

## VISION

To be a leading world class preferred and trusted SACCO in the provision of unique, quality and highly efficient services to members.

## MISSION

To provide timely and conveniently innovative, competitive, affordable as well accessible products and services.

# USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

## CS/NO. 1926

Annual Report and Financial Statement For The Year Ended 31 December 2015

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**USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY**  
**CS/NO. 1926**

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23rd March 2016

## Notice of Meeting

By the Authority of the Ushuru Sacco Board, and in compliance with the Society's By-Laws Rule 42, Notice is hereby given that the 30th Annual Delegates Meeting shall be held on Saturday the 9th April 2016 at the Hotel Cathay, Nakuru starting at 9.00 a.m.

### AGENDA

1. Reading of the Notice convening 30th Annual Delegates Meeting and the declaration of the meeting having been properly constituted.
2. Brief introduction and opening address by the National Chairman.
3. Confirmation of the Minutes of the 29th Annual Delegates Meeting held on the 28th March 2015 at the Starbucks Hotel Eldoret.
4. Matters arising there from.
5. Report of the National Chairman.
6. Address by the Guest of Honour.
7. Consider and approve the report of the National Chairman.
8. Receive the Reports of:
  - (a) Branch Chairmen.
  - (b) Supervisory Committee.
9. Receive and approve the Auditor's Report and Accounts for the year ending 31st December 2015.
10. Consider and approve the operating Budget for the period covering 1st January 2017 to 31st December 2017, together with amendments to the year 2016 budget.
11. Disposal of the year 2015 surplus.
12. Fixing the Society's Borrowing Powers.
13. Appointment of the Society's Auditor for the financial year 2016.
14. Resolutions.
15. Elections of Board and Supervisory Committee members.
16. Any Other Business.

Please ensure that you observe strict time of this meeting.



Frank Robert

**NATIONAL HON. SECRETARY**

# USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

## CS/NO. 1926

Annual Report and Financial Statement For The Year Ended 31 December 2015

### Society Information

#### The Board of Directors and Supervisory Committee Members:

##### Board of Directors

Mr. Isaac Kiprop	National Chairman
Mr. Oliver Sikuku	National Vice Chairman
Mr. Frank Robert	National Hon. Secretary
Mr. Boaz Chimasia	National Treasurer
Mr. Hippolyte Komutho	Director
Mr. John Bosco Okotchi	Director
Mr. Onesmus Nzuki	Director
Ms. Clemence Wawuda	Director
Mr. Mark Odhiambo	Director
Mr. William Pudha	Chief Executive Officer

##### Supervisory Committee

Mr. Walter Murabula	Chairman
Mr. Joab Muniala	Secretary
Mr. Christopher Ngilu	Member

#### Registered Office:

Ushuru Sacco Ltd.  
Forodha House 2nd Floor  
P.O. BOX 52072-00200

Mombasa Branch  
P.O BOX 87771 Mombasa

Kisumu Branch  
P.O BOX 1511 Kisumu

Eldoret Branch  
P.O BOX 2948 Eldoret

#### Principal Bankers:

Co-operative Bank of Kenya Limited  
Ukulima House Branch, Nairobi  
P.O BOX 74956-00200  
NAIROBI

#### Auditors:

Kiragu Njiru & Co.  
Certified Public Accountants  
P.O. Box 61232 - 00200  
Nairobi

#### Legal Advisors:

King'ori Kariuki & Co. Advocates  
P.O BOX 46765-00100  
NAIROBI

#### Legal Advisors:

Ogola Okello & Co. Advocates  
P.O BOX 62550-00200  
NAIROBI

## Board of Directors



**Isaac Kiprop**  
National Chairman



**Frank Robert**  
National Hon. Secretary



**Oliver Sikuku**  
National Vice Chairman



**Boaz Chimasia**  
National Treasurer



**Onesmus Nzuki**  
Director



**John Bosco**  
Director



**Clemence Wawuda**  
Director



**Mark Odhiambo**  
Director



**Hippolyte Komutho**  
Director



**Mr. William Pudha**  
Chief Executive Officer

**USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY  
CS/NO. 1926**

Annual Report and Financial Statement For The Year Ended 31 December 2015

## Supervisory Committee

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**Walter Murabula**  
Chairman



