



**MZIMA SPRINGS
SACCO LTD**

Your Personal Anchor

2021

ANNUAL REPORT **and Financial Statements**

Mzima Springs
Regulated Non-WDT Sacco Society Ltd.
Student Centre, 1st Floor, Strathmore University,
Ole Sangale Road
P.O. Box 59857 – 00200, Nairobi, Kenya
Telephone: 0703034331 /0797686484
Email: mzimasprings@strathmore.edu
Website: www.strathmore.edu/mzima

TABLE OF CONTENTS

Notice of the 2021 Annual General Meeting	4
Vision, Mission, Values.....	5
Society Information	6
Management Team	7
Our History	10
Products and Services.....	11
Statistical Information As At 31 st December 2021	13
Chairman's Report.....	14
Supervisory Committee Report	16
The Treasurer's Report.....	19
Corporate Governance Report.....	21
Society's Five-Year Financial Review.....	25
SACCO growth over the years	26
Sustainability Report and value creation for members.....	29
Our business model.....	29
Report of the Board of Directors	37
Statement of The Board of Directors' Responsibilities.....	38
Report of the Independent Auditor to the members of Mzima Springs Sacco Limited.....	40
Statement of Profit or Loss and Other Comprehensive Income	42
Statement of Financial Position	43
Statement of Changes in Equity for the Year Ended 31st December 2021	44
Statement of Cash Flows for the year ended 31st December 2021	46
Notes to the Financial Statements	47
Comparison between actual performance in 2021 and the budget	77
Budget for the year ending 31st December 2023	78

Notice of the 2022 Annual General Meeting

Notice is hereby given that the 2022 Annual General Meeting (AGM) of Mzima Springs Regulated Non-WDT Sacco Ltd. will be held on:

DATE: SATURDAY, 2ND APRIL 2022

TIME: 1:30 PM

VENUE: STRATHMORE UNIVERSITY (AUDITORIUM)

The agenda of the day will be:


1. Confirmation of the Previous AGM Minutes.
2. The Chairman's Report
3. Supervisory Committee Report.
4. Presentation of 2021 Audited Financial Statements
5. Treasurer's Report and Budget Estimates for the year 2022/2023
6. Appointment of Auditor
7. Appropriation of Surplus of the year 2021
8. Message from SASRA/Ministry of Cooperatives
9. Resolutions
10. Elections
11. AOB

NOTE:

Please note that for the SACCO to conduct business, we need one-third of the members as quorum. We highly encourage you to attend. As indicated above this meeting will be in-person unlike before.

By Order of the Management

Kind regards,



WERE LWANGA,
HON. SECRETARY

Tel: 0703034331 /0797686484

Email: mzimasprings@strathmore.edu

Website: www.mzima-sacco.com



Our Vision

To be an organized, well managed and competitive source of development for the better of Mzima Springs Regulated Non-WDT SACCO members

Our Mission

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

Our Core Values

Stability
Integrity
Excellence
Collaboration
Innovation

SOCIETY INFORMATION

THE BOARD AND SUPERVISORY COMMITTEE MEMBERS		
BOARD MEMBERS		
1	Mr. Fredrick Odhiambo	Chairman
2	Ms. Loice Orege	Vice Chairperson
3	Mr. Were Lwanga	Secretary
4	Dr. David Mathuva	Treasurer
5	Mr. Fredrick Otieno	Credit Committee
6	Mr. John Ouko	Credit Committee
7	Ms. Perpetua Muema	Credit Committee (co-opted wef. August 2021)
SUPERVISORY COMMITTEE MEMBERS		
1	Mr. Julius Mamicha	Chairperson
2	Ms. Emily Cheroni	Secretary
3	Mr. Chrispin Oloo	Member

REGISTERED OFFICE

Mzima Springs Regulated Non-WDT Sacco Society Ltd.
 Student Centre, 1st Floor
 Strathmore University
 Ole Sangale Road
 P.O. Box 59857 – 00200
 Nairobi, Kenya
 Telephone: 0703034331 /0797686484
 Email: mzimasprings@strathmore.edu
 Website: www.strathmore.edu/mzima

PRINCIPAL BANKERS

Co-operative Bank of Kenya limited
 Ukulima Branch
 P.O. Box 38666 – 00100,
 Nairobi

AUDITOR

Omambia & Associates
 Certified Public Accountants (Kenya)
 P.O. Box 40886 – 00100
 Nairobi

THE MANAGER

Mr. Isaac Maingi (Acting)
 P.O. Box 59857 – 00100,
 GPO, Nairobi.

MANAGEMENT TEAM

Management Committee Members

The Management Committee members who served during the year are as follows:



Fredrick Odhiambo, Chair, Management Committee

Frederick 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 as a teacher and has also served as a secretary of another SACCO. He joined Mzima in September 2014.



Loice Orege, Vice Chair, Management Committee

Loice currently works with Strathmore's Cleaning Department. She has been a Mzima member for over six years with diverse experience in administrative aspects.



Were Lwanga, Secretary, Management Committee

Were currently works with 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. Dr. Mathuva is a member of the ICPAK.



Fredrick Otieno, Chair, Credit 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.



John Ouko, Member, Credit Committee

John currently works with the Admissions Office at Strathmore University. He is pursuing his Bachelor of Commerce degree.



Perpetua Muema, Credit Sub-Committee

Perpetua holds a degree in Business Management (Human Resource Option) and a Certificate in Food and Beverage Production and Service. She has a wide range of experience in management and cleaning. And serves in the Board of Management at Kyome Mixed Secondary School and also in the Board of Trustees of Kianda School Staff Retirement Benefit Scheme.

Supervisory Committee Members

The Supervisory Committee members who served during the year 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.



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.



Chrispine Oloo

Currently the Librarian at Strathmore School, Chrispine is a BSc in LIS graduate from Catholic University (CUEA) with Diplomas in Business IT and Information Studies from SU and Kenya Polytechnic respectively and nearly 15 yrs of experience gained from public & private sector institutions, including: Strathmore School; Infoman Consultants; African Economic Research Consortium; International Development Research Centre - ESARO; the UoN and KIM among others.

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 12 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 over 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 and Cooperatives Diploma qualification. She has over 3 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. In 2021, the Sacco was licensed as Mzima Springs Regulated Non-Withdrawable Deposit-Taking (WDT) Sacco and is currently regulated by SASRA.

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

1. Strathmore Café
2. Creates
3. Eastlands College of Technology
4. El Molo Residence
5. Ewaso Catering
6. Faida Club
7. Fanusi Study Centre
8. Fontana Book Services
9. Hodari Boys Club
10. Karima Residence
11. Kianda Catering
12. Kianda School
13. Kibondeni College
14. Kimlea G TT Centre
15. Quest Works
16. Strathmore Educational Trustees
17. Roshani
18. Samara Centre
19. Satima
20. Strathmore Business School
21. SRCC
22. Strathmore School
23. Strathmore University
24. Thigiri
25. Tigoni
26. Watani
27. Strathmore School Catering
28. Mzima Sacco
29. Mzima Investment

As at 31st December 2021, the total active members were 979 members.

PRODUCTS & SERVICES

Below are the loan products offered by the SACCO.

Loan product		Purpose	Interest rate	Suggested limit, terms & incentives	Suggested maximum term
1	Normal Loan	Granted as short-term loans for investment purposes and repayment through check off system	1% per month on reducing balance	<ul style="list-style-type: none"> Maximum of 3 times of member deposits or a limit of Kshs 4,000,000 (subject to 1/3 rule) Only one normal 1 loan shall be granted at a time Easy loan top up facility possible 	72 months
2	Normal Loan 2 (Off Payroll)	Loan serviced through bank standing orders, bank debit advice and not through check-off system.	1 % per month on reducing balance. Interest rate for this loan shall be revised by the MC from time to time	<ul style="list-style-type: none"> Maximum of 3 times of member deposits or a limit of Kshs 3,000,000 Only one-off payroll loan shall be granted at a time Easy loan top up facility possible The minimum number of guarantors shall be four 	72 months
4	Emergency loan	Granted due to unforeseen circumstances	1% p.m. on reducing balance	<ul style="list-style-type: none"> Maximum of 3 times of member deposits or a limit of Kshs. 250,000 (subject to 1/3 rule) Only one emergency loan shall be granted at a time Easy loan top up facility possible 	24 months
5	School fees loan	Granted for educational purposes	1% per month on reducing balance	<ul style="list-style-type: none"> Maximum of 3 times of member's deposits up to a maximum of Kshs. 150,000 (subject to the 1/3 rule) Only one school fees loan can be granted at a time school fees invoice Easy loan top up facility possible 	12 months
6	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"> Maximum is equivalent to student member deposit. The loan should be fully guaranteed (fellow students can guarantee) Only one student loan can be granted at a time Easy loan top up facility possible 	24 months

7	Insurance premium finance loan	Advanced to members to pay insurance premiums	1.5% per month on declining balance	<ul style="list-style-type: none"> Amount shall be equivalent to the actual insurance requirement. The loan should be fully guaranteed 	6 months
8	Salary advance	Shall be granted against a member's salary	A commission will be charged as follows: <ul style="list-style-type: none"> 5% on the first month 6% on the second month 7% on the third month 	<ul style="list-style-type: none"> One salary advance per month No guarantors needed 	3 months
9	Refinance Loan (TOP UP)	Loan is issued where a member is unable to finalize a project with the loan earlier taken, and needs a top up to finish his/her project	<ul style="list-style-type: none"> 1% per month 	New/refinancing loan repayment period is determined by the previous loan repayment period. <ul style="list-style-type: none"> 2% of the top up amount processing fees. Refinancing is possible after servicing the older loan for a period of more than one year 	Period is equivalent to the remaining period of the old loan
9	Karibu Loan	Granted to new members who have not attained the 6 months' probation period but have been in the SACCO for at least 3 months	<ul style="list-style-type: none"> 1% per month 	<ul style="list-style-type: none"> Maximum of 3 times of member's deposits up to a maximum of Kshs. 100,000 (subject to the 1/3 rule) Only one Karibu loan can be granted at a time Loan should be fully guaranteed. Upon attainment of the 6-month period, a member cannot be offered the Karibu loan. 	12 months

Our Savings Products:

- Children' Savings (Mzima Junior)
- Special Savings
- Mzima Student Savings

STATISTICAL INFORMATION

AS AT 31ST DECEMBER 2021

		2021	2020
Membership	Active	979	998
	Dormant	462	415
Total		1,441	1,413
Financial		Kshs.	Kshs.
Total assets		325,355,449	289,730,502
Members' deposits		288,729,040	256,403,713
External borrowing		-	-
Loans and advances to members		265,558,765	201,992,839
Investments		24,878,093	16,803,757
Core capital		18,057,212	16,414,060
Share capital		6,251,900	5,933,400
Institutional capital		11,805,312	10,480,660
Total revenue (income)		28,730,034	21,805,189
Total interest income		27,198,935	21,196,247
Total expenses		10,055,381	5,991,995
Employees of the Sacco (2 female, 1 male)		3	3
Key ratios:			
Capital Adequacy Ratios	Minimum		
Core capital/Total assets	8%	5.55%	5.67%
Core capital/Total deposits	5%	6.25%	6.40%
Institutional capital/Total assets		3.63%	3.62%
Retained earnings and disclosed reserves/Core capital	50%	65.38%	63.85%
Liquidity Ratio			
Liquid assets/Total deposits & long-term liabilities	10%	10.01%	22.41%
Operating Efficiency/Loan quality ratios			
Total expenses/Total revenue		35.00%	27.48%
Interest on member deposits/Total revenue		55.69%	66.04%
Interest rate on members' deposits		6.90%	7.50%
Dividend rate on members share capital		13.50%	11.00%
Total delinquent loans/Gross loan portfolio		5.93%	-
	Maximum		
Financial investments/Total deposits	30%	8.62%	6.55%



CHAIRMAN'S REPORT

It is my great pleasure to welcome you dear members to yet another physical AGM after the great global health threat.

The Sacco's 2021 Review

The global economic shipwreck occasioned by Covid-19 were indeed pervasive, however, I am glad to report that the Business Continuity Plans alluded to in our last AGM that were put in place by the management team did help the Sacco to sail through the murky waters and we can confidently say that we shall safely anchor the ship whole and in a better condition.

The Sacco's Financial Health

As at December 31st 2021, the total Asset base of the Sacco stood at Kshs. 325,355,449 up from Kshs. 289,730,502. The Sacco lent a total of Kshs. 195,206,813 up from Kshs. 109,886,259 in 2020.

In the four years that this office has been operational, the Sacco has grown by an additional Kshs. 192,317,888 which in itself is more than the accumulated asset base in the entire Sacco life by then that stood at Kshs 133,037,561. Four years ago, the loans demand stood at Kshs 143,021,257 but as of December 31st, 2021, the loans serviced have increased by over Kshs. 50 million over the years. This shows the increased capacity the Sacco has had in terms of handling additional loan demand by members.

Investments

The Sacco has invested a gross of Kshs. 22,600,000 less interest accrued in the various money markets and a bit in fixed deposit accounts both of which have continued to generate for the Sacco some passive income. As of 31st December 2021, the value of these investments was Kshs. 24,878,093.

Improved Corporate Governance Structure

One of my silent but probably salient quests and strategic goals through the help of the Management Board and the Supervisory Committee was to install a self-regulating governance structure that is akin to African Customs: open and fair to both the young and the old, the strong and the weak. Indeed, we have seen such structures work well in our revered institutions like Strathmore.

- **Loans:** when we joined the Management Board, for one to get a loan numerous phone calls to the office and probably an MCs intervention probably after a visit to the Sacco office was essential for the fast tracking of the process, we are glad to report that that the phone calls, the trips and the personal interventions have been eliminated. One needs not follow up the loan processing.
- **Loans Payment:** The loans applied for would be paid in two or more installments after a long wait; now the loans are paid for fully in a single installment. Further, the Sacco does payments

twice in a week shortening the waiting period.

- **Interest on deposits:** commonly and loosely referred to as dividends was disbursed in two tranches; now all members are paid immediately and in a single tranche.
- **Easy access to personal profile:** members can easily access their Mzima Springs personal profiles (get to know their deposits, their loan repayment, the people they have guaranteed among others) on any internet enabled gadget like their phones. One needs not visit the physical office. The mobile money banking and loaning is still a matter under serious scrutiny.

Interest Rebate and Dividend Payments

A total of Kshs 16,000,000 has been set aside for rebates up from Kshs 14,400,000 the previous year. Similarly, Kshs. 700,000 has been allocated for member dividends.

SASRA Compliance and Member Shareholding

Mzima Springs Sacco has been inspected by the SASRA management and a certificate of compliance issued. The Sacco has since ensured that it complies with the SASRA requirements, except in the case of share capital and staffing (i.e., CEO and an internal auditor). In this AGM, we will present a resolution to members to increase the minimum shareholding in the Sacco from the current Kshs. 5,000 to Kshs. 20,000 per member for approval. This will ensure that we comply with the regulatory minimum capital ratios while ensuring stability of the Sacco, which we have built

over the years. I am happy to note that despite a marked drop in membership in 2021, the current membership as of now has risen steadily to 1,005 active members, which has surpassed our target of 1,000 by 2022.

Mzima MCs and Staff Re-organization

We have included a budget (2023) for the Chief Executive Officer (CEO) of the Sacco as we work with SASRA's requirements. I urge members to approve this request. We have been having an acting CEO, but we are required to have a substantive officer to take care of the management of the Sacco.

Most of the Board members' terms (particularly the Executive Committee members) have their terms come to an end today. We would like to thank you most sincerely for the great support and the confidence you bestowed on us. I equally thank the team that might exit (including Anyisia Nabangi) for the great service to our Sacco. As you vote in new office holders, kindly

Conclusion

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



Fred Odhiambo

Mzima Springs Sacco Chairman



Supervisory Committee Report

During the year under review, the SC exercised its mandate as stipulated in section 59.1 of the Mzima Sacco By-laws as well as in the SASRA Act and Cap 491 respectively and is pleased to share with you a summary of our key resolutions based on the findings of our quarterly audits.

1. The Sacco's Financial Management and Reporting:

We reviewed key financial records for the year 2021, including: the P&L statement, balance sheet, cash and bank reconciliation statements, etc. and noted that they were generally prepared diligently and in compliance the Sacco's internal guidelines as well as established accounting best practices and standards.

2. The Sacco's Credit Management and Reporting:

a. Loans Disbursements & Recovery: From our audit, we noted that loans issued in 2021 were generally done within the prevailing credit policy guidelines and that most loanees were diligently servicing their loans regularly as required.

b. Defaulters: Our scrutiny established that board commendably continues to engage a multi-thronged approach in dealing with loan defaults, including CRB listing, debt collectors

and auctioneers before going for guarantors' deposits to recover the outstanding defaulted amount. We further noted that as at December 31st 2021, the Sacco's total cumulative default stood at **Kshs 19,033,853.74** out of which loans totaling **Kshs. 11,374,431.27** had been referred to debt collectors for recovery while the balance of **Kshs. 7,659,422.47** were assigned to different staff to pursue. However, with SASRA policy providing for a penalty to Saccos based on the reported default portfolio, the SC urged the board to explore ways of expediting recovery of the growing loan default proportion and bring it to a negligible level to avoid incurring the imminent penalty.

c. Loans to Sacco Officials and Staff (Insider lending): From our audit, we commendably noted that all loans issued to staff, the board and SC members were generally done procedurally and that all are being repaid diligently as required.

