>Other Operating Income</b>	<b>3</b>	397,817.64	198,357.00
<b>Net revenue</b>		<b>7,648,021.82</b>	<b>7,095,655.17</b>
<b>Administrative Expenses</b>	<b>4</b>	(6,357,499.99)	(5,836,620.60)
<b>Other Operating Expenses</b>	<b>5</b>	(155,067.41)	(216,118.24)
<b>Total Expenditure</b>		<b>(6,512,567.40)</b>	<b>(6,052,738.84)</b>
<b>Surplus /deficit before income tax</b>		<b>1,135,454.42</b>	<b>1,042,916.33</b>
<b>Income tax expense</b>		-	-
<b>Surplus/deficit after income tax</b>		<b>1,135,454.42</b>	<b>1,042,916.33</b>
<b>20% transfers to Statutory reserve</b>		(227,090.88)	208,583.27
<b>Surplus available for distribution</b>		<b>908,363.54</b>	<b>834,333.07</b>
<b>Provision for Dividends</b>		(500,000.00)	(430,000.00)
<b>Provision for Honorarium</b>		(400,000.00)	(400,000.00)
<b>Surplus to Retained Earnings</b>		<b>8,363.54</b>	<b>4,333.07</b>

C/S NO 3981

MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD.

Annual Report and Financial Statements for the Year Ended 31st December 2019

Statement of Financial Position as at 31st December 2019

ASSETS	NOTES	2019 Kshs	2018 Kshs
Cash and Cash equivalent	6	29,286,951.76	12,450,306.36
Trade and other receivables	7	10,076,234.78	10,457,985.62
Loans to Members	8	219,722,987.93	201,928,492.68
Other Financial Assets	11	64,000.00	64,000.00
Property plant and Equipment	21	119,402.98	145,753.67
Intangible Assets	21	63,798.00	91,140.00
<b>Total Assets</b>		<b>259,333,375.45</b>	<b>225,137,678.33</b>
<b>LIABILITIES</b>			
Members Deposits	13	225,108,129.28	193,908,860.98
Interest on Members Deposit	9	14,100,000.00	11,328,764.00
Smart Saver Deposits	10	0.00	990,034.00
Dividends payable	9a	500,000.00	430,000.00
Trade and Other payables	16	4,043,916.94	3,880,144.55
<b>Total Liabilities</b>		<b>243,752,046.22</b>	<b>210,537,803.53</b>
<b>SHARE HOLDERS' EQUITY</b>			
Share Capital	14	5,495,900.00	4,749,900.00
Reserves	15	10,085,429.23	9,849,974.81
<b>Total Shareholders' Equity</b>		<b>15,581,329.23</b>	<b>14,599,874.81</b>
<b>Total Liabilities and Shareholders Equity</b>		<b>259,333,375.45</b>	<b>225,137,678.34</b>

The financial statements on pages 6-15 were authorized by the Management Committee

on 2/3/2020 and signed on its behalf by:

Chairman: 

Secretary: 

Treasurer: 

Date: 2/3/2020



**C/S NO 3981****MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD.****Annual Report and Financial Statements for the Year Ended 31st December 2019**