**Joab Muniata**  
Secretary



**Christopher Ngilu**  
Member

## Management Staff



**Mr. William Pudha**  
Chief Executive Officer



**Edward Obilo**  
Finance Manager



**Cynthia Mwakalama**  
Credit Manager



**Wycliffe Mutuli**  
IT Manager



**Elizabeth Ouko**  
Internal Audit Manager

# USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

## CS/NO. 1926

Annual Report and Financial Statement For The Year Ended 31 December 2015

## Report of The National Chairman

### Preamble

The Board of Directors is pleased to present the Annual Report and audited Financial Statements for the year ending 31st December 2015.

### Economic Overview

The macro-economic environment remained stable with an upward of growth in 2015 from 4.7% to 5.7% demonstrating resilience and expanded activities throughout the economy. Inflation climbed to 8% marking a fourth consecutive rise and the highest reading since August 2014, above the 7.5% limit preferred by the Central Bank of Kenya (CBK). The bulk of this inflation has been import inflation associated with the shilling weakening against the US dollar. The result of this was the CBK increasing the base lending rates for commercial banks. Bank loans became expensive hence most citizens turned to their Saccos, where interest rates were not affected.

### Co-operative sector overview

In spite of the unstable business environment, Saccos have remained relevant by embracing change with the general trend in 2015 for most Savings and Credit co-operatives (Saccos) being a shift towards better technology, real estate investments, adopting to media and telecommunication. This was shown by the introduction of Mobile banking, Credit Information Sharing, better and interactive websites and general movement from Saccos to Micro Finance. A number of Co-operatives have also now embraced credit information sharing as a lending best practice and in line with the government's policy on the need for the industry to share credit information both negative and positive. Ushuru Sacco published a notice on the same on 20th March, 2015 to inform members of the intention to list defaulters.

### Performance Overview

The Society continued to post good results, despite many challenges in the operating environment. The total turnover increased to Kshs. 308.8 million an increase of 20% from the previous year. Interest income grew by 13% to stand at Kshs. 258 million from Kshs. 228.7 million in the year 2014. Share capital increased by Kshs. 9.1 million to Kshs. 52.9 million from Kshs. 43.8 million registered in the previous year this represents a 21% growth. Member deposits recorded a 14% growth from the previous year.

The Total Assets also increased to Kshs. 2.7 billion from Kshs. 2.27 billion as at 31st December 2014 representing a growth of 19%. The total loan portfolio increased by 24% to Kshs. 2.1 billion from Kshs. 1.1 billion in 2014. The above results are well within the targets set out in the Strategic Plan 2013-2017 and they are no doubt the results of hard work by the staff and elected officials of the Society.

### Future Outlook

The Sacco continues to be focused towards attainment of our vision through a commitment to deliver value to all our stakeholders: members, employees, regulators and the communities in which we work in. To this end the Society has invested in creating a simpler organization with clearer roles and responsibilities that will enable more collaboration to increase efficiency and strengthen all our relationships.

Finally, I take this opportunity to extend special thanks to our members for your continued support as well the board of directors, the supervisory committee, delegates and members of staff for helping us keep the promise to our members.