3. Compliance and Regulations

a. Sacco Statutory Deductions: Our audit confirmed that all statutory deductions payable by Mzima in 2021 were accurately computed, diligently deducted and faithfully remitted to the necessary agencies as required.

b. SASRA: Firstly, we laud the board for the strides made so far towards SASRA compliance since

the enactment of the Sacco Societies Act No. 14 of 2008 and the coming into force of the Non-Deposit Taking Business Regulations, 2020 on January 1, 2021 thereby effectively bringing under SASRA's supervisory framework all *Non-WDT-SACCOs with non-withdrawable deposits above Kshs 100 Million as well as Diaspora based Non-WDT-SACCOs and the Digital or Virtual based Non-WDT-SACCOs* otherwise previously not regulated by SASRA due to lack of the necessary policy regulations in place.

Secondly, noting that Mzima is currently operating on temporary authorization pending fulfilment of the full requirements for authorization by SARSA, we urge members to support and work collaboratively with the board in this journey to ensure that the capital gap flagged by SASRA from both their onsite and offsite review carried out last year can be realized this year (2022) so that Mzima can soon secure the coveted full authorization by SASRA as envisaged.

Lastly, we wish to assure members that contrary to the general unfounded perception among some of us that enforcement of SASRA regulation portends a gloomy future for the Sacco sub-sector in Kenya, these Regulations not only brings Non-WDT-SACCOs in the subsector under standard prudential and market conduct framework of SASRA but hopes to among other things guarantee three things: weed out the operations of the many fraudulent and pyramid-scheme-like entities that has for long fleeced the public of their savings by falsely pretending to be SACCOs; ensure financial stability and soundness of Non-WDT-SACCOs, and deepen confidence and trust in these SACCOs as worthy financial

reasonably within the approved provisions as budgeted.

4. **Procurement:** Courtesy of SASRA regulations, the SC gladly noted that we now have in place a customized procurement policy guideline document for Mzima Sacco and look forward to its enforcement by the board to guide all procurement decisions going forward.
5. **Expenditure vis-à-vis Budget:** We noted from our audit that most expenses incurred by the Sacco during the year under review were reasonably within the approved provisions as budgeted.
6. **Petty Cash Expenditure:** The SC noted that expenses incurred during the year under review were reasonable, duly approved and properly supported with requisite documentation or receipts as required.
7. **Board Meetings & Allowances:** We confirmed from our audit that the monthly meetings by board were held regularly and attended by all the required members. In addition, we noted that the proceedings were diligently recorded by the Hon. Secretary and duly filed in line with established recordkeeping best practice and internal guidelines. Lastly, our scrutiny of the payout made as meeting allowances confirmed perfect balance between the meeting attendance record by and the total allowances paid out to each board and SC members during the year under review.
8. **Education Day:** With regard to this, the SC notes continued poor attendance of this crucial event in the Sacco's calendar by most members with less than 50% attendance registered during the 2021 event. In this regard, we urge members to consider taking this event a little more seriously going forward as this is a special day dedicated by the Sacco to empower, enlighten and inform members on a wide array of issues aimed at improving members' savings and investment decisions and knowledge.
9. **Customer Survey by the CC:** Following a concern we noted during our reviews showing dismal uptake of some credit products & services by the Sacco and suggested that satisfaction survey be done, we commend the CC for acting on the suggestion and commissioning a customer survey exercise whose findings were truly illuminating and enlightening. We therefore urge the board to act on the findings of the report to help us realize the Mzima Sacco that member's desire or aspire for.
10. **Dormant Membership:** We note the need for the board to institute measures to swiftly resolve the issue of a few dormant member accounts that continue to dodge the Sacco to forestall the risk of such accounts being used to undertake fraudulent transactions.

Conclusion

In conclusion, we are glad to report to you that based on the quarterly reviews conducted by the SC in 2021, we are satisfied that the board diligently observed the prevailing internal control measures to mitigate possible occurrence of any fraud and/or errors in the running and reporting of the Sacco's transactions.

As your trusted watchdog, we are satisfied that the financial statements of the Sacco for 2021 presented to you are reasonably complete, accurate and reliable. Thank you.

This report has been compiled by the SC Team.



Julius Mamicha

Chairman, Supervisory Committee
Mzima Springs SACCO



Treasurer's Report

Welcome to our Annual General Meeting (AGM) 2022!

This year's AGM comes at a time when the Sacco is under a new regulatory dispensation, that is the Sacco Societies Regulatory Authority (SASRA). Having attained the minimum Kshs. 100 million, Mzima Springs Sacco is among the first 185 Saccos to obtain SASRA licensing to conduct non-withdrawable deposit-taking business: <https://www.sasra.go.ke/download/list-of-licensed-and-authorised-sacco-societies-in-kenya-for-the-financial-year-ending-31st-december-2022/>. Even though the licensing came with its own compliance costs, but we are hopeful that the new dispensation will help us run and manage the Sacco much more prudently and safeguard members' earnings much better. Some of the other achievements made by the SACCO in the year just ended include:

- Sustained year on year growth in asset, loans and deposit base.
- Growth in Sacco total income by 28.32%. Our other income from investments alone grew by 151.44% owing to funds invested in income generating vehicles. These investments have not affected our liquidity in any way.
- Growth in our dividend rate from 11% to 13.5% and an increase in total interest on deposits payout by 11.11% from Kshs. 14.4 million to Kshs. 16 million in 2021.
- Mzima Springs SACCO Limited was able to invest a total of Kshs. 22.6 million in the money market (Kshs. 1,947,856.36 earned as interest to date).
- Loans are dispensed weekly (twice in a week). The loan processing period was shortened to an average of 3 days.
- Enhanced due diligence was performed and all relevant member details updated on the system's members' portal.
- The SACCO revamped its website which has a new look with frequent updates.
- Our inaugural customer survey was conducted in 2021.

The year saw the Sacco deposits grow by 12.61% to Kshs. 288.73 million. As a result, Mzima Springs has offered reasonable interest on deposits averaging 7% (2021: 6.9%) compared to 8% offered by the larger deposit taking Saccos. This compares favourably with the Weighted Average Interest Rate for 91-day and 365-day T-Bills of 7.02-8.35% in 2021. The Sacco has also managed to offer a dividend rate of 13.5% compared to 14% offered by deposit taking Saccos.

We are hopeful that with the continued investments and diversification of income and improvement in the quality of loans, the Sacco will be able to offer higher returns in the future. Our Sacco share capital base per member still remains very low at

a minimum of Kshs. 5,000 per member compared to an average of Kshs. 25,000 among the peers in the sector. The same can be said of our average minimum monthly deposit which is at Kshs. 1,000 compared to Kshs. 2,000 by peers in the industry. It is on this backdrop that I urge members to consider topping their share capital to a total of Kshs. 20,000 per member and the minimum monthly deposit to say, Kshs. 1,500. This way we will be able to grow our savings in the Sacco and also yield more dividend while ensuring compliance with SASRA's regulatory requirements. Our capital ratios currently are very low at between 2-3% compared to regulatory requirement of 8% (as of inspection date by SASRA).

During the year just ended, our gross loan portfolio grew by 32.11% to Kshs. 270.71 million in 2021. Despite this growth, our performing loans stood at 94.07% (Kshs. 254.65 million) with the rest being non-performing. One of the major hurdles

facing the Sacco is the level of its non-performing loans. This has necessitated a very huge loan loss provisioning of Kshs. 5.15 million as of 31st December 2021. This has led to a significant drop in the amount available for distribution to members as interest and dividends. We urge the members to support the Management and the Board with its collection efforts even as the Board takes upon itself to recover the defaulted amounts. I am optimistic that with our joint efforts to grow and closely patronise the Sacco, we shall be able to reap much more benefits in the future.

Viva Mzima Springs, Viva its Members!



Dr. David Mathuva

Treasurer, Mzima Springs Sacco Ltd.



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. The governance of the Sacco is taken care by the Management Committee and the Supervisory Committee. The roles and functions of the 2 committees are independent of each

other, and we usually have quarterly meetings to assess the progress of the Sacco jointly. The board is guided by the Mzima Springs Board Charter and responsible for ensuring adherence to the code of corporate governance or board charter. At the beginning of each year, the board agrees to a workplan and schedule of meetings and agenda, which is timeously communicated by the hon. Secretary ahead of time. All minutes of the board and supervisory committee meetings are kept. The reports of the supervisory committee are presented to the board for consideration and action. The same reports are presented to the members during the AGM, including actions taken by the board.

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

Our principles

At Mzima Springs Sacco, we are guided by the 7 global cooperative principles which include:

1.	Voluntary and open membership
2.	Democratic member control
3.	Member's economic participation
4.	Autonomy and independence
5.	Education, training and information
6.	Cooperation among cooperatives
7.	Concern for the community

Sacco committees and their responsibilities

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

Management sub-committees, composition and their responsibilities

The term of appointment into the board is 3 years after which board members can offer themselves for re-election for another maximum of 2 additional periods. Board members are first nominated using a pre-defined checklist which captures their years as Sacco members, level of savings, default status and shareholding. They are then subjected to the AGM for election by the members. Upon onboarding, the new members are taken through their responsibilities and work closely with other board members who orient them to the job and their responsibilities. Supervisory committee members are also elected

on a rotational 2-year period through the AGM. Any resignations and co-opted members are disclosed during the AGM and the vacant positions filled using the criteria discussed above. Board members are subject to annual performance evaluation where the board members and subcommittees get to evaluate their performance individually and jointly as a board. Every year, the board and supervisory committee receives training on corporate governance. Board remuneration is approved by the members during the AGM as indicated on the budget. All board members are required to fill in the fit and proper test form and also provide wealth declaration by filling out the requisite forms. The board is usually committed to compliance with all applicable regulations and keeps updating its register of regulations and guidelines to ensure compliance at all times.

The following table shows the membership in the various sub-committees of the Management Committee.

Sub-committee	Members	Responsibilities
Executive Committee	<ul style="list-style-type: none"> Fredrick Odhiambo (Chair) Loice Orege Were Lwanga David Mathuva 	<ul style="list-style-type: none"> This sub-committee is responsible for all administrative, finance, investment and strategic planning matters.
Credit Committee	<ul style="list-style-type: none"> Fredrick Otieno (Chair) John Ouko Perpetua Muema 	<ul style="list-style-type: none"> This sub-committee is responsible of reviewing and overseeing the overall lending policy of the SACCO Society
Education and Nomination Committee	<ul style="list-style-type: none"> Loice Orege (Chair) Were Lwanga John Ouko 	<ul style="list-style-type: none"> 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.

Management Committee Meetings during the year

The following table shows the attendance of the Management Committee to the scheduled meetings during the year ended 31st December 2021.

Name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1. Fredrick Odhiambo	√	√	√	√	√	√	√	√	√	√	√	√
2. Loice Orege	√	√	√	√	√	√	√	√	√	√	√	√
3. Were Lwanga	√	√	√	√	√	√	√	√	√	√	√	√
4. David Mathuva	√	√	√	√	√	√	√	√	√	√	√	√
5. Nabangi, Anysia Nangila	√	√	√	√	√	√	√	√				
6. Perpetua Muema									√	√	√	√
7. Owino, Fredrick Otieno	√	√	√	√	√	√	√	√	√	√	√	√
8. John Robert	√	√	√	√	√	√	√	√	√	√	√	√

Supervisory Committee Meetings during the year

The following table shows the attendance of the Supervisory Committee members to the scheduled meetings during the year ended 31st December 2021.