STATEMENT OF CHANGES IN EQUITY AS AT 31ST DECEMBER 2019					
	Share Capital	Statutory Reserve Fund	Retained Earnings	Totals	
	Kshs.	Kshs.	Kshs.	Kshs.	
Changes in equity 2018					
At start of the year 2018	<b>4,568,900.00</b>	<b>5,042,381.84</b>	<b>4,594,676.64</b>		<b>14,205,958.48</b>
Prior year adjustment					
<b>Surplus for the Year/(deficit)</b>			1,042,916.33		1,042,916.33
<b>Corporation Tax</b>					
<b>Statutory Reserve fund</b>		208,583.27	(208,583.27)		-
<b>Contribution</b>	181,000.00				181,000.00
<b>Transfer from Deposits</b>					
<b>Honoraria</b>			(400,000.00)		(400,000.00)
<b>Provision for dividends</b>			(430,000.00)		(430,000.00)
Balance C/F 31/12/2018	<b>4,749,900.00</b>	<b>5,250,965.11</b>	<b>4,599,009.70</b>		<b>14,599,874.81</b>
Changes in equity 2019					
At start of the year 2019	<b>4,749,900.00</b>	<b>5,250,965.11</b>	<b>4,599,009.70</b>		<b>14,599,874.81</b>
Prior year adjustment					
<b>Surplus for the Year/(deficit)</b>			1,135,454.42		1,135,454.42
<b>Corporation Tax</b>					
<b>Statutory Reserve fund</b>		227,090.88	(227,090.88)		-
<b>Contribution</b>	108,500.00				108,500.00
<b>Transfer from Deposits</b>	637,500.00				637,500.00
<b>Honoraria</b>			(400,000.00)		(400,000.00)
<b>Provision for dividends</b>			(500,000.00)		(500,000.00)
Balance C/F 31/12/2019	<b>5,495,900.00</b>	<b>5,478,055.99</b>	<b>4,607,373.24</b>		<b>15,581,329.23</b>

**C/S NO 3981**

MZIMA SPRINGS SAVINGS &amp; CREDIT CO-OPERATIVE SOCIETY LTD.

Annual Report and Financial Statements for the Year Ended 31st December 2019

## STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31ST DECEMBER 2019

	<b>2019</b>	<b>2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Cashflows from operating activities		
<b>Interest Receipts</b>	21,563,973.46	18,226,062.17
<b>Other operating income</b>	397,817.64	198,357.00
<b>Interest payment</b>	(11,542,533.28)	(9,600,000.00)
<b>Payment to Employees &amp; Suppliers</b>	(5,133,822.57)	(4,753,888.12)
	<b>5,285,435.25</b>	<b>4,070,531.05</b>
Increase/Decrease in Operating Assets		
<b>Trade and other receivables</b>	381,750.84	(604,490.62)
<b>Loan to Members</b>	(17,794,495.25)	(24,805,050.40)
<b>Uncredited bankings</b>	-	-
	<b>(17,412,744.41)</b>	<b>(25,409,541.02)</b>
Increase/Decrease in Operating Liabilities		
<b>Deposits from members</b>	31,199,268.30	32,642,980.98
<b>Smart savers deposits</b>	(990,034.00)	429,171.00
<b>Trade and Accrued Expenses</b>	(1,561,279.76)	(1,119,241.65)
Net cashflow from operating activities before tax	<b>28,647,954.54</b>	<b>31,952,910.33</b>
<b>Income tax</b>	-	-
Net cashflow from operating activities	<b>16,520,645.38</b>	<b>31,952,910.33</b>
Cash flow from investing activities		
<b>Purchase of Assets</b>	-	(39,600.00)
<b>Investment Income</b>	-	-
Cash from Investing activities	-	<b>(39,600.00)</b>
Net cash from financial activities		
<b>Dividends paid</b>	(430,000.00)	(315,757.00)
<b>Share Capital contribution</b>	746,000.00	181,000.00
Net cash from financial activities	<b>316,000.00</b>	(134,757.00)
Net Decrease/Increase in cash and cash equivalent	16,836,645.38	10,439,543.36
<b>Cash and cash equivalent at the beginning of the year</b>	12,450,306.36	2,010,763.00
Cash and cash equivalent at the end of the year	<b>29,286,951.74</b>	<b>12,450,306.36</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**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 Cap. 490.