Isaac Kiprop

National Chairman



# USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

## CS/NO. 1926

Annual Report and Financial Statement For The Year Ended 31 December 2015

## Statistical Information

### Membership

The society had the following fully paid members as at 31st December 2015

	2015	2014
As at 1st January	4405	4298
Members who joined within the year	519	249
Withdrawals during the year	(107)	(142)
	4817	4405
Comprising - Active members	4621	4239
- Dormant members	196	166
	4817	4405
Employees of the Sacco	16	17

### Financial

Total Assets	2,697,617,348.00	2,267,908,473.00
Member Deposits	2,096,594,617.00	1,832,003,951.00
Loan and Advances to members	1,832,003,951.00	1,738,645,750.00
Investments	39,562,819.00	41,481,778.00
Core Capital	278,675,093.00	163,617,928.00
Share Capital	52,998,978.00	43,857,879.00
Institutional Capital	225,676,115.00	119,760,049.00
Total revenue	304,157,937.00	255,568,877.00
Interest on members deposit	201,033,800.00	168,030,330.00
Interest on members product	7,941,174.00	6,304,882.00
Total expenses	58,842,237.00	59,740,588.00

### Capital Adequacy ratios

#### Statutory

Core capital/Total Assets	10.00%	10.3%	7.2%
Core capital/total deposits	8.00%	13.3%	8.9%
Institutional capital/Total assets	8.00%	8.4%	5.3%

### Liquidity ratio

Liquid assets/Total deposits and long term liabilities	17%	27%
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### Operating efficiency to loan quality ratios

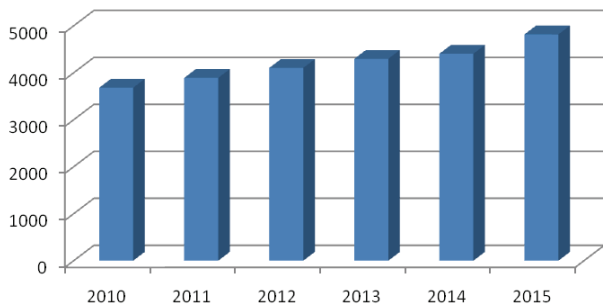
Total expenses to total revenue	19.3%	23.4%
Interest on members deposits to total revenue	68.7%	68.2%
Interest on member's investment saving	9.0%	9.0%
Interest rate on member's deposit (weighted)	10.5%	10.4%
Dividend rate on members share capital	12.0%	12.0%
Total delinquency loans to gross loan portfolio	0.13%	0.3%

# USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY CS/NO. 1926

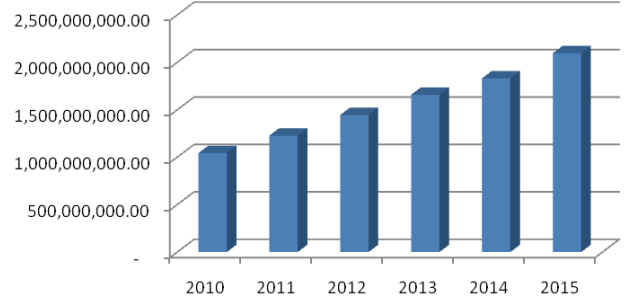
Annual Report and Financial Statement For The Year Ended 31 December 2015