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

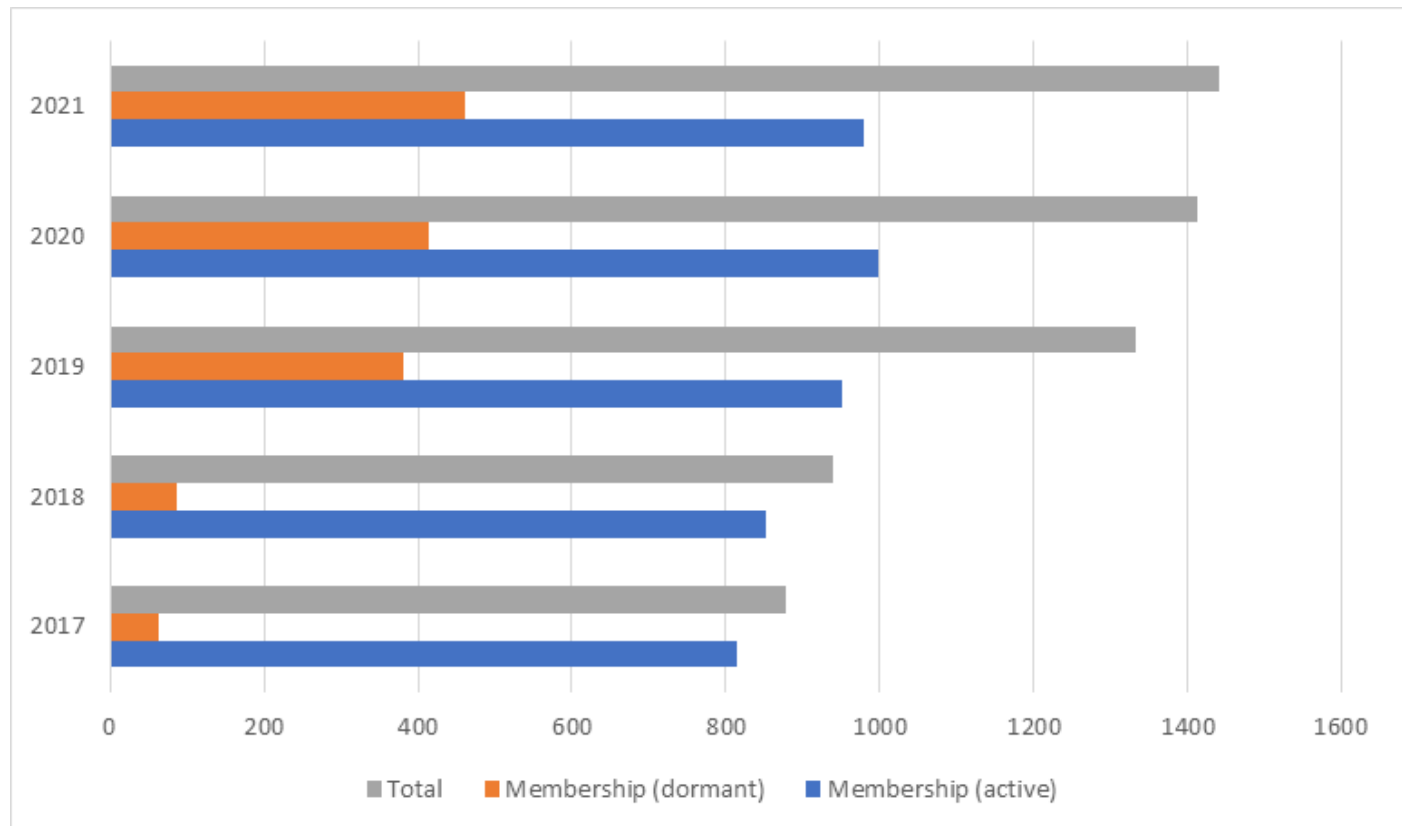
STATISTICAL INFORMATION

AS AT 31ST DECEMBER 2021

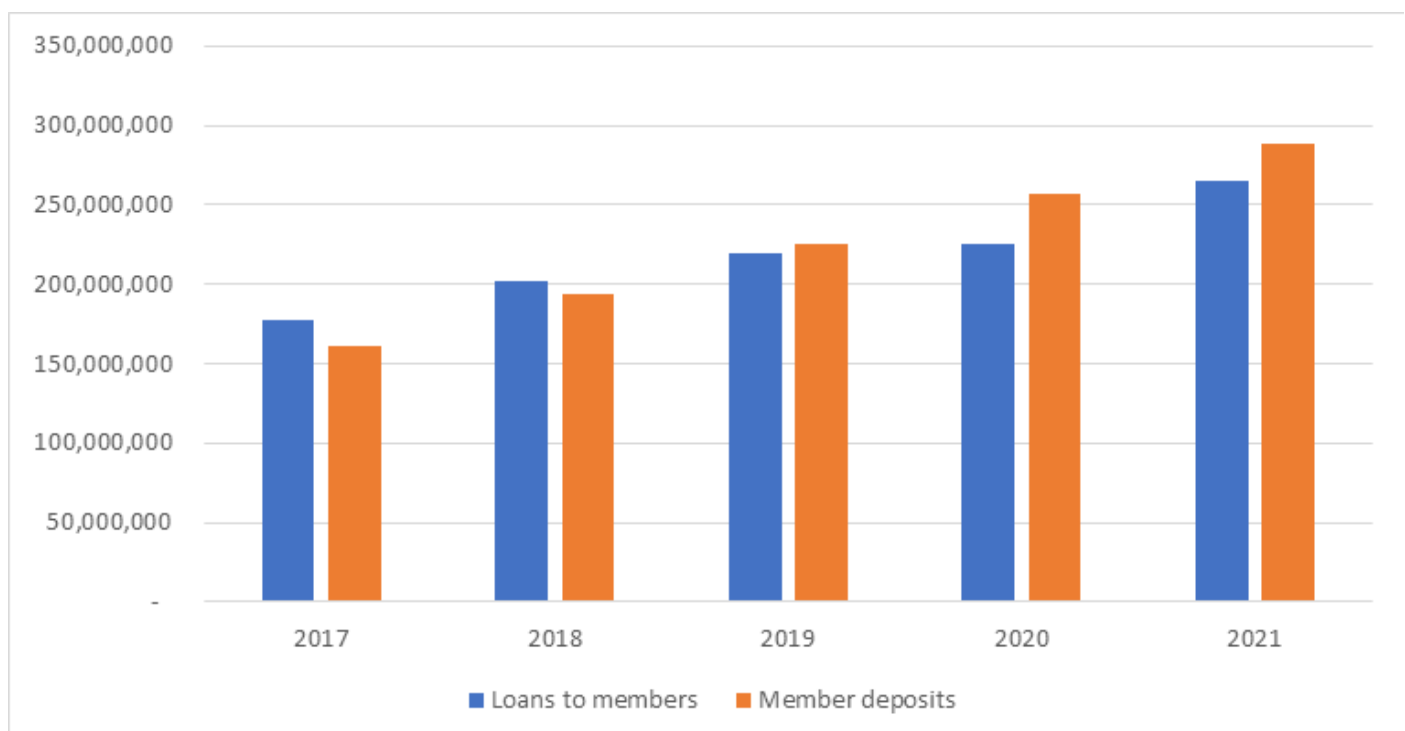
Year	2017	2018	2019	2020	2021
Membership (active)	815	853	951	998	979
Membership (dormant)	64	86	381	415	462
Total	879	939	1,332	1,413	1,441
(a) Statement of financial position					
Assets	Kshs	Kshs	Kshs	Kshs	Kshs
Loans to members	177,123,442	201,933,791	219,722,988	225,145,607	265,558,765
Cash and cash equivalents	2,010,763	12,450,306	29,286,952	57,403,820	28,914,627
Other assets	187,385,730	10,758,879	10,323,436	10,094,127	30,882,056
Total assets	189,396,493	225,142,977	259,333,375	292,643,554	325,355,449
Equity and liabilities					
Equity					
Share capital	4,568,900	4,749,900	5,495,900	5,933,400	6,251,900
Reserves	9,637,058	9,855,273	10,085,429	10,480,660	11,805,312
Total equity	14,205,958	14,605,173	15,581,329	16,414,060	18,057,212
Liabilities					
Member deposits	161,265,880	193,908,861	225,108,129	256,403,713	288,729,040
Other liabilities	13,924,655	16,628,943	18,643,917	19,825,782	18,569,197
Total liabilities	175,190,535	210,537,804	243,752,046	276,229,495	307,298,237
Total equity and liabilities	189,396,493	225,142,977	259,333,375	292,643,554	325,355,449
(b) Statement of profit or loss					
Total income	15,583,574	18,424,419	21,961,791	21,805,189	28,730,034
Interest income	15,475,443	18,226,062	21,563,973	21,196,247	27,198,935
Other income	108,131	198,357	397,818	608,942	1,531,099
Profit after tax	793,384	1,311,486	1,135,454	1,413,194	2,674,652
Other disclosures					
Interest rate on deposits (%)	7.50%	7.50%	8.00%	7.00%	6.90%
Dividend on shares (%)	10.00%	10.00%	11.00%	11.00%	13.50%
Dividend on shares Kshs	315,757	430,000	500,000	500,000	700,000
Interest on deposits (Kshs)	9,600,000	10,732,323	14,100,000	14,400,000	16,000,000

SACCO GROWTH OVER THE YEARS

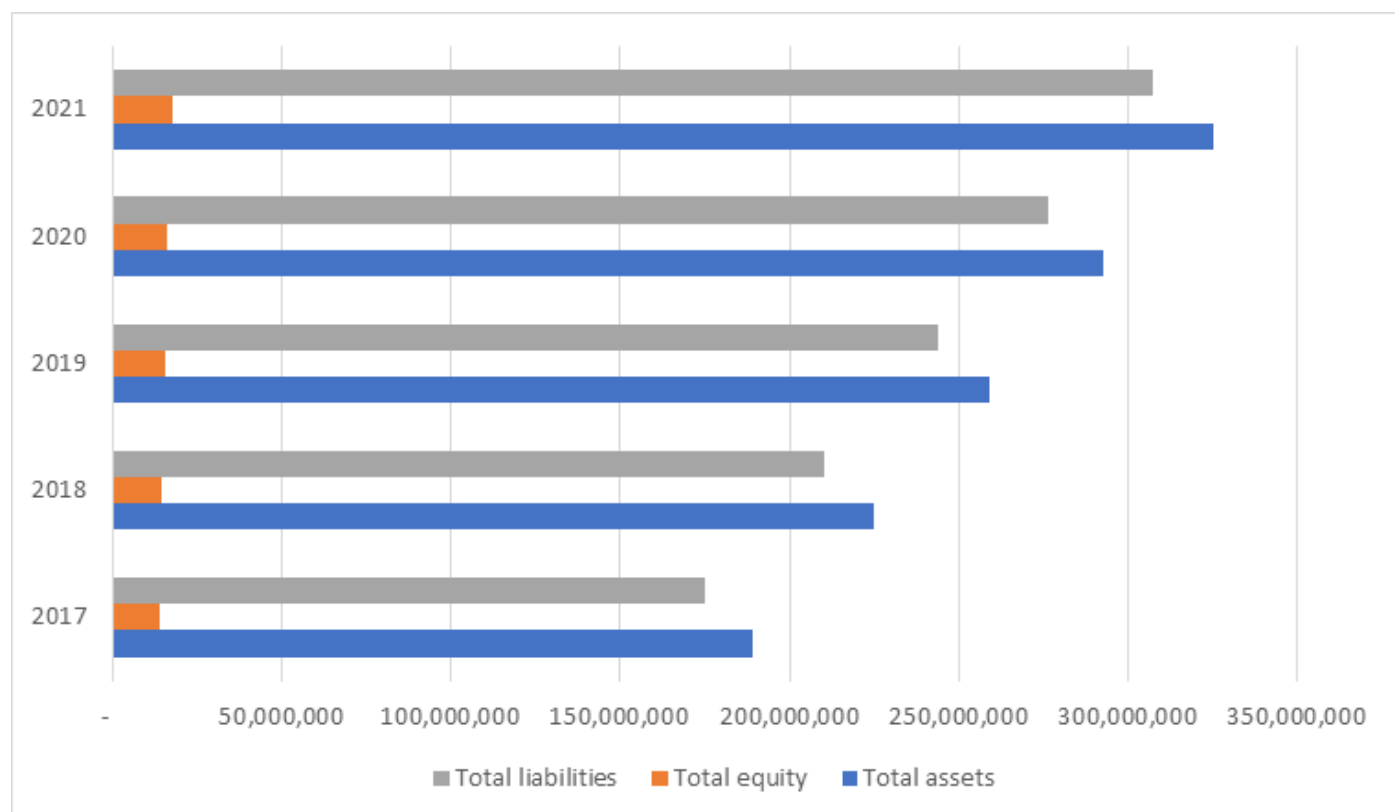
Membership



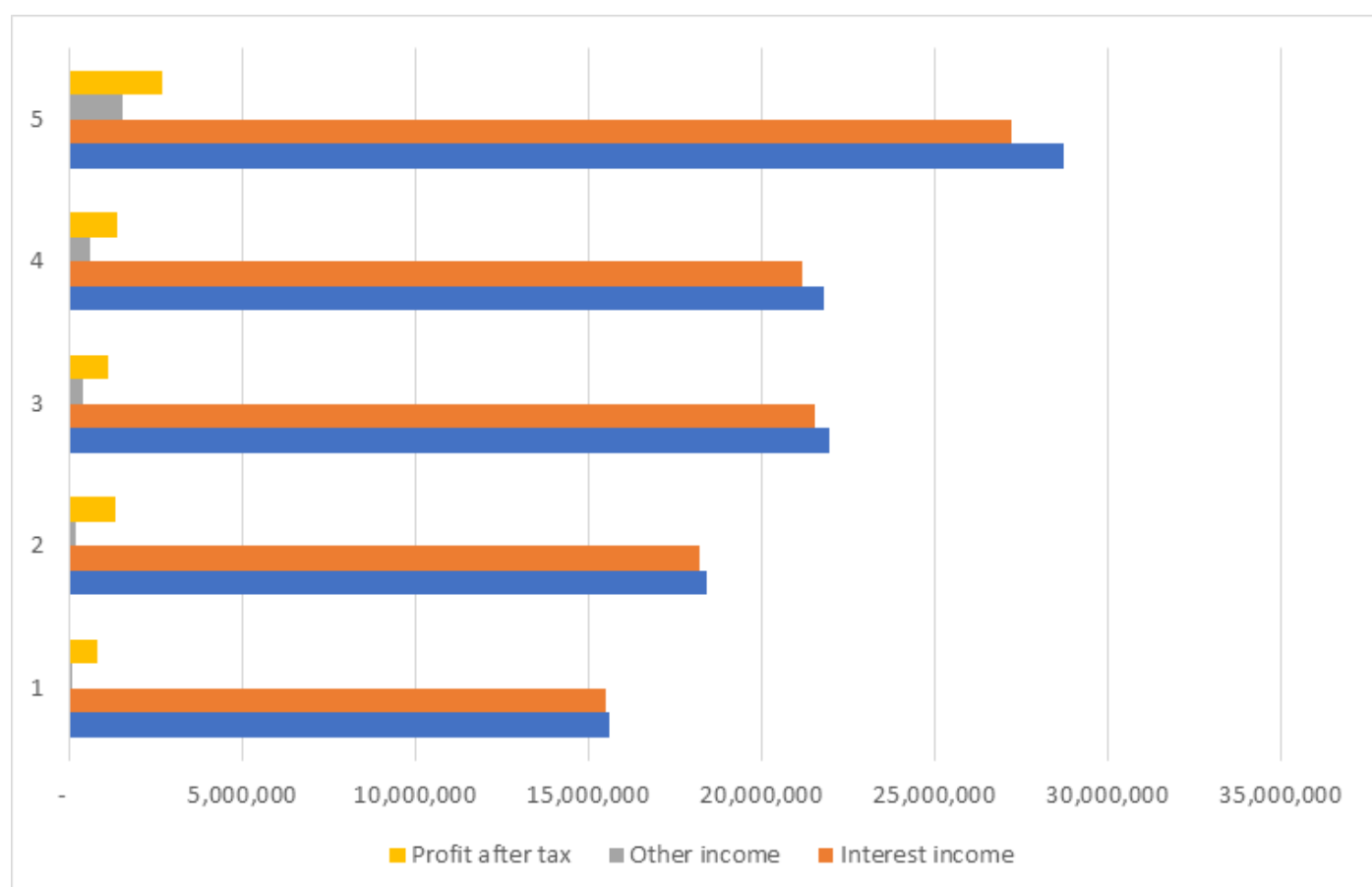
Loans and deposits



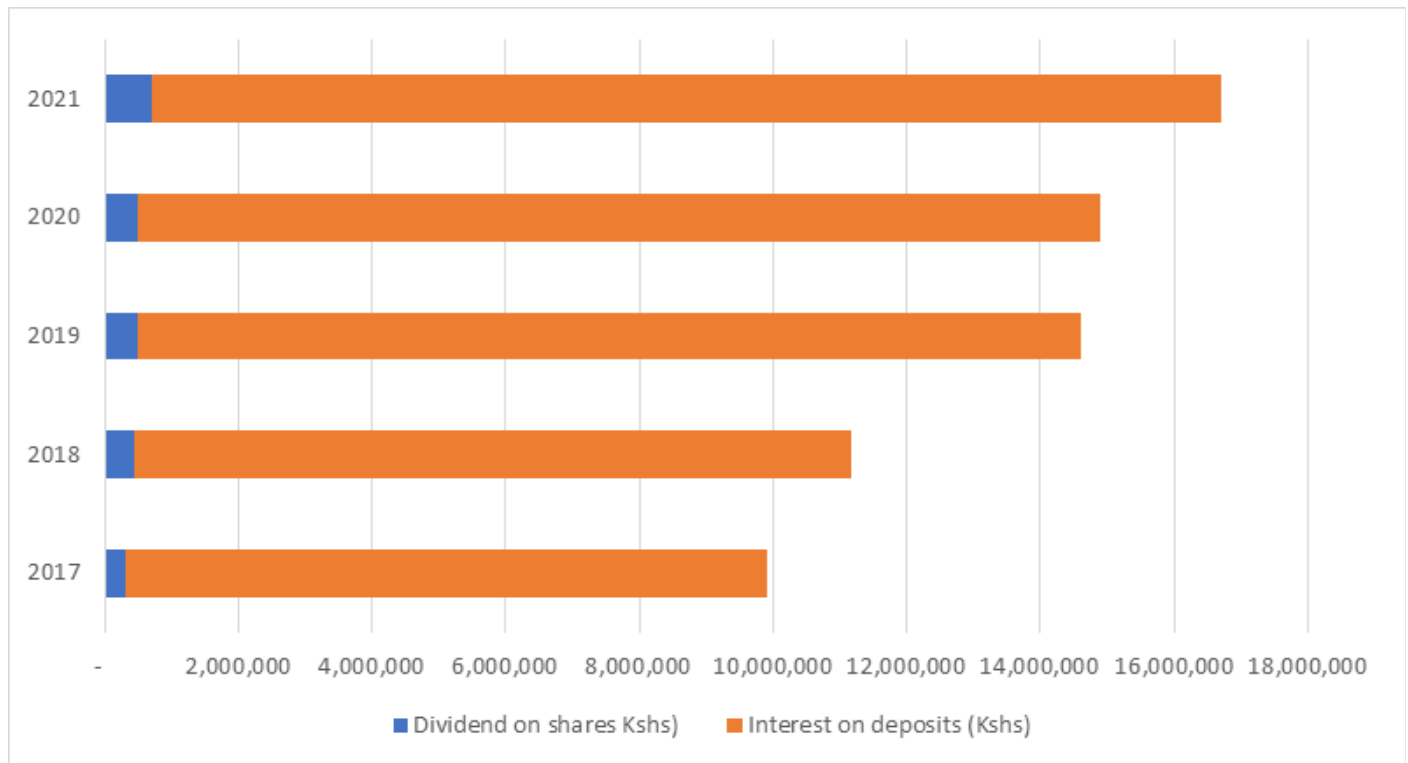
Assets, liabilities and equity



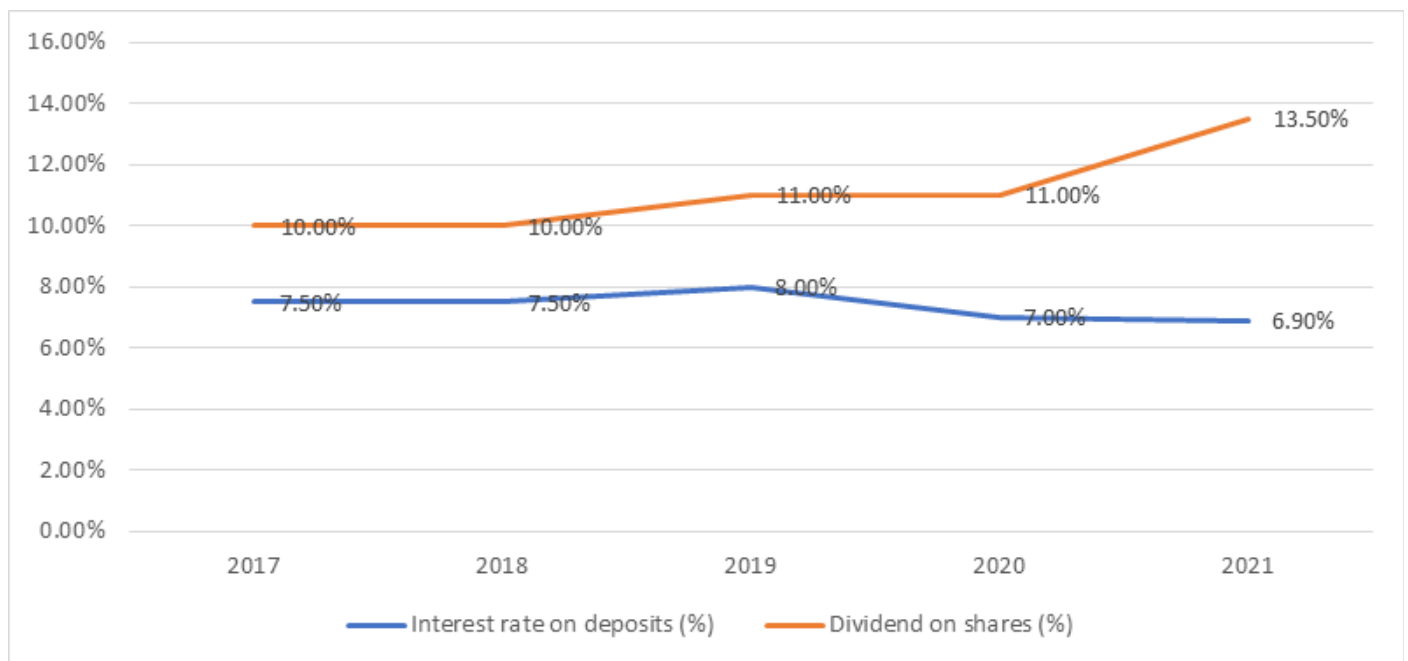
Income and profits



Dividend and interest rebate (Kshs)