**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.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2019	2018
	Kshs	Kshs
Interest Income		
<b>Interest from loans to members</b>	<b>21,563,973.46</b>	<b>18,226,062.17</b>
Interest Expense		
<b>Interest on members deposit</b>	<b>14,100,000.00</b>	<b>11,328,764.00</b>

**Interest on members deposits is payable to members at the rate of 8.00% on approval in the Annual General Meeting.**

Other Interest Income		
<b>Bank interest</b>	-	-
Other Interest Expense - <b>Smart Savings Deposits</b>	<b>213,769.28</b>	-
Other Operating Income		
<b>Entrance fees</b>	92,000.00	57,000.00
<b>Investment interest</b>	305,817.64	133,357.00
<b>Disposal proceeds</b>	-	8,000.00
<b>Total</b>	<b>397,817.64</b>	<b>198,357.00</b>
Administrative Expenses		
<b>Salaries and wages</b>	1,522,200.00	1,533,000.00
<b>Printing and Stationery</b>	91,506.00	26,205.00
<b>Telephone and postage</b>	38,900.00	25,250.00
<b>Legal fees</b>	-	20,000.00
<b>Depreciation</b>	26,350.68	39,826.92
<b>Amortization</b>	27,342.00	39,060.00
<b>Staff welfare</b>	150,730.00	171,841.00
<b>AGM Expenses</b>	574,050.00	516,858.00
<b>Insurance</b>	282,325.33	291,070.33
<b>CMC Sitting allowance</b>	1,444,500.00	1,458,500.00
<b>Supervisory Committee allowance</b>	135,000.00	90,001.00
<b>Travelling Expenses</b>	8,750.00	6,570.00
<b>Audit and Supervision fee</b>	60,000.00	60,000.00
<b>Internal audit</b>	15,000.00	80,000.00
<b>Donations</b>	150,000.00	-
<b>KUSCCO Subscription</b>	10,000.00	10,000.00
<b>Website Charges</b>	-	14,640.00
<b>Medical expenses</b>	45,024.00	25,080.00
<b>Interest on deposit over-applied</b>	28,554.04	147,240.00



<b>NSSF employer</b>	4,800.00	7,000.00
<b>Staff training</b>	-	40,297.00
<b>Office relocation expense</b>	-	49,871.60
<b>Committee subsistence allowance</b>	54,070.00	58,613.00
<b>Rent and service charge</b>	215,927.61	89,969.00
<b>Professional fee</b>	16,000.00	7,000.00
<b>Electricity</b>	13,947.50	10,190.75
<b>Provision for loan loss</b>	1,345,083.83	1,018,537.00
<b>Debt collection charges</b>	25,520.00	-
<b>Management committee training</b>	10,000.00	-
<b>Members' education day</b>	46,919.00	-
<b>Internship allowance</b>	15,000.00	-
<b>Total</b>	<b>6,357,499.99</b>	<b>5,836,620.60</b>
Other Operating expenses		
<b>Bank charges and commissions</b>	155,067.41	216,118.24
<b>Total</b>	<b>155,067.41</b>	<b>216,118.24</b>



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MZIMA SPRINGS SAVINGS &amp; CREDIT CO-OPERATIVE SOCIETY LTD.