## Performance Review

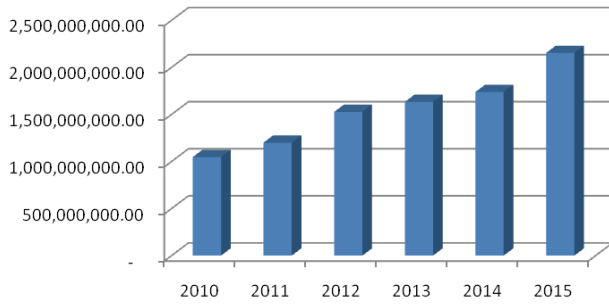
**Membership**



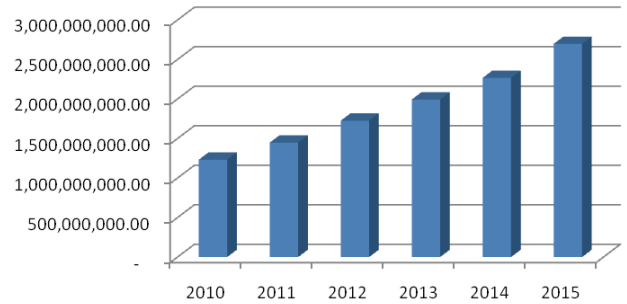
**Share Deposits**



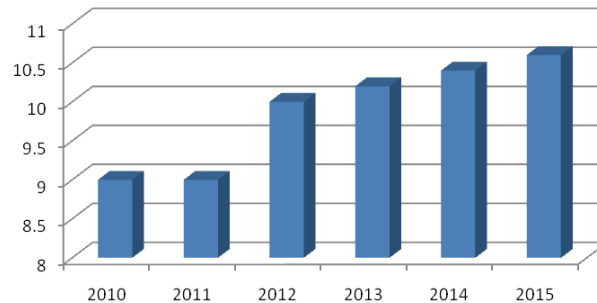
**Member loans**



**Total Assets**



**Average Dividend/Interest %**



# USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

## CS/NO. 1926

Annual Report and Financial Statement For The Year Ended 31 December 2015

## Report of The Board of Directors

### Report of Board of Directors

The members of the Board of Directors have the pleasure to submit their annual report together with the audited financial statements for the year ended 31st December 2015.

### Incorporation

The Society is incorporated in Kenya under the Cooperative Societies Act, Cap 490 and 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

	2015 Kshs	2014 Kshs
Surplus before tax	26,902,017.00	21,493,077.00
Taxation charges	(5,917,289.00)	(4,005,832.00)
Surplus for the year	20,984,728.00	17,487,245.00
Retained surplus/loss for the year	10,427,905.00	8,989,998.00

### Dividend/Interest on members' deposits

The Board of Directors is pleased to recommend to the delegates for approval a payment based on weighted average deposits of 10.5% (2014: 10.4%) in interest, dividend of 12% (2014: 12%) on the paid up share capital and 9% (2014: 9%) interest on members withdrawable investment savings.

### The Board of Directors

The members of the Board of Directors who served during the year and the date of this report is as listed on page 2.

### Independent Auditors

Kiragu Njiru and Co. Certified Public Accountants (k) who were appointed during the year have expressed their willingness to continue in office in accordance with section 159(2) of the Companies Act (Cap 486) and under the term of Section 25(4) of the co-operative Societies (Amendments) Act No.2 of 2004.

**USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY  
CS/NO. 1926**

Annual Report and Financial Statement For The Year Ended 31 December 2015

**Statement of board of directors' responsibilities**

The Cooperatives Society Act, Cap 490, requires the Board of Directors to prepare financial statements for each financial year, which gives 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 the International Financial Reporting Standards. 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 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 judgement 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 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 the next twelve months from the date of this statement.

Approved by the Board of Directors on .....25/02...../2016 and signed on its behalf by:

National Chairman

.....  
.....  
.....

National Treasurer

Member

## **Report of Independent Auditor**

**Kiragu Njiru and Company**  
**Certified Public Accountants**  
**P.O.Box 61232-00200,**  
**Tel; 020-313028 Email:kiragu@njiru.com**

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### **Report of the Independent auditors to the members of Ushuru Sacco Society Ltd**

#### **Report on the Financial Statements for the year ended 31st December 2015**

We have audited the accompanying financial statements of Ushuru Sacco Society Ltd, set out on pages 13 to 43 which comprise the balance sheet, and the income statement and statement of changes in equity and cash flow statement for the year then ended and a summary of the significant accounting policies and other explanatory notes.

#### **The Management Committee Responsibility for the financial statements**

The Management Committee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenya Co-operative Societies Act. This responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimate that are reasonable in the circumstances. The Kenya Co-operative Societies Act also requires the management committee to ensure that the society maintains proper books of accounts which are in agreement with the balance sheet and profit and loss account.

#### **Auditor's Responsibility**

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments the auditor considers the internal controls relevant to the society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY  
CS/NO. 1926**

Annual Report and Financial Statement For The Year Ended 31 December 2015

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Society's financial affairs at 31st December, 2015, the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenya Co-operative Societies Act.