Dividend and interest rebate (percent)



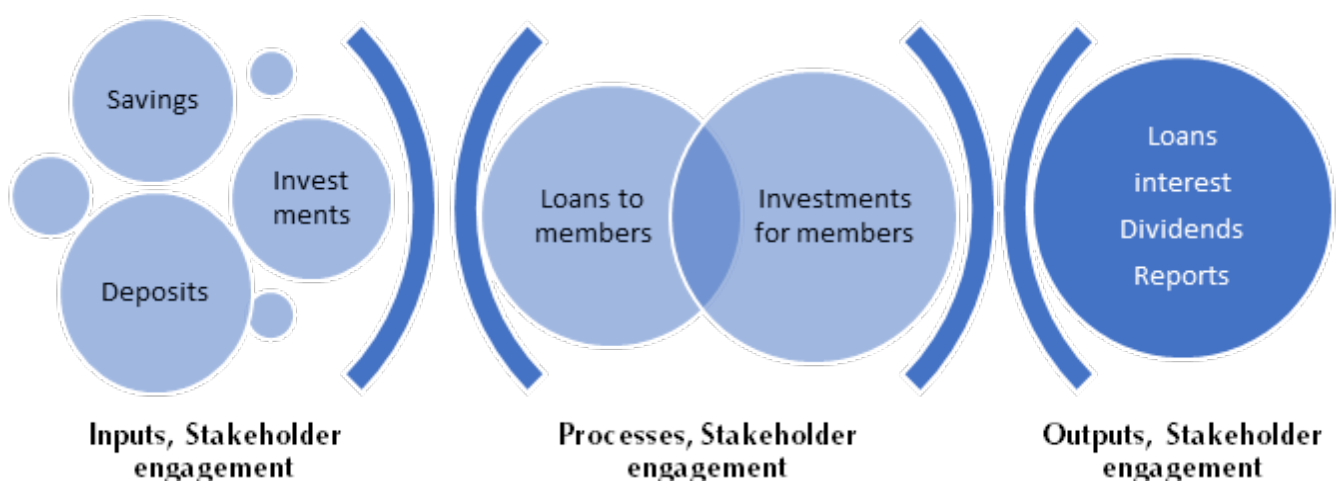


SUSTAINABILITY REPORT AND VALUE CREATION FOR MEMBERS

Our Business Model

Mzima Springs Sacco is a Non-Withdrawable Deposit Taking Sacco that is regulated by SASRA.

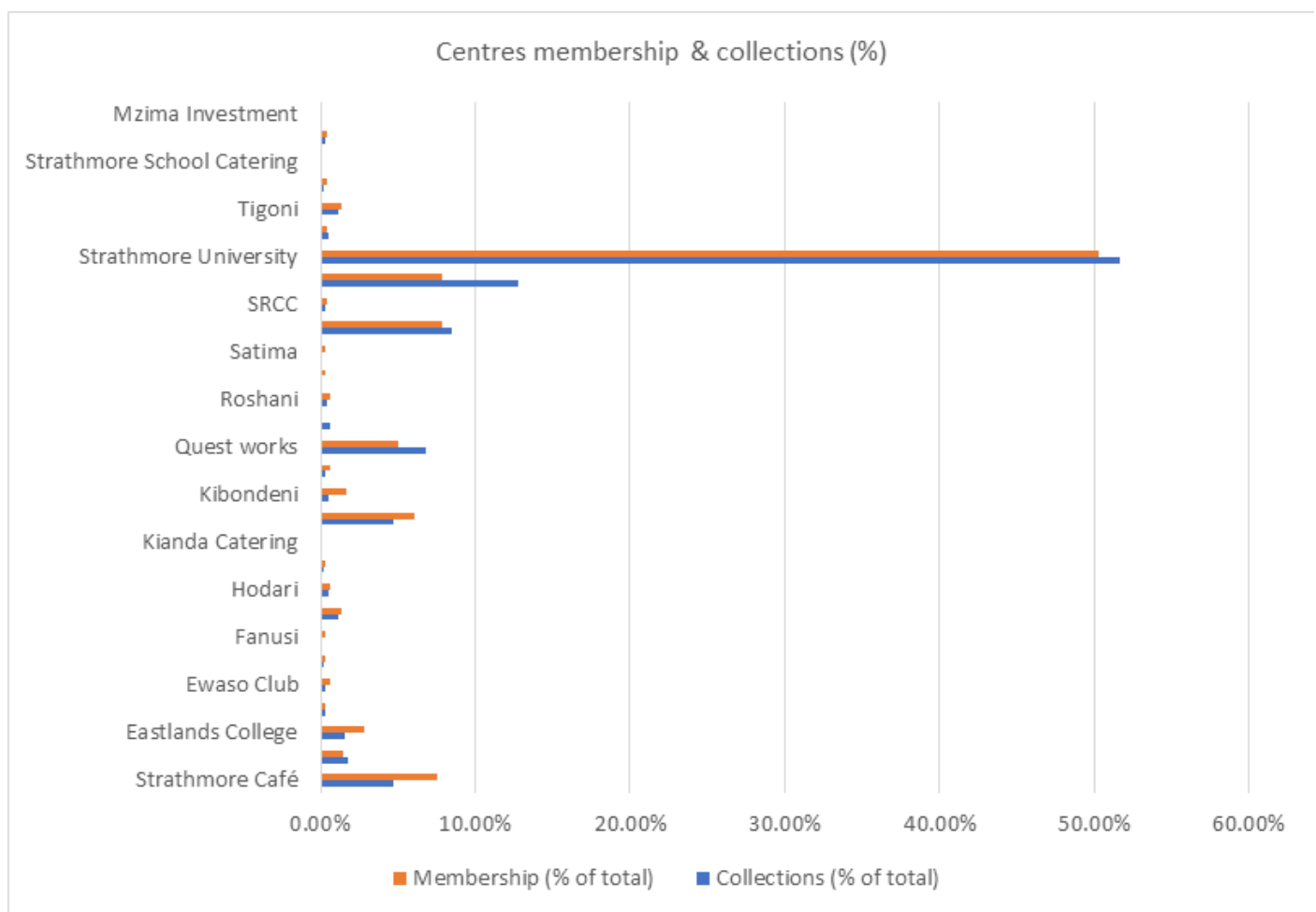
It operates as BOSA (Back Office Services Activities) whereby a member makes a prescribed minimum contribution (non-withdrawable deposits) every month. This money is used as collateral for loans in which you borrow 3 times. The maximum allowable loan a member can take at any given point in time is Kshs. 4 million. At the end of December 2021, our average deposit per member was Kshs. 3,610 with our minimum deposit contribution being Kshs. 200 and the maximum being Kshs. 50,000. Our value creation processes are depicted as follows:



We believe that, to provide value to the member and our stakeholders, we have to constantly engage and find out ways of establishing sustainable relationships to sustain our business model. We also constantly engage our members throughout and using various means of communication such as email, Education days, or the AGM. At Mzima, we have adopted an “open door” policy where each staff member or members of the Sacco are free to communicate any matter affecting them at all times. Action is usually taken immediately to address the matter, while ensuring that law and human rights and dignity are upheld as far as possible. We also ensure that we communicate the relevant information (financial performance, updates etc.) on our website and also seek member views through the same. With this, we place members and our people at the very core of our operations and ensure that we make the most use of the resources availed to us for improved service to members. The Sacco continues to undertake measures such as:

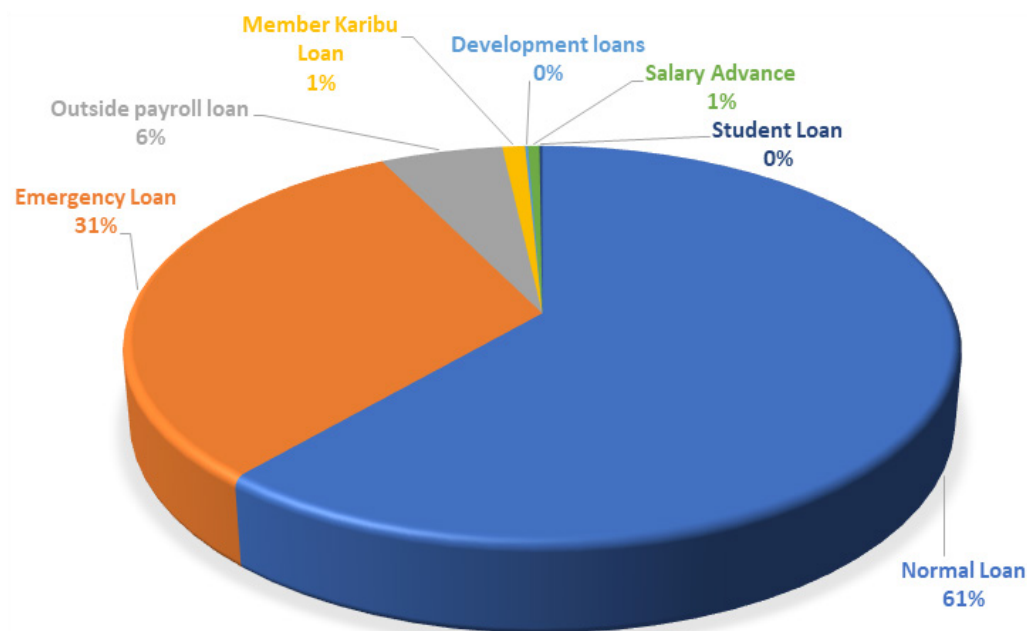
- Sustained membership drives to boost deposits;
- Encouraging members to take loans and faster processing of the same;
- Growing the number of centres affiliated to Strathmore and its partners;
- Constantly assessing and managing risks in the operating environment;
- Revenue diversification through investing excess cash and creation of new products.

Our membership in the various centres and collections is depicted in the figure below:

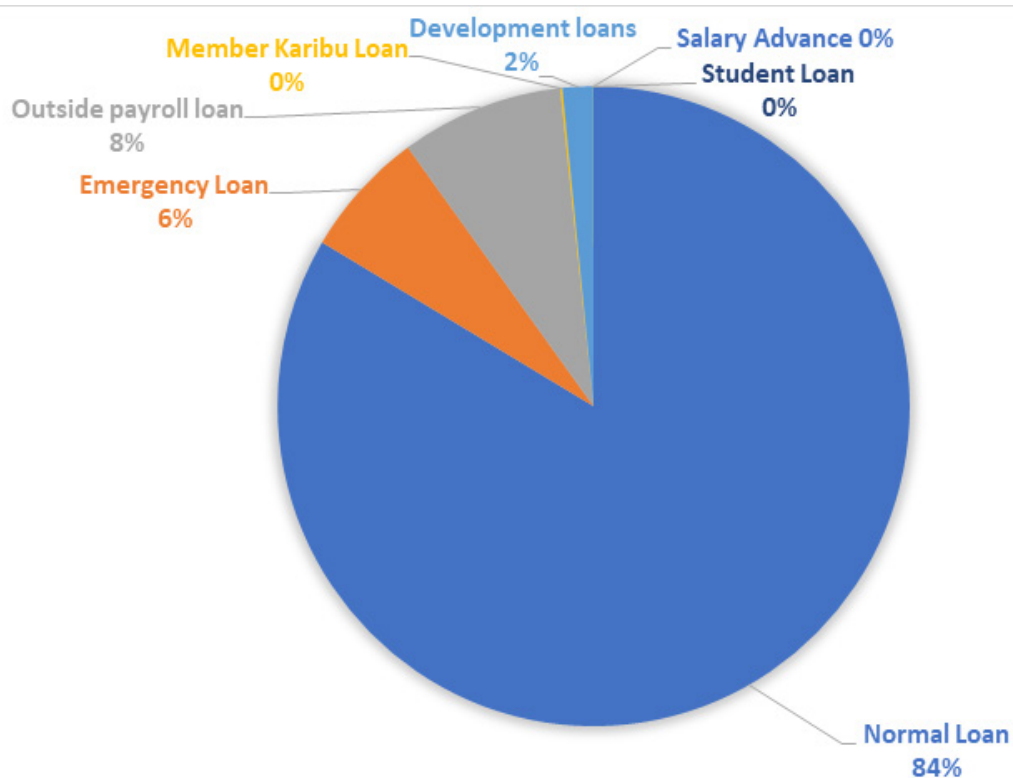


Loan distribution in 2021

During the year ended December 2021, the members loans grew by 17% owing to increased uptake of loans by members.



% Gross loans balance



Our deposits grew by 12% and having surpassed the minimum deposit base of Kshs. 100 million stipulated by SASRA, the SACCO applied for registration with SASRA. A certificate was issued on 14th October 2021 after paying Kshs. 50,000 for the initial license and a subsequent Kshs. 30,000 for annual subscription. We foresee a rise in future compliance costs as the SACCO grows.

Our strategy in summary 2021 and performance/achievements

During the Year ended 31st December 2021, the Sacco's membership stood at 979. Currently (April 2022), the active members are at 1,005. The Sacco was also able to revamp its strategic plan 2021-2024 and comply with most of SASRA's requirements and developed various policies and procedures (e.g., revamped credit, dividend, financial, human resource, investment, and procurement policies). The SACCO's 2021-2024 strategy envisages the following:

- To ensure growth of membership to 1,000 by 2024 through recruitment and retention.
- To ensure growth of the asset base to Kshs. 400 million by 2024 (15% growth p.a.)

Risks and risk management

The Sacco's management constantly reviews the risks facing the Sacco and has put in place a risk management framework to take care of the risks as assessed. Among the top risks facing the Sacco include:

Risk	How to mitigate
1. Depressed interest income due to increased default rates and amounts.	Follow up with the concerned members to repay, use of debt collectors, credit referencing with bureaus (Metropol), engaging guarantors
2. Depressed interest income due to high provisioning.	Gradual provisioning of NPLs, use of debt collectors, credit referencing with bureaus (Metropol), engaging guarantors
3. Low returns from other investment vehicles.	Selection of investment vehicles with reasonably higher returns, diversification of investments
4. Member exodus to other competitive Saccos.	Doing exit surveys, customer satisfaction surveys, striving to higher returns and higher maximum loan amount
5. Noncompliance with regulatory requirements on shareholding	Engaging the regulator closely to understand requirements, educating members on the need to increase shareholding for stability and returns, reviewing regulatory pieces periodically
6. Inability to attain the FOSA status due to dismal/underperformance	Encouraging members to help in recruitment, meeting SASRA threshold requirements, compliance with requirements
7. Lack of an integrated management information system to integrate lending and financial reporting processes	Engaging different providers for a possible solution, setting aside funds (budget) for the system

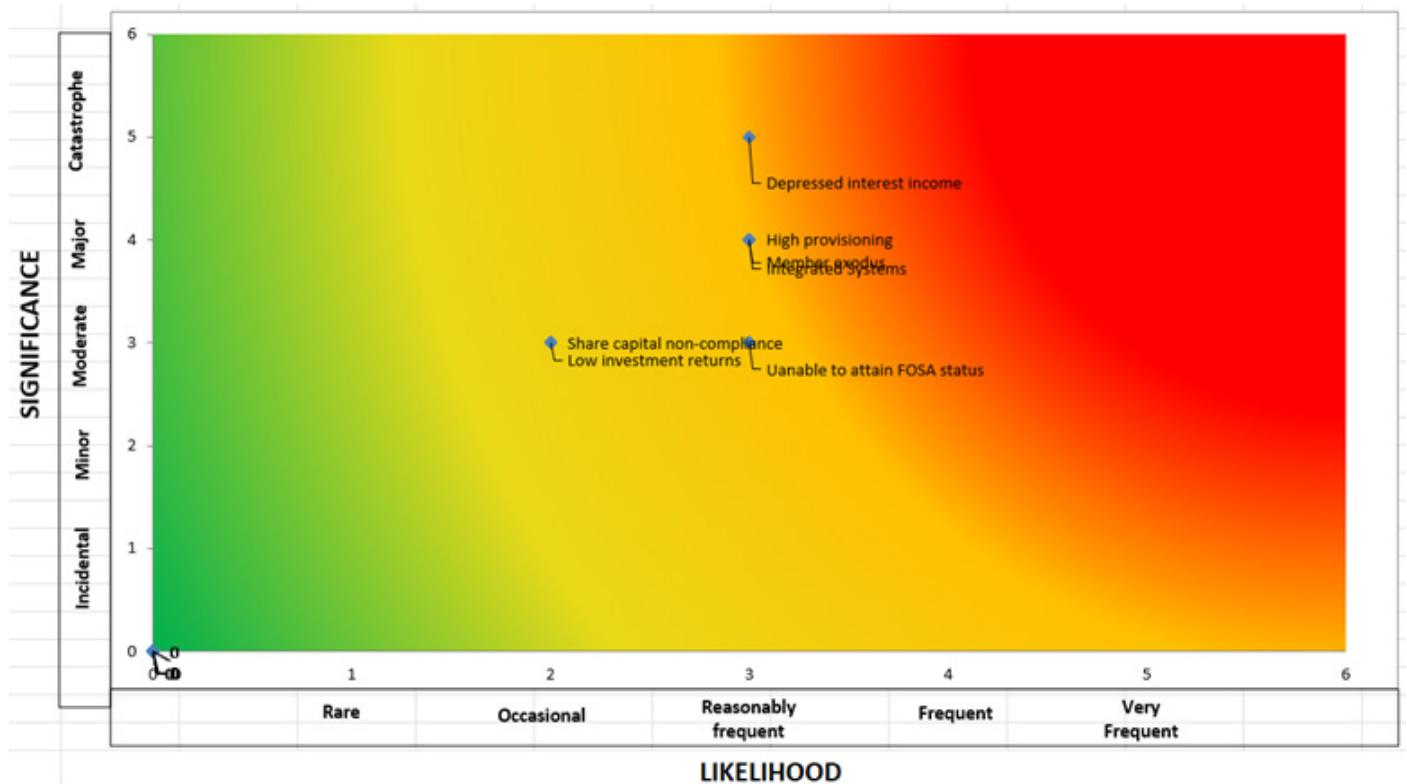
- Grow annual income to Kshs. 26 million by 2024 (a 5% growth p.a.).
- Reduce liquidity gap by Kshs. 5 million by 2024.
- To build the SACCO's internal capacity for better internal controls, performance, and service delivery.
- Recruit a competent CEO
- Build its share capital and reserve base.
- Explore the feasibility of becoming FOSA Sacco.