Annual Report and Financial Statements For the Year Ended 31st December 2019

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

		<b>Kshs</b>	<b>Kshs</b>
		<b>2019</b>	<b>2018</b>
<b>6</b>	<b>Cash and cash equivalents</b>		
	Cash in hand	11,972.00	7,905.00
	Bank current a/c - (Co-op. Bank) reconciled	8,930,382.55	1,072,905.84
	Opening balance adjustment	-	43,489.00
	Savings Account-Cooperative Bank Ltd	14,118,815.00	6,193,665.00
	Investment in money market (CIC/Old Mutual)	6,225,782.21	5,132,341.52
		<b>29,286,951.76</b>	<b>12,450,306.36</b>
<b>7</b>	<b>Trade and other receivables</b>		
	Sundry Debtors (Employer Centres)	8,823,306.34	9,185,136.95
	Due from Ex-Members	859,108.00	859,108.00
	Prepaid Insurance	94,108.44	108,537.67
	Prepaid withholding tax	148,318.00	148,318.00
	Uncredited bankings	-	61,216.00
	Prepaid rent and rent deposit	95,669.00	95,669.00
	Prepaid fixed deposit receivable	55,725.00	-
		<b>10,076,234.78</b>	<b>10,457,985.62</b>
<b>8</b>	<b>Loans to members</b>		
	At start of the year	201,928,492.68	177,123,442.28
	Granted during the year	134,508,383.00	97,282,297.76
	Repayment during the year	(116,767,496.95)	(72,471,948.72)
	<b>At the end of the year</b>	<b>219,722,987.93</b>	<b>201,928,492.68</b>
	<b>Balance as per MPA</b>	<b>219,669,378.73</b>	<b>201,853,791.31</b>
	<b>Difference</b>	<b>53,609.20</b>	<b>(74,701.37)</b>
<b>9</b>	<b>Interest on member deposits</b>		
	Balance brought forward	11,328,764.00	9,600,000.00
	Payment during the year	(11,328,764.00)	(9,600,000.00)
	Adjustments	-	-
	Provision for the year	14,100,000.00	11,328,764.00
		<b>14,100,000.00</b>	<b>11,328,764.00</b>
<b>9a</b>	<b>Dividend payable</b>		
	Opening balance	430,000.00	315,757.00
	Paid within the year	(430,000.00)	(315,757.00)
	Provision for the year	500,000.00	430,000.00
		<b>500,000.00</b>	<b>430,000.00</b>
	Dividends are payable to members at the rate of 11% on approval in the AGM.		
<b>10</b>	<b>Smart saver account</b>		
	Balance brought forward	990,034.00	560,863.00
	Amount received during the year	-	429,171.00
	Amount refunded during the year	(990,034.00)	-
		-	<b>990,034.00</b>
<b>11</b>	<b>Other Financial Assets</b>		
	KUSCCO shares	64,000.00	64,000.00
		<b>64,000.00</b>	<b>64,000.00</b>

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MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD.

Annual Report and Financial Statements For the Year Ended 31st December 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2019	2019	2019
		Kshs	Kshs	Kshs
12	<b>Shares, deposit and loan balances</b>			
		<b>Shares</b>	<b>Deposits</b>	<b>Loans</b>
	Balance as per control account	5,495,900.00	225,108,129.28	219,671,378.73
	Balance as per MPA	(5,495,900.00)	(225,108,129.28)	(219,671,378.73)
	<b>Difference</b>	-	-	-
		<b>2019</b>	<b>2018</b>	
13	<b>Members deposits</b>			
	As at 1st January 2019	193,908,860.98	161,265,880.00	
	Contribution during the year	39,942,380.87	29,350,514.35	
	Other deposits (Not in system)	1,278,127.21	3,286,375.63	
	Refunds during the year	(9,383,739.78)	-	
	Transfer to Share Capital	(637,500.00)	-	
	<b>Balance as per control at 31st December 2019</b>	<b>225,108,129.28</b>	<b>193,908,860.98</b>	
	<b>Balance as per members deposit</b>	<b>225,108,129.28</b>	<b>193,908,860.98</b>	
	<b>Difference</b>	-	-	
14	<b>Share Capital</b>			
	As at 1st January 2018 (each at Kshs 100)	4,749,900.00	4,568,900.00	
	Contribution during the year	108,500.00	181,000.00	
	Capitalized reserves	-	-	
	Transfer from Members Deposits account	637,500.00	-	
	<b>Balance as at 31st December 2018</b>	<b>5,495,900.00</b>	<b>4,749,900.00</b>	
	Share Capital should not be refunded or transferred to any other reserve account.			
15	<b>Reserves</b>			
	Statutory reserve fund	5,478,055.99	5,250,965.11	
	Retained earnings	4,607,373.24	4,599,009.70	
	<b>Total</b>	<b>10,085,429.23</b>	<b>9,849,974.81</b>	

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MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD.