**Report on other legal requirements**

As required by the Kenya Co-operative Societies Act. We report to you that the financial statements are in agreement with the books of account kept by the society and that based on our audit nothing has come to our attention that causes us to believe that the society's business has not been conducted:

- a) In accordance with the provisions of the Co-operative Societies Act
- b) In accordance with the Co-operative Society's objective, by-laws and any other resolutions made at the society's general meeting.



**KIRAGU NJIRU & COMPANY.  
CERTIFIED PUBLIC ACCOUNTANTS (K)  
CPA JOSEPH KIRAGU  
PRACTISING CERTIFICATE NUMBER 412  
EMBASSY HOUSE - NAIROBI**

Date: 25<sup>th</sup> February 2016

**USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY**  
**CS/NO. 1926**

Annual Report and Financial Statement For The Year Ended 31 December 2015

**Financial Statement**

**Statement of Comprehensive Income**

Income	Notes	2015	2014
		Kshs	Kshs
Interest on loan advances	3	229,440,496.00	206,375,345.00
Other interest income	4	27,969,985.00	22,377,511.00
<b>Total interest income</b>		<b>257,410,481.00</b>	<b>228,752,856.00</b>
Interest rebates on members deposits	26.a	(208,974,975.00)	(174,335,212.00)
Understated interest on deposits	26.b	(9,438,708.00)	
<b>Net interest income</b>		<b>38,996,798.00</b>	<b>54,417,644.00</b>
Other operating income	5	46,747,456.00	26,816,021.00
<b>Total income</b>		<b>85,744,254.00</b>	<b>81,233,665.00</b>
<b>OVERHEADS</b>			
Governance expenses	6	20,846,062.00	20,726,278.00
Personnel expenses	7	24,118,378.00	23,935,713.00
Administration Expenses	8	12,284,418.00	11,053,973.00
Professional expenses	9	854,849.00	711,370.00
Other Expenses	10	316,000.00	2,818,393.00
Financial expenses	11	422,530.00	494,861.00
<b>Total Expenditure</b>		<b>58,842,237.00</b>	<b>59,740,588.00</b>
Net operating Surplus before tax		26,902,017.00	21,493,077.00
Income tax expense	13	(5,917,289.00)	(4,005,832.00)
<b>Net Surplus for the year</b>		<b>20,984,728.00</b>	<b>17,487,245.00</b>
Transfer to Statutory Reserve (20%)		(4,196,946.00)	(3,497,449.00)
<b>Surplus for the year available for distribution</b>		<b>16,787,782.00</b>	<b>13,989,796.00</b>

# USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

## CS/NO. 1926

Annual Report and Financial Statement For The Year Ended 31 December 2015

### Statement of Financial Position

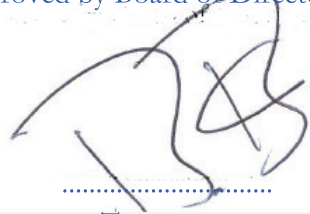
ASSETS	Notes	2015 Kshs	2014 Kshs
Cash and Bank balances	14	179,651,716.00	117,604,158.00
Term Deposit	15	109,668,980.00	310,044,781.00
Financial Assets	16	39,562,819.00	41,481,778.00
Investment Property	17	153,301,337.00	-
Investment in UIC	18	38,760,080.00	-
Loans to members	19	2,153,121,256.00	1,738,645,750.00
Inter Activity Receivable		-	3,138,785.00
Receivables and prepayments	20	17,096,016.00	21,800,403.00
Property ,Plant and Equipment	21	6,223,028.00	34,960,702.00
Intangible Assets	22	232,116.00	232,116.00
<b>Total assets</b>		<b>2,697,617,348.00</b>	<b>2,267,908,473.00</b>
<b>CURRENT LIABILITIES</b>			
Members Deposits	23	2,096,594,617.00	1,832,003,951.00
Members investment savings	24	97,577,582.00	81,137,808.00
Payables and Accruals	25	4,338,893.00	6,279,552.00
Interest on members deposit	26	208,974,975.00	174,335,212.00
Income tax	13	1,811,311.00	2,759,640.00
Proposed dividend	27	6,359,877.00	4,999,798.00
Proposed Committee honorarium		2,125,000.00	1,945,000.00
Proposed staff honorarium		1,160,000.00	829,584.00
<b>Total Liabilities</b>		<b>2,418,942,255.00</b>	<b>2,104,290,545.00</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share Capital	28	52,998,978.00	43,857,879.00
Reserves	29	225,676,115.00	119,760,049.00
<b>TOTAL EQUITY</b>		<b>278,675,093.00</b>	<b>163,617,928.00</b>
<b>NET LIABILITIES AND EQUITY</b>		<b>2,697,617,348.00</b>	<b>2,267,908,473.00</b>