Strategic achievements in 2021

Some of the achievements by the SACCO in the year just ended include:

- Sustained year on year growth in asset, loans and deposit base.
- Loans are dispensed weekly (twice in a week).
- Mzima Springs SACCO Limited was able to invest a total of Kshs. 22.6 million in the money market (Kshs. 1,947,856.36 earned as interest income to date).
- The SACCO revamped its website which has a new look with frequent updates.
- Customer survey successfully conducted in 2021.

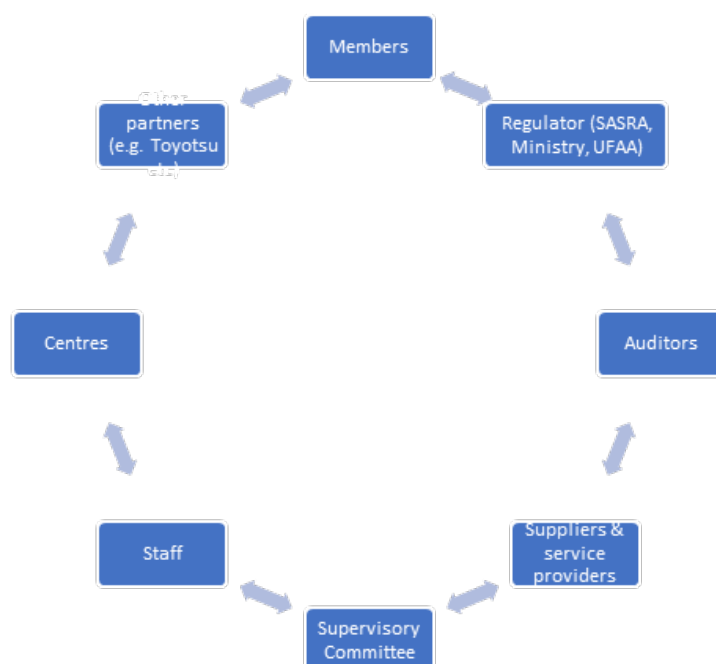
A risk heat map with top risks assessed is depicted below:



The Sacco continuously reviews its risk register and assesses the various risks affecting it while suggesting measures to deal with the risks.

Sustaining our business model

At Mzima Springs Sacco, sustainability is very core as we execute our business model. We are committed to a sustainable enterprise, sustainable societies and people. To this end, the Sacco pays special attention to societal needs as well as those of its members, staff and other stakeholders. The figure below depicts the stakeholders the Sacco engages in its day to day operations:

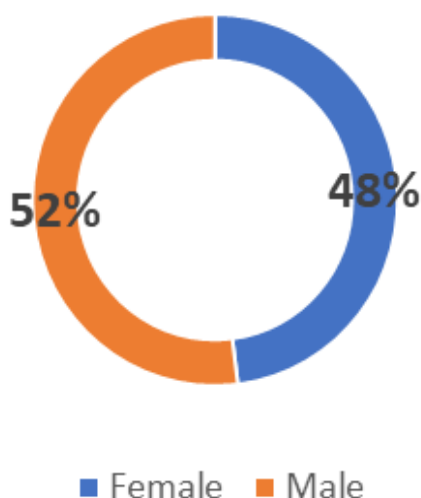


These stakeholders are critical to the continued existence of the Sacco and we therefore ensure that we map out our dealings with them as we work on how to partner with them for the benefit of the Sacco. Our existing policies ensure that all stakeholders are treated fairly and granted equal opportunity in line with the cooperative principles of equity and equality.

(i) 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. As of 31st December 2021, we had a total of 1,441 members with 997 are active members. The gender distribution of our members as of 31st December 2021 is depicted below:

Gender of active members



A total of **95** members who joined the Sacco with **2%** rejoining the Sacco and **95%** being new members. In 2021 we lost one member, may his soul rest in eternal peace.

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. In 2021, a customer satisfaction survey was conducted. The overall satisfaction with the Sacco products and services was at 78%. The

following areas were highlighted as important for the management's attention:

- Assistance offered and patronage to the SACCO – 82%
- Access to personal information and documents – 81%
- Satisfaction with SACCO products – 78%
- Participation in annual member meetings – 78%
- Channel used to get updates from the SACCO – 77%
- Response to member inquiries – 73%
- Familiarity with SASRA regulations – 66%
- Satisfaction with SACCO returns – 64%
- Mode of communication – 56%

The management is actively considering the areas highlighted by members as it continues to lead the Sacco to sustained growth in the future. In the year just ended, we conducted a virtual education day which was attended by 178 members. Members were sensitized on how they can grow the Sacco in addition to being taken through the SASRA regulations.

(ii) 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. During the year then ended, the credit policy was revamped, and the Sacco products, offerings, terms and conditions revised to meet member needs in a convenient and timely manner. The loan processing periods were revised to twice a week as opposed to the weekly processing which was in place before.

(iii) Human Resources

The Sacco developed and implemented a Human Resource Policy in 2021 in line with SASRA requirements. 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 policy includes a depiction of the hiring, performance,

and capacity building of employees of the Sacco. Over the years, we have consistently improved the salary and pay of our employees, including annual bonuses which is aligned with individual as well as Sacco performance. The Sacco has 3 staff members, 1 male and 2 female. Our staff's health and safety is of priority, and we ensure that the building occupied is OSHA compliant. All staff are entitled to 24-working day annual leave with full pay. In addition, we grant our staff study leave depending on the course being pursued. We also sponsor our staff on a merit basis, and on a case-by-case basis, depending on the importance of the training on service delivery in the Sacco. During the year ended, the Sacco was able to sponsor one of its staff members to pursue a Diploma in Cooperative Management in addition to granting other staff members study leave to pursue their various certifications. The staff welfare kitty has been in place and the management has ensured that staff health and other needs (e.g., meals) are catered for as and when they arise.

(iv) The Society

Over the past years Mzima Springs SACCO has been contributing to various Centres towards charitable activities. In 2021, owing to the pandemic and its effects, the Sacco focused on achieving its business continuity plan and hence did not make any contributions to charity. We hope to revive this in 2022. The Sacco is actively considering its support to various community outreach initiatives within its centres and beyond. In the past, we have been able to support the needy in our centres and a number of children homes and other needy youth.

(v) 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. We ensure that our staff and members are served in a very clean environment, and we utilize the water dispenser to help minimize the use of plastics. We further utilize energy saving equipment such as UPS to conserve energy as far as possible. When the office is not in use, we encourage staff to ensure that they switch off lights to conserve energy. Following the pandemic, we have largely moved our operations online,

which has helped reduce our dependence on printed paper, which is a major boost to forest conservation. We are committed to cutting our reliance on printed paper by automating most of the loan application processes.

(vi) Market place practices

At Mzima, we ensure that the loan products and other savings products offered are developed in consultation with the members. For instance, the increment of maximum loan to Kshs. 4 million was arrived at following consultation with members. The "Karibu" loan facility was created to take care of members who had just joined the Sacco and have not met the required 6 months with the Sacco to be eligible for a normal loan. We partner and collaborate with all our centres and ensure that we have a good working relationship since we depend on each other. To achieve this, we have ensured that we have members who are representatives in each centre who inform us on the ongoing in the respective centre. In addition, the board is inclusive and takes care of the various centres we have, as far as possible. Mzima is committed to competitively sourcing and paying its suppliers in good time.

(vii) Our systems

Currently, the Sacco has a lending management system and an accounting module. The board is responsible for IT governance in the cooperative and takes responsibility in ensuring the operation, security and capacity of the systems. To this end, the Sacco has ensured that the current system is scalable, secure and capable of being upgraded to take care of emerging and growing needs of the Sacco.

Overall, the board has demonstrated its commitment to sustainability (and by extension, integrated reporting) by ensuring that the Sacco's business model is aligned with the sustainability expectations. We have also ensured that our business practices, including the returns we offer to members, and the running of the cooperative takes into consideration the welfare and interests of the members while ensuring the long-term survival of the cooperative. This is a commitment made by the entire board, and the supervisory committee and we strive to educate members in this regard at all times.

Our Capitals and Value Creation

During the year just ended, the Sacco was able to create value for its members through its 6 capitals as follows:

Capital	How we created value in 2021
Financial capital	In 2021, our share capital grew from Kshs. 5.93 million to Kshs. 6.25 million. Our total equity increased by 10.01% to Kshs. 18.06 million. Our loan to deposit ratio is 91.98% in 2021.
Manufactured capital	Our investments grew from Kshs. 64,000 to Kshs. 24 million. We invested in staff laptops to help our staff work remotely and conveniently.
Natural capital	Our electricity cost increased from Kshs. 1,428 to Kshs. 16,258 owing to resumption to physical operations. Our printing and stationery also increased by 71% owing to the resumption of on-site operations. Our travel expense reduced by 5%.
Social and network capital	Our new members in 2021 were 95 with 979 active members. We had an education day in 2021 which was attended by 178 members with lots of interaction albeit virtually. We rolled out a member satisfaction survey in 2021 and the level of satisfaction with the Sacco was at 78%.
Human Capital	The Sacco has a total of 3 staff members who are well qualified to carry out their roles. The Sacco spent Kshs. 114,000 (up from Kshs. 15,000) in training. The Sacco sponsored 1 staff member to undertake a Diploma in Cooperative Management. Both the staff, board and supervisory committees were taken through a training on SASRA compliance in 2021. We invested Kshs. 257,909 (up from Kshs. 76,263) in the health of our staff members and their immediate families.
Intellectual Capital	The Sacco system has been upgraded to incorporate an accounts module which keeps on being revamped periodically. The Sacco has also a revamped website with interactive pages.

Report of the Board of Directors

The members of the Board of Directors submit their annual report together with the audited financial statements for the year ended 31st December 2021.

Incorporation

The Society is incorporated in Kenya under the Co-operative Societies Act Cap 490 and is licensed under the Sacco Societies Act No.14 Of 2008 and is domiciled in Kenya.

Principal activity

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

Results for the year

	2021	2020
	Kshs.	Kshs.
Surplus (deficit) before tax	2,674,652	1,413,194
Income Tax expense	-	-
Net surplus (deficit) after tax (but before donations)	2,674,652	1,413,194
Donations	-	-
Retained surplus for the year	2,674,652	1,413,194
Interest on members' deposit	16,000,000	14,400,000
Dividend on members' shares	700,000	500,000

Dividend and interest on members deposits

The Board of Directors recommends payment of first and final dividend of KShs. 6.75 per share (2020, KShs. 5.5 per share) on time-weighted shares as of 31st December 2021. They also recommend interest on members' deposit of 6.9% (2020, 7.5%) on time-weighted deposits as at 31st December 2021.

By Order of the Committee

Signature:

Secretary

Date: 27-3-2022



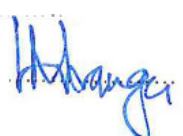
Statement of the The Board of Directors' Responsibilities

The SACCOs Act, No 14 of 2008 requires the Board of Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the society as at the end of the financial year and of its operating results for that year in accordance with IFRS. It also requires the Board of Directors to ensure that the society keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the society. They are also responsible for safeguarding the assets of the society and ensuring that the business of the society has been conducted in accordance with its objectives, by-laws and any other resolutions made at the society's general meeting. The Board of Directors accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the SACCO Societies Act No. 14 of 2008.

The Board of Directors is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the society and of its operating results in accordance with the IFRS. The Board of Directors further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Approved by the Board of Directors on 27th March 2022 and signed on its behalf by:

Signature		Chairman
Signature		Treasurer
Signature		Board Member

Independent Auditor's Report to the members of Mzima Springs Regulated Non-WDT Sacco Ltd.**Opinion**

We have audited the annual report and financial statements of Mzima Springs Regulated Non-WDT-Sacco Society Ltd. set out on pages 12 to 50 which comprise the Statement of Financial Position as at 31st December 2021 and the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the annual report and financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the annual report and financial statements present fairly, in all material respects, the financial position of Mzima Springs Regulated Non-WDT Sacco Society Ltd. as at 31st December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Co-operative Societies Act Cap 490.

Basis of opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significant in 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. This comprises of the following:

Key audit matter	How we addressed it during our audit
Valuation of other financial instruments The values of these assets are based on entity developed internal models and not on quoted market prices in an active market. Given the significance of their value and significant measurement uncertainties involved in their valuation, valuation of these instruments was significant to our audit.	We assessed and tested the design and operating effectiveness of controls over valuation and model. In those cases where external information and confirmation was required, we contacted the relevant institutions. Overall, our view in spite of the inherent uncertainties we were able to conclude that the other financial assets are fairly stated.
Unreconciled loan balance of Kshs. 20,239,717 In 2014, the Sacco migrated from the manual, Excel based system of capturing loans to an automated, web-based application for loans management. The migration of systems led to a difference of Kshs. 20,239,717 arising from change of system and the migration of loan balances from the old system to the new system. This resulted in a difference between the loans as per the member accounts and what is reflected in the books. Given the amount involved, this matter was significant to our audit.	We assessed the amount of unreconciled loans and recommended for a provisioning of Kshs. 1.35 million to be made every year to write off this amount from the books over a maximum period of 15 years. Overall, the provisioning made is ensure that the loans balances reflect the actual loans taken by members.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report as required by the Co-operative Societies Act Cap 490 which we obtained prior to the date of this report. Our opinion on the Annual report and financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual report and financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual report and financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board's Responsibility for the Annual Report and Financial Statements

The Board and the management are responsible for the preparation and fair presentation of the annual report and financial statements in accordance with International Financial Reporting Standards and the requirements of the Co-operative Societies Act Cap 490, and for such internal control as the directors determine is necessary to enable the preparation of Annual report and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual report and financial statements, the directors are responsible for assessing the Sacco's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Sacco or to cease operations, or have no realistic alternative but to do so. The directors are responsible for overseeing the Sacco's financial reporting process.

Auditors' responsibilities for the audit of the annual financial statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sacco's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sacco's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Annual Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sacco to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual report and financial statements, including the disclosures, and whether the Annual report and financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other requirements

As required by the International Standards on Auditing, we report to you, based on our audit, that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- In our opinion proper books of accounts have been kept by the Sacco, so far as appears from our examination of those books;
- In our opinion, the financial information given in the directors' report for the year ended 31 December 2021 is consistent with the Sacco's annual financial statements; and
- The Sacco's statement of financial position and statement of surplus or deficit and other comprehensive income are in agreement with the books of accounts.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Kiphone O. Omambia - P/No 2364.