Annual Report and Financial Statements For the Year Ended 31st December 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2019	2018
		Kshs.	Kshs.
16	<b>Trade, payables and accrued expense</b>		
	Sundry creditors-ex-members (2018)	434,104.00	434,104.00
	Provision for audit fees	60,000.00	60,000.00
	Provision for honoraria	400,000.00	400,000.00
	Professional fee	8,000.00	7,000.00
	PAYE	61,595.45	102,711.80
	NHIF	500.00	1,670.00
	NSSF	800.00	1,200.00
	Sundry payables (2016 c/d)	522,671.00	522,671.00
	Due to Mzima Investment Company Ltd.	38,608.00	1,147,308.00
	Accrued sitting allowance-MC	2,650.00	2,650.00
	Accrued sitting allowance-SP	-	-
	Electricity	5,031.68	10,190.75
	Accrued rent and service charge	29,989.40	35,845.00
	Withholding tax	-	6,429.00
	Prepaid rent - Investment Company	2,697.58	11,996.00
	Corporation Tax	32,036.00	32,036.00
	Internal audit	15,000.00	40,000.00
	Provision for loan loss	2,363,620.83	1,018,537.00
	Office relocation	-	45,396.00
	Salary control	620.00	400.00
	Printing expense and accrued auditorium charges	65,993.00	-
		<b>4,043,916.94</b>	<b>3,880,144.55</b>
17	<b>Uncredited Bankings</b>		
	Balance brought forward	-	80,000.00
	Recoveries during the year	-	(80,000.00)
	<b>Balance Carried down</b>	-	-
18	<b>Commitments</b>		
	The society has no commitments.		
19	<b>Contingent liabilities</b>		
	The society has not given any guarantees to any third party that may give rise to contingent liabilities.		
20	<b>Budget</b>		
	The society operated within the budget approved during the AGM.		

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Property/Plant and Equipment	<b>Furniture and Fittings</b>	<b>Computers &amp; Accessories</b>	<b>Total</b>
	<b>12.50%</b>	<b>30.00%</b>	<b>Kshs</b>
Cost as at 1st January 2019	244,893.00	609,725.00	854,618.00
<b>Additional during the year</b>	-	-	-
Totals	<b>244,893.00</b>	<b>609,725.00</b>	<b>854,618.00</b>
Accumulated Depreciation			
<b>Balance as at 1st Jan 2019</b>	145,604.88	563,259.46	708,864.34
<b>Charge for the year</b>	<b>12,411.02</b>	<b>13,939.66</b>	<b>26,350.68</b>
Accumulated Depreciation as at 31 December 2019	<b>158,015.90</b>	<b>577,199.12</b>	<b>735,215.02</b>
Carrying Amount			
<b>As at 31st December 2018</b>	<b>99,288.13</b>	<b>46,465.54</b>	<b>145,753.67</b>
<b>As at 31st December 2019</b>	<b>86,877.105</b>	<b>32,525.88</b>	<b>119,402.98</b>
	<b>Computer Software</b>	<b>Total</b>	
Rate	<b>30.00%</b>		
Cost			
<b>As at 1st January 2019</b>	465,000.00	465,000.00	
<b>Additions</b>	-	-	
As at 31st December 2019	<b>465,000.00</b>	<b>465,000.00</b>	
Amortization			
<b>As at 1st January 2019</b>	373,860.00	373,860.00	
<b>Charge for the year</b>	27,342.00	27,342.00	
As at 31st December 2019	<b>401,202.00</b>	<b>401,202.00</b>	
Carrying Amount			
<b>As at 31st December 2018</b>	<b>91,140.00</b>	<b>91,140.00</b>	
As at 31st December 2019	<b>63,798.00</b>	<b>63,798.00</b>	