Omambia & Associates

Certified Public Accountants (Kenya)
Nairobi, Kenya

Nairobi _____ 2022



Statement of Profit or Loss and Other Comprehensive Income

Mzima Springs Regulated Non-WDT Sacco Society Statement of Comprehensive Income For the Year Ended 31st December 2021

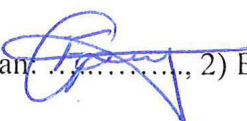


	Notes	2021	2020
		Kshs.	Kshs.
Revenue			
Interest on loans and advances	3	27,198,935	21,196,247
Other interest income		-	-
Total interest income		27,198,935	21,196,247
Interest expenses	4	(16,000,000)	(14,400,000)
Net interest income		11,198,935	6,796,247
Other operating income	5	1,531,099	608,942
Other gains and losses	6	-	-
Administration expenses	7	(10,055,381)	(5,991,995)
Other operating expenses		-	-
		(8,524,283)	(5,383,053)
Net operating surplus/(deficit) before income tax	8	2,674,652	1,413,194
Income tax expense	9	-	-
Donations		-	-
Net surplus/(deficit) for the year		2,674,652	1,413,194
Other comprehensive income (OCI)			
Surplus/(deficit) on revaluation of property, plant and equipment		-	-
Change in fair value of available for sale financial assets		-	-
Reclassification adjustment: gain on disposal of available for sale financial assets included in the profit and loss account		-	-
Deferred income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income		2,674,652	1,413,194

Statement of Financial Position**Mzima Springs Regulated Non-WDT Sacco Society Statement of Financial Position
As at 31st December 2021**

	Notes	2021 Kshs.	2020 Kshs.
Assets			
Cash and cash equivalents	10	4,036,534	40,664,063
Prepayments and sundry receivables	11	10,928,423	8,921,321
Trade and other receivables	12	870,695	859,108
Current income tax recoverable		-	-
Loans to members - net	13	265,558,765	201,992,839
Unreconciled loans - net	29	18,889,717	20,239,717
Non-current assets classified held for sale	14	-	-
Deferred income tax	15	-	-
Other financial assets (short-term)	16	24,878,093	16,803,757
Investment property	17	-	-
Prepaid operating lease rentals		-	-
Intangible assets - software	18	31,261	44,659
Property, plant and equipment	19	161,960	205,039
Other assets		-	-
Total Assets		325,355,449	289,730,502
Liabilities			
Members' deposits	20	288,729,040	256,403,713
Current income tax payable		-	-
Deferred income tax	15	-	-
Dividends payable		700,000	500,000
Provision for interest on member deposits	4	16,000,000	14,400,000
Retirement benefits liability		-	-
Trade payables and accrued expenses	21	912,422	1,055,955
Sundry creditors		956,775	956,775
Liabilities attributable to assets classified as held for sale		-	-
Grants and donations		-	-
Interest bearing liabilities	22	-	-
Total liabilities		307,298,237	273,316,443
Equity			
Share capital	23	6,251,900	5,933,400
Reserves	24	11,805,312	10,480,660
Total equity		18,057,212	16,414,060
Total Liabilities and Equity		325,355,449	289,730,502



The financial statements on pages 12-50 were authorized for issue by the Board of Directors on 27th MARCH 2022 and signed on its behalf by:

1) Chairman:  2) Board Member:  3) Board Member: 

Statement of Changes in Equity for the Year Ended 31st December 2021

	Notes	Share capital	Statutory reserve	Retained earnings	Total
		Kshs.	Kshs.	Kshs.	Kshs.
As at 1st January 2020					
As previously reported		5,495,900	5,478,056	4,607,373	15,581,329
Prior period adjustments		-	-	32,036	32,036
As restated		5,495,900	5,478,056	4,639,409	15,613,365
Change in equity in 2020					
Profit/(loss) for the year		-		1,413,194	1,413,194
Surplus/(deficit) on revaluation of property, plant and equipment	19	-		-	-
Change in fair value of financial assets measured at fair value		-		-	-
Reclassification adjustment gain on disposal of financial assets		-		-	-
Deferred income tax relating to components of other comprehensive income	15	-		-	-
Total comprehensive income for the year		-	-	1,413,194	1,413,194
Statutory reserve fund		-	282,639	(282,639)	-
Transactions with owners:					-
Additional shares	23	82,000	-	-	82,000
Transfer from deposits		355,500	-	-	355,500
Dividends:					-
Final for 2019		-	-	-	-
Proposed for 2020		-	-	(500,000)	(500,000)
Honoraria		-	-	(400,000)	(400,000)
Staff bonus		-	-	(150,000)	(150,000)
Transfer of excess depreciation		-	-	-	-
Deferred income tax on depreciation transfer	15	-	-	-	-
Transfer on disposal of property, plant and equipment		-	-	-	-
Deferred income tax on disposal	15	-	-	-	-
As at 31st December 2020		5,933,400	5,760,695	4,719,965	16,414,060

Statement of Changes in Equity for the Year Ended 31st December 2021

As at 1st January 2021						
As previously reported		5,933,400	5,760,695	4,719,965	16,414,060	
Prior period adjustments		-	-	-	-	
As restated		5,933,400	5,760,695	4,719,965	16,414,060	
Change in equity in 2021						-
Profit/(loss) for the year		-	-	2,674,652	2,674,652	
Surplus/(deficit) on revaluation of property, plant and equipment		-	-	-	-	
Change in fair value of financial assets measured at fair value		-	-	-	-	
Reclassification adjustment gain on disposal of financial assets		-	-	-	-	
Deferred income tax relating to components of other comprehensive income		-	-	-	-	
Total comprehensive income for the year		-	-	2,674,652	2,674,652	
Statutory reserve fund			534,930	(534,930)	-	
Transactions with owners:						-
Additional shares		189,000			189,000	
Transfer from deposits		129,500			129,500	
Dividends:						-
Final for 2020						-
Proposed for 2021				(700,000)	(700,000)	
Honoraria				(500,000)	(500,000)	
Staff bonus				(150,000)	(150,000)	
Transfer of excess depreciation						-
Deferred income tax on depreciation transfer						-
Transfer on disposal of property, plant and equipment						-
Deferred income tax on disposal						-
As at 31st December 2021		6,251,900	6,295,625	5,509,687	18,057,212	

Statement of Cash Flows for the year ended 31st December 2021

	Notes	2021	2020
		Kshs.	Kshs.
Cash flows from operating activities			
Interest receipts	3	27,198,935	21,196,247
Other operating income	5	1,531,099	608,942
Interest payments	4	(14,400,000)	(14,100,000)
Payments to employees and suppliers		(7,059,650)	(5,305,644)
		7,270,383	2,399,545
(Increase)/decrease in operating assets			
Net Loans to members	13	(65,805,181)	(5,422,619)
Net Loans (unreconciled)	29	-	-
Trade and other receivables	11	(2,007,103)	295,806
Other sundry receivables	12	(11,587)	-
Short term investments	16	(8,074,336)	-
Adjustment - investments classified as cash		(16,739,757)	-
Increase / (decrease) in operating liabilities			
Deposits from members	20	32,325,327	31,295,584
Trade and accrued expenses	21	(143,533)	(245,530)
Sundry creditors		-	-
Net cash from operating activities before income taxes		(53,185,786)	28,322,784
Income tax paid		-	-
Net cash from operating activities		(53,185,786)	28,322,784
Cash flow from investing activities			
Purchase of property and equipment	19	-	(143,416)
Proceeds on disposal of plant and equipment		-	-
Purchase of intangibles assets		-	-
Purchase of investments securities		-	-
Dividends received		-	-
Net cash from investing activities		-	(143,416)
Cash flow from financing activities			
Share capital contributions	23	318,500	437,500
Proceeds from long-term borrowings		-	-
Repayment of long-term borrowings		-	-
Dividends paid		(500,000)	(500,000)
Net cash from financing activities		(181,500)	(62,500)
Net (decrease)/increase in cash and cash equivalents		(53,367,286)	28,116,868
Cash and cash equivalent at the beginning of the year	10	57,403,820	29,286,952
Cash and cash equivalents at the end of the year	10	4,036,534	57,403,820

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 statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRSs). IAS 21.55 These financial statements are presented in the functional currency, Kenya shillings (KShs) rounded to the nearest thousand (000) and prepared under the historical cost convention, except as specified below under fair value measurement in accordance with applicable IFRSs.

b) Revenue recognition

Interest on loans to members is calculated on a reducing balance method. Interest income is recognized on a time proportion basis by reference to the principal outstanding and the effective interest rate applicable.

c) Property and Equipment

All property, plant and equipment are initially recorded at cost. Certain classes of property, plant and equipment are subsequently shown at revalued amounts, based on periodic valuations by the independent valuers, less subsequent. All other property plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Increases in carrying value arising on revaluations are credited to other comprehensive income and accumulated in revaluation reserves in equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve. All other decreases are charged against the profit or loss. Each year, the difference between the depreciation based on the revalued carrying amount of the asset (the depreciation charged to the income statement) and depreciation based on the assets original cost is transferred to retained earnings.

Depreciation is calculated using the straight line method to write down the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates in use are:

Asset	Rate (%)
Freehold land and buildings	2%
Plant and machinery	20%
Motor vehicles	25%
Furniture, fittings and equipment	12.5%
Computers, photocopiers, and other accessories	30%

d) Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised:

- On disposal; or
- When no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised (unless IFRS 16 requires otherwise on a sale and leaseback). Gains shall not be classified as revenue

e) Leases

Finance and operating leases recognized as assets by lessee shall be disclosed as required in IFRS 16, Leases:

i) Finance lease

Leases of property, plant and equipment where the society assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets acquired under finance leases are capitalized at the inception of the lease at the lower of their fair values and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rentals obligations, net of finance charges are included in non-current liabilities while the interest element of the finance charge is charged to the profit or loss account over the lease period.

ii) Operating leases

Leases of assets where a significant proportion of the risks and rewards are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the lease period. Prepaid operating lease rentals are recognized as assets and are subsequently amortized over the lease period. Under the new IFRS 16, Leases, operating leases shall be reported as right of use assets on the statement of financial position and depreciated accordingly.

f) Financial instruments (IFRS 9)

The Sacco classifies its financial instruments into the following categories:

- **Financial assets and financial liabilities at fair value through profit or loss**, which comprise financial assets and financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term or to generate short-term profit-taking; and/or
 - **Financial assets and financial liabilities at fair value through profit or loss**, which comprise financial assets or financial liabilities designated by the company at fair value through profit or loss and which are managed, and their performance evaluated on a fair value basis in accordance with the company's investment strategy.
 - **Held-to-maturity investments**, which comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Sacco has a positive intention and ability to hold to maturity.
 - **Loans and receivables**, which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and excludes assets which the entity intends to sell immediately or in the near term or those, which the entity upon initial recognition designates as at fair value through profit or loss or as available-for-sale financial assets.
 - **Available-for-sale financial assets**, which comprise non-derivative financial assets that are designated as available-for-sale financial assets, and not classified under any of the other categories of financial assets.

g) Financial Assets

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale. Financial assets carried at fair value through profit or loss are initially recognised at fair value and the transaction costs are expensed in the profit and loss account. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

Subsequently, held-to-maturity investments and loans and receivables are carried at amortised cost using the effective interest method, while all other financial assets are carried at their fair values, without deduction for transaction costs that may be incurred on sale.

Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The fair value for quoted shares is determined using the quoted bid price at the reporting date while that of non-quoted shares is determined using valuation techniques **AND/OR** Investment in equity shares classified as available-for-sale assets for which there is no active market and whose fair value cannot be reliably measured are carried at cost.

h) Impairment of financial assets

The entity assesses at each reporting date whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. In the case of held-to-maturity investments and loans and receivables, the recoverable amount is the present value of the expected future cash flows, discounted using the asset's effective interest rate.

Changes in fair value of financial assets at fair value through profit or loss are recognised in the profit or loss account.

Changes in fair value for available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss), which are recognised in the profit and loss account. In the year of sale, the cumulative gain or loss recognised in other comprehensive income is recognised in the profit or loss account as a reclassification adjustment.

i) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the company has transferred substantially all risks and rewards of ownership.

j) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

k) Receivables

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

Receivables not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the profit or loss in the year of recovery

I) Financial liabilities and equity instruments issued by the Sacco.

i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Sacco are recorded at the proceeds received, net of direct issue costs. The capital comprise primarily of minimum share capital prescribed under the By-laws of the Sacco.

iii) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets: and
- the amount initially recognised less, where appropriate, cumulative amortization is recognized in accordance with the revenue recognition policies.

iv) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the statement of comprehensive income.

Subsequently, all financial liabilities are carried at amortised cost using the effective interest method except for financial liabilities through profit or loss which are carried at fair value.

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

v) Derecognition of financial liabilities

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

vi) Provision for liabilities and charges

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

vii) Other financial liabilities

All other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

m) Investment property

An investment property comprises a building or part of a building and land held for long term yields and /or capital appreciation and which are not occupied by the society and is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is carried at fair value representing market value determined annually by external independent valuers. Changes in fair values are recognised in the income statement.

On disposal of an investment property, the difference between the net disposals proceeds and the carrying amount is charged or credited to the profit or loss.

n) Intangible assets

Software license costs are stated at historical cost less estimated accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to write down the cost of the software to its residual value over the estimated useful life using an annual rate of 30%

o) Impairment of non-financial assets

The carrying amounts of the society's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such condition exists the recoverable amount of the asset is estimated to determine the extent of impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount impairment loss is recognized immediately, unless the relevant asset is carried at revalued amount in which case the impairment loss is treated as a decrease in revaluation reserve. The respective asset is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss had been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in revaluation reserve.

p) Employee entitlements

Employee entitlement to long service awards are recognized when they accrue to employees. Provision is made for the estimated liability of such entitlements as a result of services rendered by employees up to the reporting date. The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

q) Retirement benefit obligations

The Society operates a defined contribution scheme for all employees. A defined contribution plan is a pension plan under which the society pays fixed contributions into a separate entity. The assets of these schemes are held in a separately administered fund that is funded by contribution from the society and employees.

The Society has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior period. The society's contributions to the defined contribution schemes are charged to the profit or loss in the year to which they relate.

The society also contributes to a mandatory statutory defined contribution pension scheme, the National Social Security Fund (NSSF) at varying values for its employees as legislated from time to time.

r) Tax

Current tax is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation. Note that for Saccos, dividend and/or interest expense is deducted before computing/charging tax.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability. Currently enacted tax rates are used to determine deferred income tax.

Deferred income tax assets are recognized only to the extent that it is probable that the future taxable profits will be available against which temporary differences can be utilized.

s) Statutory reserves

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

t) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya shillings at rates ruling at the transaction dates. Assets and liabilities which are expressed in foreign currencies are translated into Kenya shillings at the exchange rates ruling at the reporting sheet date. The resulting differences from translation are dealt with in the profit or loss in the year in which they arise.

u) Cash and cash equivalents

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

v) Provisions for liabilities and other charges

Provisions are recognised when the Sacco has a present obligation (legal or constructive) as a result of a past event, it is probable that the Sacco will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account

the risks and uncertainties surrounding the obligation.

w) Non-current assets held for sale or discontinued operations

i) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

For assets to be classified as held for sale the asset(s) (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

ii) Non-current assets that are to be abandoned

The Sacco does not classify as held for sale a non-current asset (or disposal group) that is to be abandoned. This is because its carrying amount will be recovered principally through continuing use. However, if the disposal group to be abandoned meets the criteria in paragraph 32(a)–(c), the entity shall present the results and cash flows of the disposal group as discontinued operations in accordance with paragraphs 33 and 34 at the date on which it ceases to be used. Non-current assets (or disposal groups) to be abandoned include non-current assets (or disposal groups) that are to be used to the end of their economic life and non-current assets (or disposal groups) that are to be closed rather than sold.

iii) The Society discloses:

(a) a single amount in the statement of comprehensive income comprising the total of:
 (1) the post-tax profit or loss of discontinued operations and
 (2) the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

iv) The Sacco presents:

non-current asset(s) classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position.

No depreciation (or amortisation) of a non-current asset takes place while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognised.

x) Collateral

The Sacco discloses:

(a) the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with paragraph 37(a) of IAS 39; and
 (b) the terms and conditions relating to its pledge.

When the Sacco holds collateral (of financial or non-financial assets) and is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, it shall disclose:

- (a) the fair value of the collateral held;
- (b) the fair value of any such collateral sold or repledged, and whether the entity has an obligation to return it; and
- (c) the terms and conditions associated with its use of the collateral.

y) Adoption of new and revised standards

In the current year, the Society has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2009. These are:

Application of new and revised International Financial Reporting Standards (IFRSs)

- (i) Relevant new standards and amendments to published standards effective for the year ended 31st December 2021.

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the entity has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The entity has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

The standard amends the classification and measurement models for financial assets as set out below:

a) Classification and measurement of financial assets

The entity has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 July 2018 have not been restated where appropriate in accordance with the transition provisions of the standard.

The Entity's statement of financial position contains the following financial assets:

- 1) Trade and other receivables
- 2) Bank balances

There have been changes in the measurement criteria for some of the entity's financial assets on adoption of IFRS 9 after the consideration of the business model and cash flow characteristics. Specifically, the other receivables typically held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost and are subject to impairment. See (b) below.

b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39.

Specifically, IFRS 9 requires the entity to recognise a loss allowance for expected credit losses on its financial assets as listed in (a) above. The Entity measured the loss allowance for other receivables at an amount equal to lifetime expected credit loss (ECL).

(ii) Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 31 December 2021 and future annual periods

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

The Management of the entity anticipate that the application of IFRS 16 in the future will not have a significant impact on amounts reported in respect of the Entity's financial assets and financial liabilities.

The Management of the entity do not anticipate that the application of the amendments in the future will have an impact on the entity's financial statements.

Annual Improvements to IFRS Standards 2015-2021 Cycle

The Annual Improvements to IFRS Standards 2015-2021 cycle makes amendments to the following standards:

- IFRS 3 and IFRS 11 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

- IAS 12 - The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in of income and expenditure, regardless of how the tax arises.
- IAS 23 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.
- IFRS 16: Leases – entails the need to recognize right of use assets on the statement of financial position.

The Management do not anticipate that the application of the amendments in the future will have an impact on the entity's financial statements.

(iii) Early adoption of standard

The entity did not early-adopt any new or amended standards in the period.

z) New and revised standards and interpretations which have been issued but are not effective

The following revised standards and interpretations have been published and will be effective for the first time in the year ending 31st December 2021. The company has not early adopted any of these amendments or interpretations.

a) IFRS 17: Insurance Contracts; The Directors have assessed the potential impact of the above and expect that they will not have a significant impact on the company's financial statements for 2021.