## Comparison between 2019 Budget and Actual Financial Performance

C/S NO 3981					
MZIMA SPRINGS SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD.					
Comparison Between Budget and Actual Financial Performance in 2019					
		2019	2019		
	Vote head	Budget (B)	Actual (A)	% Change (A-B)	
Sn.	Incomes	Ksh.	Ksh.		
1	Interest income	19,950,000.00	21,563,973.46	8%	↑
2	Other incomes	170,000.00	397,817.64	134%	↑
	Total income	<b>20,120,000.00</b>	<b>21,961,791.10</b>	<b>9%</b>	↑
Expenditure					
3	Management committee expenses	1,488,000.00	1,444,500.00	-3%	↓
4	Administration and other office expenses	1,149,200.00	762,621.83	-34%	↓
5	Supervisory committee sitting allowances	108,000.00	135,000.00	25%	↑
6	Donations to charity	200,000.00	150,000.00	-25%	↓
7	Annual general meeting expenses	1,105,200.00	574,050.00	-48%	↓
8	Education and training expenses	120,000.00	46,919.00	-61%	↓
9	Employees' salaries (including interns)	1,873,200.00	1,542,000.00	-18%	↓
10	Audit fees	230,760.00	75,000.00	-67%	↓
11	Insurance	384,000.00	282,325.33	-26%	↓
12	Revision of by laws	5,000.00	-	-100%	↓
13	Office furniture and refurbishment	60,000.00	-	-100%	↓
14	Software and website maintenance	240,000.00	-	-100%	↓
15	Bank charges	204,000.00	155,067.41	-24%	↓
16	Members ledger files	20,000.00	-	-100%	↓
17	Provision for loan loss year 2019	1,018,537.00	1,345,083.83	32%	↑
	<b>Total expenses</b>	<b>(7,187,360.00)</b>	<b>(6,512,567.40)</b>	<b>-9%</b>	↓
	<b>Estimated surplus for distribution</b>	<b>12,932,640.00</b>	<b>15,449,223.70</b>	<b>19%</b>	

## Proposed Budget for the Year 2021

MZIMA SPRINGS SACCO SOCIETY				
Budget for the Period January – December 2021:				
		2020	2021	% change
Sn.	<b>Incomes</b>			
1	Interest income	21,745,500.00	23,702,595.00	9%
2	Other incomes	170,000.00	170,000.00	0%
	<b>Total income</b>	<b>21,915,500.00</b>	<b>23,872,595.00</b>	
	<b>Expenditure</b>			
3	Management committee expenses:			
a	Attending meetings	840,000.00	840,000.00	0%
b	Sub-committee duties	504,000.00	504,000.00	0%
c	Day to day management	144,000.00	144,000.00	0%
	Total management committee expenses	1,488,000.00	1,488,000.00	0%
4	Administration and other office expenses	1,009,600.00	859,600.00	-15%
5	Supervisory committee sitting allowances	108,000.00	135,000.00	8%
6	Donations to charity	200,000.00	200,000.00	0%
7	Annual general meeting expenses	1,105,200.00	1,108,200.00	0%
8	Education and training expenses	100,000.00	110,000.00	10%
9	Employees' salaries (including interns)	2,483,200.00	3,159,200.00	27%
10	Audit fees	230,760.00	230,760.00	0%
11	Insurance	384,000.00	384,000.00	0%
12	Revision of by laws	5,000.00	5,000.00	0%
13	Office furniture and refurbishment	133,500.00	133,500.00	0%
14	Software and website maintenance	240,000.00	240,000.00	0%
15	Bank charges	204,000.00	240,000.00	18%
16	Office computers	70,000.00	70,000.00	0%
17	Members ledger files	20,000.00	20,000.00	0%
	<b>Total expenses</b>	<b>(7,781,260.00)</b>	<b>(8,383,260.00)</b>	<b>8%</b>
	<b>Estimated surplus for distribution</b>	<b>14,134,240.00</b>	<b>15,489,335.00</b>	<b>9.71</b>

# 2019



**MZIMA SPRINGS  
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