2. Estimation uncertainty and significant judgments

(a) Key source of estimation uncertainty

These are assumptions applied in estimating the carrying amounts and the underlying estimation uncertainty may lead to those amounts changing materially in the next 12 months. Examples of situations involving estimation uncertainty:

- In the absence of recently observed market prices, future oriented estimates are necessary to measure the recoverable amounts of classes of property, plant and equipment.
- The effect of technological obsolescence on inventories.
- Provisions subject to future outcome of litigation in progress.
- In determining the liability for long-service payments (explained in note 20), management must make an estimate of salary increases over the following five years, the discount rate for the next five years to use in the present value calculation, and the number of employees expected to leave before they receive the benefits

(b) Significant judgment(s) in applying the Society's accounting policies

Disclosure is made of significant judgements (apart from those involving estimations) made in applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. Examples of judgments:

- When substantially all the significant risks and rewards of ownership of financial assets are transferred to other entities.
- Whether in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue.
- Whether the relationship with a special purpose entity indicates control of the Special Entity.

	0-3 months	4-12 months	>12 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
2021				
Trade and other payables	1,866,828	-	-	1,866,828
	1,866,828	-	-	1,866,828
	=====	=====	=====	=====

2. (a) Key source of estimation uncertainty

These are assumptions applied in estimating the carrying amounts and the underlying estimation uncertainty may lead to those amounts changing materially in the next 12 months. Examples of situations involving estimation uncertainty:

- In the absence of recently observed market prices, future oriented estimates are necessary to measure the recoverable amounts of classes of property, plant and equipment.
- The effect of technological obsolescence on inventories
- Provisions subject to future outcome of litigation in progress
- In determining the liability for long-service payments (explained in note 20), management must make an estimate of salary increases over the following five years, the discount rate for the next five years to use in the present value calculation, and the number of employees expected to leave before they receive the benefits.

(b) Significant judgment(s) in applying the Society's accounting policies

Disclosure is made of significant judgements (apart from those involving estimations) made in applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. Examples of these judgments include:

- When substantially all the significant risks and rewards of ownership of financial assets are transferred to other entities
- Whether in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue
- Whether the relationship with a special purpose entity indicates control of the Special Entity.

3. Society Income

(a) Interest Income

	2021	2020
	Kshs.	Kshs.
BOSA Loans	27,198,935	21,196,247
FOSA Loans	-	-
FOSA Advances	-	-
Total	27,198,935	21,196,247

(b) Other interest income

	2021	2020
	Kshs.	Kshs.
Bank deposits	-	-
Investments measured at fair value	-	-
Investments measured at amortised cost	-	-
KUSSCO savings	-	-
Net	-	-

4. Interest expense

	2021	2020
	Kshs.	Kshs.
Member's deposits (BOSA or Non withdrawable)	16,000,000	14,400,000
FOSA Savings/Deposits	-	-
Bank loans	-	-
Loans from other financial institutions	-	-
KUSSCO loans	-	-
Other interest expense	-	-
Total	16,000,000	14,400,000

5. Other operating income

	2021	2020
	Kshs.	Kshs.
Rental income	-	-
Entrance fee	56,300	94,500
Sundry income	-	-
Insurance agency commission	-	-
Non interest income from FOSA	-	-
Income from short term investments (money market)	1,474,799	514,442
Total	1,531,099	608,942

6. Other gains and losses

	2021	2020
	Kshs.	Kshs.
Gain/(loss) on disposal of property, plant and equipment	-	-
Change in fair value of investment property	-	-
Change in fair value of financial assets carried at FVTPL	-	-
Net foreign exchange gains / (losses)	-	-
Total	-	-

7. Expenses

	2021	2020
	Kshs.	Kshs.
Financial Expense		
Financial Expense on Funding Liabilities	-	-
Interest Expense on deposits	-	-
Cost of External Borrowings	-	-
Other Financial Expense	-	-
Fees and Commission Expense	-	-
Other Expense (bank charges)	272,346	143,307
Net Provision for Loan Losses	2,239,254	549,431
Net Provision for unreconciled loans	1,350,000	-
Total	3,861,600	692,739
Operating/Administrative Expenses		
Personnel Expenses		
Salaries and wages	2,191,201	2,006,430
Staff benefits – (medical insurance covers)	257,909	76,263
Staff training	29,000	-
Lunch allowance	104,200	61,650
Total	2,582,310	2,144,343
Administration expenses		
Travelling and subsistence	5,240	11,860
Printing and stationery	50,808	29,690
Ushirika day celebrations	-	-
Insurance for loans - KUSCCO	438,197	261,721
Debt collection charges	43,565	326,891
Website maintenance	25,898	40,349
Supervision fees to SASRA	80,000	-
KUSCCO subscription	10,000	10,000
Auditors' remuneration	70,000	60,000
Legal fees	3,000	-
Donations	-	-
Electricity	16,258	1,428
Rent	233,309	215,928
Telephone and postage	57,000	43,103
Repairs	3,500	-
Internet charges	81,500	59,000
SMS charges	6,000	1,500
Sundry/office administration	2,005	-
Interest on deposits over-applied	75,130	61,305
	1,201,410	1,122,775
Governance expenses (member related costs)		
Board meetings	7,000	11,280
Sitting allowance - supervisory committee	126,585	72,000

Members' education	32,000	15,000
Sitting allowance - board	1,480,000	1,474,500
Training - board members	53,000	-
AGM expenses	655,000	371,000
Auditorium charges	-	11,439
Total	2,353,585	1,955,219
Depreciation/Amortisation		
Depreciation - Computer equipment	29,913	42,733
Depreciation - Furniture	13,166	15,047
Amortisation - Sacco software	13,398	19,139
Total	56,477	76,919
Marketing expenses		
Public relations and advertisements	-	-
Product development & promotion	-	-
	-	-
Total	10,055,381	5,991,995

8. Net operating surplus

	2021	2020
	Kshs.	Kshs.
The following items have been charged in arriving at net operating surplus:		
a) Impairment loss on financial assets		
Impairment loss recognised on trade receivables (note...)	-	-
Impairment loss on available-for-sale equity instruments	-	-
Impairment loss on available-for-sale debt investments	-	-
Impairment loss on loans carried at amortised cost	-	-
Total	-	-
b) Depreciation and amortisation		
Depreciation of property, plant and equipment	43,079	57,780
Impairment of property, plant and equipment	-	-
Amortization of intangible assets	13,398	19,139
Total	56,477	76,919
c) Employee benefits expense		
Salaries and wages	2,191,201	2,006,430
Pension costs: - Defined contribution	-	-
Termination benefits	-	-
Total	2,191,201	2,006,430
d) Operating lease		
Operating lease rentals expense	-	-

9. Income Tax

	2021	2020
	Kshs.	Kshs.
Current Tax	-	-
Deferred tax	-	-
Tax expense / (credit)	-	-
Reconciliation of the of the tax expense		
Profit / (loss) before tax	-	-
Tax calculated at a tax rate of 30 % (2020: 30 %)	-	-
Tax effects of:		
Expenses not deductible for tax purposes	-	-
Income not subject to tax	-	-
Prior year overprovision	-	-
Tax expense (credit) /charge	-	-

The investment income is reported net of the withholding tax. The income generated from member funds is not taxable.

10. Cash and cash equivalents

	2021	2020
	Kshs.	Kshs.
Cash and cash equivalents at the end of the year comprise:		
Cash in hand (verified)	5,602	2,673
Cash at bank - Co-operative Bank (Current Account)	4,010,117	36,042,575
Cash at bank - Co-operative Bank (Savings Account)	20,815	4,618,815
Bank overdraft	-	-
Total	4,036,534	40,664,063

11. Prepayments and sundry receivables

	2021	2020
	Kshs.	Kshs.
Prepayments - rent	95,669	95,669
Prepayments - NHIF	4,500	-
Prepayments - insurance	219,099	130,861
Deductions due from employers-net of provisions	10,224,273	8,424,106
Staff insurance medical fund	236,565	122,367
Prepaid withholding tax	148,318	148,318
Total	10,928,423	8,921,321

12. Sundry receivables

	2021	2020
	Kshs.	Kshs.
Other sundry receivables		
Other, sundry receivables (rent - Mzima Investment Ltd.)	11,587	-
Allowance for impairment losses	-	-
Amounts due from members	859,108	859,108
Total	870,695	859,108

Included in the Sacco's trade receivable balance are debtors with a carrying amount of KShs. 1,345,018 (2020: KShs. 1,345,018) which are past due at the reporting date for which the Sacco has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Sacco does not hold any collateral over these balances. The average age of these receivables is 900 days (2020:850 days).

13. Loan to members

	2021	2020
	Kshs.	Kshs.
At the start of the year	201,992,839	199,483,271
Granted during the year	195,206,813	109,886,259
Interest charged	-	-
Repayment during the year	(126,488,579)	(104,463,639)
Provisions	(5,152,306)	(2,913,052)
At year end	265,558,765	201,992,839

Loans ageing

		2021	2020
	No. of accounts	Kshs.	Kshs.
0 days (Performing- 1% Provision)	700	254,653,743	-
1-30 days (Watch- 5%)	19	13,125,803	-
31- 180 days (Substandard-25%)	19	755,171	-
181- 360 days (Doubtful- 50%)	9	831,336	-
>360 days or 12 Instalments overdue (Loss Account-100%)	27	1,345,018	-
Total	774	270,711,072	204,905,891

Ageing of past due impaired

	2021	2020
	Kshs.	Kshs.
0 days (Performing- 1% Provision)	2,546,537	-
1-30 days (Watch- 5%)	656,290	-
31- 180 days (Substandard-25%)	188,793	-
181- 360 days (Doubtful- 50%)	415,668	-
>360 days or 12 Instalments overdue (Loss Account-100%)	1,345,018	-
Total	5,152,306	2,913,052

Movement in the allowance for doubtful debts

	2021	2020
	Kshs.	Kshs.
Balance at beginning of the year	2,913,052	2,363,621
Impairment losses recognised on receivables	-	-
Amounts written off as uncollectible	-	-
Amounts recovered during the year	-	-
Impairment losses reversed	-	-
Provision for the year	2,239,254	549,431
Balance at end of the year	5,152,306	2,913,052

Maximum Exposure to Credit Risk

The Sacco's Maximum exposure to credit risk before collateral held or other credit enhancements.

	Loans & advances to members	Loans and advances to other entities
31st December 2021	Kshs.	Kshs.
Neither Past due nor impaired	254,653,743	-
Past due but Not impaired	13,125,803	-
Past Due up to 90 Days	755,171	-
Past Due over 90 Days	1,760,686	-
Impaired individually assessed	-	-
Total	270,295,404	-
Impairment Allowances Identified	-	-
Un Identified	-	-
Total Carrying Value	270,295,404	-
	Loans & advances to members	Loans and advances to other entities
31st December 2020	Kshs.	Kshs.
Neither Past due nor impaired	-	-
Past due but Not impaired	204,905,891	-
Past Due up to 90 Days	-	-
Past Due over 90 Days	-	-
Impaired individually assessed	-	-
Total	-	-
Impairment Allowances Identified	-	-
Un Identified	-	-
Total Carrying Value	204,905,891	-

Receivables from individuals or entities that have been declared bankruptcy/insolvent are considered impaired. The Sacco holds collateral against these receivables with an approximate fair value of Kshs. 0 (2020; Ksh. 0).

Carrying amount of Collateral and Other Credit Enhancements Obtained

	2021	2020
Nature of asset	Kshs.	Kshs.
Commercial and Industrial Property	-	-
Others	-	-
Total	-	-

14. Non-current assets held for sale

At the moment, the Sacco has no assets held for sale.

	2021	2020
	Kshs.	Kshs.
Non-current assets held for sale.	-	-
Total	-	-

15. Deferred tax**(a) Deferred income tax**

Deferred income tax is calculated using the enacted tax rate of 30% (2009: 30%). The movement on the deferred income tax account is as follows:

	2021	2020
	Kshs. '000	Kshs. '000
At 1st January	-	-
(Credit)/charge to profit or loss account (Note 9)	-	-
(Credit)/charge to other comprehensive income	-	-
At 31st December	-	-
The (credit)/charge to other comprehensive income relates to	-	-

The (credit)/charge to other comprehensive income relates to:

	2021	2020
	Kshs.	Kshs.
At 1st January	-	-
(Credit)/charge to profit or loss account (Note 9)	-	-
(Credit)/charge to other comprehensive income	-	-
At 31st December	-	-
The (credit)/charge to other comprehensive income relates to	-	-
	2021	2020
	Kshs.	Kshs.
Surplus/(deficit) on revaluation of property, plant and equipment	-	-
Change in fair value of available-for-sale financial assets	-	-
Reclassification adjustment: gain on disposal of available-for-sale financial assets included in the profit or loss account	-	-
	-	-
Deferred tax assets and liabilities, deferred tax charge/(credit) in the profit or loss account and in other comprehensive income are attributable to the following items:	-	-

Deferred tax assets and liabilities, deferred tax charge/(credit) in the profit or loss account and in other comprehensive income are attributable to the following items:

	At 1st January 2021	(Credited)/charged to profit or loss	(Credited)/charged to other comprehensive income	At 31 December 2021
<i>Year ended 31st December 2021</i>	Kshs.	Kshs.	Kshs.	Kshs.
Deferred income tax asset/Liability	-	-	-	-
Property, plant and equipment on historical cost basis	-	-	-	-
Provision for liabilities and charges	-	-	-	-
Tax losses carried forward	-	-	-	-
Net deferred tax liability/(asset)	-	-	-	-
	At 1st January 2020	(Credited)/charged to profit or loss	(Credited)/charged to other comprehensive income	At 31 December 2020
	Kshs.	Kshs.	Kshs.	Kshs.
<i>Year ended 31st December 2020</i>	-	-	-	-
Deferred income tax asset/Liability	-	-	-	-
Property, plant and equipment on historical cost basis	-	-	-	-
Provision for liabilities and charges	-	-	-	-
Tax losses carried forward	-	-	-	-
Net deferred tax liability/(asset)	-	-	-	-

In addition, deferred tax of Shs. Nil (2020: Shs. Nil) was transferred from the revaluation surplus to retained earnings. This relates to the difference between the actual depreciation of the revalued carrying amounts of buildings and plant and machinery and the equivalent depreciation based on the historical cost of those assets (the excess depreciation).

Deferred tax asset on tax losses carried forward has been recognised based on the projected future taxable profits that will be available to be utilised against the losses OR Deferred tax asset has not been recognised on tax losses carried forward amounting to Shs. Nil (2009: Shs. Nil.) due to lack of certainty of availability of future taxable profits against which such losses could be utilised.

16. Other financial assets

	2021	2020
	Kshs.	Kshs.
Loans and Receivables		
Current	-	-
Non current	-	-
Held To Maturity Financial assets		
Current	-	-
Non current	-	-
Financial assets at FVTPL		
Current (short-term) - Genghis Capital, CIC, Oldmutual UAP, Co-op FD	24,814,093	16,739,757
Non current - KUSCCO shares @ 100 par value	64,000	64,000
Available for sale Financial assets		
Current	-	-
Non current	-	-
Total	24,878,093	16,803,757
Included in the current financial assets is a fixed deposit amount of Kshs. 4,600,000 with Cooperative Bank		

17. Investment property

	2021	2020
	Kshs.	Kshs.
At start of year	-	-
Additions	-	-
Transfers from/ (to) property plant & equipment	-	-
Fair value gains/ (losses)	-	-
At end of year	-	-

The fair value of all of the investment properties has been made by an independent registered professional valuer with recent experience in the location and category of the investment property.

18. Intangible assets; computerization and software

	2021	2020
	Kshs.	Kshs.
At start of year	465,000	465,000
Additions	-	-
Amortization charge	(433,739)	(420,341)
At end of year	31,261	44,659

18. Property, plant and equipment

	Furniture & fittings	Computers	Total
Cost or valuation	KShs.	KShs.	KShs.
At 1 January 2020	278,393	719,641	998,034
Additions	-	-	-
Transfers from investment properties	-	-	-
Disposals	-	-	-
Reclassified as held for sale	-	-	-
Balance as at 1 January 2021	278,393	719,641	998,034
Additions	-	-	-
Transfers from investment properties	-	-	-
Disposals	-	-	-
Reclassified as held for sale	-	-	-
Balance at 31 December 2021	278,393	719,641	998,034
Accumulated depreciation & impairment			-
Balance as at 1 January 2020	158,016	577,199	735,215
Effects of prior year adjustment	-	-	-
Restated amount	-	-	-
Eliminated at disposal	-	-	-
Eliminated on reclassification as held for sale	-	-	-
Impairment loss charged to profit or loss	-	-	-
Reversal of impairment loss	-	-	-
Depreciation charge	15,047	42,733	57,780
Balance at 1 January 2021	173,063	619,932	792,995
Effect of prior year adjustment	-	-	-
Restated amount	-	-	-
Eliminated at disposal	-	-	-
Eliminated on reclassification as held for sale	-	-	-
Impairment loss charged to profit or loss	-	-	-
Reversal of impairment loss	-	-	-
Depreciation charge	13,166	29,913	43,079
Balance at 31 December 2021	186,229	649,844	836,074
Carrying amount			-
As at 31 December 2020	105,330	99,709	205,039
As at 31 December 2021	92,164	69,797	161,960

The Sacco properties are usually revalued by independent firm of valuers. Valuations were made on the basis of the open market value. Investment properties with fair value of KShs. Nil were transferred to property plant and equipment during the year. The book values of the properties were adjusted to the revaluations and the resultant surplus net of deferred income tax was credited to the revaluations surplus in shareholders' equity.

If the land and buildings had been carried at depreciated historical costs the amount would be as:

If the land and buildings had been carried at depreciated historical costs the amount would be as:

	KShs.
Cost	-
Accumulated depreciation	-
Net carrying amount	-

Motor vehicles are assets with a cost of KShs. Nil. (2020-KShs.Nil) which were fully depreciated as at 31st December 2021 but are still in use.

19. Members' deposits

	2021	2020
	Kshs.	Kshs.
Savings deposits (special savings)	846,428	624,269
At the start of the year	-	-
Deposits during the year	-	-
Withdrawals/Refunds during the year	-	-
Sub Total	846,428	624,269
Short term deposits		
At the start of the year	-	-
Deposits during the year	-	-
Withdrawals/Refunds during the year	-	-
Sub Total	-	-
Non Withdrawable Deposits		
At the start of the year	256,403,713	225,108,129
Contribution during the year	50,042,776	41,598,944
Deposits chargeable to member statements (reconcilable)	545,631	847,328
Refunds during the year	(18,980,008)	(10,795,188)
Transfer to share capital	(129,500)	(355,500)
Sub Total	287,882,612	255,779,444
Total	288,729,040	256,403,713

20. Trade and other payables

	2021	2020
	Kshs.	Kshs.
Trade payables (sundry)	956,775	956,775
Payables to related parties	-	-
Unclaimed dividends	-	-
Due to Mzima Investment Ltd.	38,608	38,608
Accrued rent and service charge	9,481	299,900
Rent overpaid by Mzima Investment Ltd.	-	2,698
Accrued internal audit fees	15,000	15,000
Accrued PAYE	71,633	54,126
Accrued NHIF	500	500
Accrued NSSF	1,200	1,200
Accrued professional fees	8,000	8,000
Accrued board allowance	48,000	-
Accrued staff bonus	150,000	150,000
Provision for audit fees	70,000	60,000
Provision for honoraria	500,000	400,000
Accrued electricity	-	3,273
Accrued staff party costs	-	22,650
Total	912,422	1,055,955

The average credit period on purchases of goods from suppliers is x months. No interest is charged on the trade payables for the first x days from the date of the invoice. Thereafter, interest is charged at Nil% per annum on the outstanding balance. The Sacco has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The average payment period during the year was 26 days. In the opinion of the Board of Directors, the carrying amount of trade and other payables approximates to their fair value.

21. Interest bearing liabilities

	2021	2020
	Kshs.	Kshs.
Borrowings:		
2021 KShs '000	-	-
2020 KShs '000	-	-
Bank loans		
Loans from non financial institutions	-	-
Loans from KUSSCO	-	-
Total	-	-
The borrowing are repayable as follows:		
On demand and within one year	-	-
In the second year	-	-
In the third to fifth year	-	-
Total	-	-
Amounts due for settlement within one year	-	-
Amounts due for settlement after one year	-	-

The interest rates on the bank loans and bank overdrafts are reviewed periodically by the banks in line with market rates and thus expose the society to cash flow interest rate risk.

In the opinion of the Board of Directors the carrying amounts of short-term borrowings approximate to their fair value. Also, in their opinion it is impracticable to assign fair values to the Sacco's long-term liabilities due to inability to forecast interest rate changes.

Breach of loan agreement

There have been no breaches of loan agreements with the members nor any other party.

22. Share capital

	2021	2020
	Kshs.	Kshs.
Balance brought forward (50 number of shares @ KShs 100)	5,933,400	5,495,900
Contributions for the year	189,000	82,000
Transfer from member deposits	129,500	355,500
Total	6,251,900	5,933,400

	No. of ordinary shares	Issued and fully paid up capital	Share premium
Share capital	Kshs.	Kshs.	Kshs.
At 1st January 2020	5,495,900	-	-
Additional shares	437,500	-	-
At 31st December 2020	5,933,400	-	-
Additional shares	318,500	-	-
At 31st December 2021	6,251,900	-	-

The total number of authorised ordinary shares is 62,519 (2020: 59,334) with a par value of Shs. 100 each.

No share premium arose during the year.

23. Reserves

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

The properties revaluation reserve arises on the revaluation of land and buildings. Where revalued land or Buildings are sold, the portion of the properties revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained profits. This reserve is not available for distribution.

The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realised, is removed from other comprehensive income and recognised in profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

Gains and losses transferred from equity into profit or loss during the period are included in other gains and losses.

The following should be included in the computation of reserves:

	2021	2020
	Kshs.	Kshs.
Prior year's retained earnings	4,719,965	4,607,373
Current year's surplus	2,139,722	1,130,555
Statutory reserve	6,295,625	5,760,695
Other reserves	-	-
Revaluation reserves	-	-
Proposed dividends	(700,000)	(500,000)
Honoraria	(500,000)	(400,000)
Provision for staff bonus	(150,000)	(150,000)
Adjustments to equity	-	32,036
Total	11,805,312	10,480,660

24. Related party transactions

a) Key management/supervisory committee remuneration

	2021	2020
	Kshs.	Kshs.
Short term employment benefits	-	-
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Honorarium/allowances	500,000	500,000
Total	500,000	500,000

b) Loans to the Board of Directors, Supervisory Committee and Staff

Loans to the Board of Directors

	2021		2020
	Kshs.		Kshs.
At the start of the year	8,820,000		-
Granted during the period	4,600,476		-
Interest charged	885,751		-
Repayment	(5,987,544)		-
Total	7,432,932		8,820,000

Loans to the Supervisory Committee members

	2021		2020
	Kshs.		Kshs.
At the start of the year	1,520,000		-
Granted during the period	1,350,938		-
Interest charged	189,482		-
Repayment	(1,753,761)		-
Total	1,117,177		1,520,000

Loans to Staff Members

	2021		2020
	Kshs.		Kshs.
At the start of the year	1,027,000		-
Granted during the period	1,025,530		-
Interest charged	135,467		-
Repayment	(1,193,964)		-
Total	858,566		1,027,000

All the loans to the Board, Supervisory Committee and Staff are issued at arm's length and are performing.

c) Allowances to board and supervisory committee members

	2021		2020
	Kshs.		Kshs.
Board allowances			
Frederick Odhiambo (Chairman)	264,000		-
Loice Orege (Vice Chair)	192,000		-
Dr. David Mathuva (Treasurer)	264,000		-
Were Lwanga (Secretary)	192,000		-
Fredrick Otieno (Credit Committee)	188,000		-
John Robert (Credit Committee)	192,000		-
Anysia Nabangi (Credit Committee)	124,000		-
Perpetua Muema (Credit Committee) - co-opted	64,000		-
	1,480,000		1,474,500
Supervisory committee allowances			
	2021		2020
	Kshs.		Kshs.
Julius Mamicha (Chairperson)	42,195		-
Cherono, Emily (Secretary)	42,195		-
Chrispine Oduor Oloo (Member)	42,195		-
	126,585		72,000

All the allowances to the board and supervisory committee are within budget as approved by the members in the AGM.

24. Operating lease commitments

The society has no commitments under non-cancellable leases.

25. Capital Risk management

The Sacco manages its capital to ensure that it will be able to continue as a going concern while maximising the return to members through the optimisation of the debt and equity balance.

The capital structure of the Sacco consists of net debt calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents and equity (comprising issued capital, reserves and retained earnings). The Board of Directors reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Sacco has a target gearing ratio of x % determined as the proportion of net debt to equity. In order to maintain or adjust the capital structure, the Sacco may adjust the amounts of dividends paid to members or sell assets to reduce debt.

The Sacco's overall strategy remains unchanged from 2009. The debt-to-capital ratios at 31 December 2021 and 2020 were as follows:

	2021	2020
	Kshs.	Kshs.
Total borrowings	-	
Less cash and cash equivalents	-	
Net debt	-	
Total equity	18,204,815	16,414,060
Debt-to-adjusted capital ratio 0	.00%	0.00%

26. Financial risk management objectives

The Sacco's operations are exposed to financial risks. These risks include market risk (including currency risk, fair value, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Sacco's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Sacco's financial performance.

Risk management is carried out by the risk sub-committee under policies approved by the Board of Directors. The risk sub-committee identifies, evaluates and manage financial risks in close co-operation with various departmental heads. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

The sub-committee reports quarterly to the Board of Directors on all aspects of risks including nature of risks, measures instituted to mitigate risk exposures e.t.c

(a) Interest rate risk management

The Sacco is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed through maintaining an appropriate mix between fixed and floating rate borrowings.

The Sacco's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

If interest rates had been 3% lower and all other variables were held constant, the post tax profit would have been approximately KShs. 815,969 (2020-KShs. 635,887) lower, arising mainly as a result of lower interest charge on borrowings.

If interest rates had been 3% higher and all other variables were held constant, the post-tax profit would have been KShs. 454,256 (2020 - KShs 365,176) higher, arising mainly as a result of higher interest charge on borrowings.

The Sacco's sensitivity to interest rates has remained relatively constant owing to the fixed interest rate on most of the loans offered by the Sacco.

(b) Other price risks

The Sacco is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Sacco does not actively trade these investments.

Equity price sensitivity analysis

The Sacco's sensitivity to equity prices has not changed significantly from the prior year.

(c) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Sacco and arises principally from the Sacco's loans and advances to its members. The amounts presented in the statement of financial position are net of impairment for doubtful debts, estimated by the committee based on prior experience and assessment of the current economic environment. The Sacco has adopted a policy (as contained in its by-laws) of only dealing with creditworthy counterparties and obtaining sufficient collateral, guarantors where appropriate, as a means of mitigating the risk of financial loss from defaults. The Sacco also structures the level of credit risk it undertakes by placing limits on amount of risk accepted in relation to one borrower or group of borrowers.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Sacco does not have any significant credit risk exposure to any single counterparty or any Sacco of Counterparties having similar characteristics.

(d) Liquidity risk management

The committee has built an appropriate liquidity risk management framework for the management of the Sacco's short, medium and long-term funding and liquidity management requirements. The Sacco manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Sacco's remaining contractual maturity for its financial liabilities. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Sacco can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 Month	1-3 Months	3 Months to 1 year	1-5 years	5+ years	Total
		KShs.	KShs.	KShs.	KShs.	KShs.	KShs.
2021							
Non-interest bearing	0%	-	-	846,428	-	-	846,428
Member deposits	7%	-	-	-	287,882,612	-	287,882,612
Attributable to assets held for sale	-	-	-	-	-	-	-
Interest bearing liabilities	-	-	-	-	-	-	-
Trade payables and accrued interest	0%	-	-	912,422	-	-	912,422
Total	0	-	-	1,758,850	287,882,612	-	289,641,462
2020							
Non-interest bearing	0%	-	-	624,269	-	-	0
Member deposits	7%	-	-	255,779,444	-	-	255,779,444
Attributable to assets held for sale	-	-	-	-	-	-	-
Interest bearing liabilities	-	-	-	-	-	-	-
Trade payables and accrued interest	0%	-	-	1,055,955	-	-	1,055,955
Total	0	-	-	257,459,668	-	-	256,835,399

At the year-end it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the amount included above is nil.

The following table details the Sacco's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period:

	Less than 1 Month	1-3 Months	3 Months to 1 year	1-5 years	5+ years	Total
	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.
2021						
Non-interest bearing	-	-	-	-	-	-
Loans to members	274,893,460	13,125,803	755,171	2,176,354	-	290,950,788
Attributable to assets held for sale	-	-	-	-	-	-
Total	274,893,460	13,125,803	755,171	2,176,354	-	290,950,788
2020						
Non-interest bearing	-	-	-	-	-	-
Loans to members	-	-	-	-	-	-
Attributable to assets held for sale	204,905,891	-	-	-	-	204,905,891
Total	204,905,891	-	-	-	-	204,905,891

The Sacco has access to financing facilities, the total unused amount which is KShs.10 million at the reporting date. The Sacco expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The Sacco expects to maintain current debt to equity ratio, within 0% limits increasing it to 0%. This will be achieved through the issue of new debt and the increased use of secured bank loan facilities.

(e) Fair value of financial instruments

A The Sacco classifies fair value measurements using a fair value hierarchy that reflects the Significance of the inputs used in making the measurements. The fair value hierarchy has the following levels;

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices (Level 2): and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

Assets Measured At Fair Value

Fair Value Measurement at end of the reporting Period

	2021	Level 1	Level 2	Level 3
	KShs.	KShs.	KShs.	KShs.
Description				
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Trading Securities	-	-	-	-
Financial Assets at fair value through comprehensive Income	64,000	-	64,000	-
Available For Sale	-	-	-	-
Fair Value Measurement at end of the reporting Period				
	2020	Level 1	Level 2	Level 3
	KShs.	KShs.	KShs.	KShs.
Description				
Financial Assets at Fair Value Through Profit or Loss				
Trading Securities	-	-	-	-
Financial Assets at fair value through comprehensive Income	-	-	-	-
Available For Sale	64,000	-	64,000	-

The financial statements include shares amounting to Kshs. 64,000 held in KUSCCO at a par value of Kshs. 100.

Except as detailed in the following table, the committee consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	KShs.	KShs.	KShs.	KShs.
Financial assets				
Loans and receivables	282,510,190	-	214,686,319	-
Held to maturity:	-	-	-	-
Government bonds	-	-	-	-
Debentures	-	-	-	-
Financial liabilities	-	-	-	-
Borrowings:	-	-	-	-
Bank loans at fixed interest rate	-	-	-	-
Loans from other entities	-	-	-	-

27. Unreconciled loans

	2021	2020
	KShs.	KShs.
Unreconciled loans - gross at the beginning	20,239,717	20,239,717
Provisioning	(1,350,000)	-
Unreconciled loans - net	18,889,717	20,239,717

The unreconciled figure amounting to Kshs. 20,239,716.70 have been in suspense since the SACCO migrated to the automated loan management system from the Excel-based system in 2014.

Provisioning for the unreconciled loans	2021	2020
	KShs.	KShs.
Provisioning (lumpsum)	1,350,000	-

The Board has entered into a commitment to write-off the unreconciled figure over 15 years.

Comparison between actual performance in 2021 and the budget

		2021 Budget	2021 Actual	Variance	Comment
Sn.	Incomes				
1	Interest income	23,702,595	27,198,935	3,496,340	Favourable
2	Other incomes	170,000	1,531,099	1,361,099	Favourable
	Total income	23,872,595	28,730,034	4,857,439	Favourable
	Expenditure				
3	Board expenses	1,488,000	1,487,000	(1,000)	Favourable
4	Administration and other office expenses	859,600	636,810	(222,790)	Favourable
5	Supervisory committee sitting allowances	35,000	26,585	8,415	Favourable
6	Donations to charity	200,000	-	(200,000)	Favourable
7	Annual general meeting expenses	1,108,200	655,000	(453,200)	Favourable
8	Education and training Expenses	110,000	32,000	(78,000)	Favourable
9	Employees Salaries (including interns)	3,159,200	2,582,310	(576,890)	Favourable
10	Audit fees	230,760	70,000	(160,760)	Favourable
11	Insurance	384,000	438,197	54,197	Adverse
12	Revision of by laws	5,000	-	(5,000)	Favourable
13	Office furniture and refurbishment	133,500	-	(133,500)	Favourable
14	Software, internet, and website maintenance	240,000	107,398	(132,602)	Favourable
15	Bank charges	240,000	272,346	32,346	Adverse
16	Office computers	70,000	-	(70,000)	Favourable
17	Members' ledger files	20,000	2,005	(17,995)	Favourable
	Total expenses	(6,895,260)	(6,409,650)	485,610	Favourable
				-	
	Estimated surplus before tax and appropriation	16,977,335	22,320,383	5,343,048	Favourable

Budget for the year ending 31st December 2023

		2022	2023	% change
Sn.	Incomes	Kshs.	Kshs.	
1	Interest income	25,835,829	28,896,053	12%
2	Other incomes	170,000	170,000	0%
	Total income	26,005,829	29,066,053	12%
	Expenditure			
3	Board expenses			
3.1	Attending meetings	1,260,000	1,260,000	0%
3.2	Sub-committee duties	504,000	504,000	0%
3.3	Day to day management	144,000	144,000	0%
	Total board expenses	1,908,000	1,908,000	0%
4	Administration and other office expenses	1,184,000	1,327,201	12%
5	Supervisory committee sitting allowances	171,120	171,120	0%
6	Donations to charity	200,000	150,000	-25%
7	Annual general meeting expenses	1,108,200	909,200	-18%
8	Education and training Expenses	210,000	265,000	26%
9	Employees Salaries (including interns)	3,604,200	4,594,200	27%
10	Audit fees	260,000	235,000	-10%
11	Insurance	500,000	700,000	40%
12	Revision of by laws	50,000	50,000	0%
13	Office furniture and refurbishment	50,000	-	-100%
14	Software and website Maintenance	240,000	740,000	208%
15	Bank charges	240,000	288,000	20%
16	Office computers	20,000	-	-100%
17	Members' ledger files	20,000	20,000	0%
	Total expenses	(9,765,520)	(11,357,721)	16%
	Estimated surplus before tax and appropriations	16,240,309	17,708,333	9%