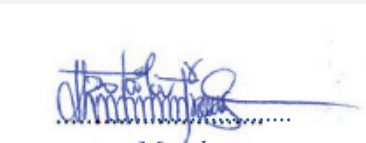


The Financial Statements were approved by Board of Directors on 25/02/2016

And Signed on its behalf by;

  
Chairman

  
Treasurer

  
Member



# USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

## CS/NO. 1926

Annual Report and Financial Statement For The Year Ended 31 December 2015

### Statement of Changes in Equity

	Retained Earnings	Statutory Reserve	Share capital	Capital Reserve	Revaluation Reserve	RMF fund	Total
Year ended 2015	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At the Start of the year</b>	<b>54,026,883.00</b>	<b>23,469,892.00</b>	<b>43,857,879.00</b>	<b>599,866.00</b>	<b>41,660,408.00</b>	<b>67,204,946.00</b>	<b>163,617,928.00</b>
Write back-Int. overprovision	424,343.00	-	-	-	-	-	424,343.00
Surplus/Loss for the year	22,353,753.00	-	-	-	-	-	22,353,753.00
Proposed Board/Staff Bonus (3,285,000.00)	(3,285,000.00)	-	-	-	-	-	(3,285,000.00)
Transfer to Statutory Reserve (4,196,946.00)	(4,196,946.00)	4,196,946.00	-	-	-	-	-
Years Contribution	-	-	9,141,099.00	-	25,577,901.00	-	34,719,000.00
Proposed Dividend	6,359,877.00	-	-	-	-	-	(6,359,877.00)
<b>At the end of the year</b>	<b>62,966,156.00</b>	<b>27,666,838.00</b>	<b>52,998,978.00</b>	<b>599,866.00</b>	<b>67,238,309.00</b>	<b>67,204,946.00</b>	<b>278,675,093.00</b>
<b>Year ended 2014</b>							
At the Start of the year	45,039,885.00	19,972,443.00	11,811,386.00	599,866.00	7,425,730.00	-	84,849,310.00
Surplus/Loss for the year	17,487,245.00	-	-	-	-	-	17,487,245.00
Transfer to statutory Reserve	3,497,449.00	3,497,449.00	-	-	-	-	-
Years contribution	-	-	32,049,493.00	-	34,234,678.00	-	66,281,171.00
Proposed Divided	(4,999,798.00)	-	-	-	-	-	(4,999,798.00)
<b>At the end of the year</b>	<b>54,029,883.00</b>	<b>23,469,892.00</b>	<b>43,857,879.00</b>	<b>599,866.00</b>	<b>41,660,408.00</b>	<b>-</b>	<b>163,617,928.00</b>

**USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY**  
**CS/NO. 1926**

Annual Report and Financial Statement For The Year Ended 31 December 2015

**Statement of Cash flows**

		<b>2015</b>	<b>2014</b>
	<b>Note</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cashflow from Operating Activities</b>			
Interest receipts	3&4	257,410,481.00	226,199,433.00
Other incomes	5	46,747,456.00	26,816,021.00
Interest payments	26	(183,349,576.00)	(160,278,653.00)
Payments to employees and suppliers		(55,639,726.00)	(56,170,889.00)
<b>Net cashflow before working capital</b>		<b>65,168,635.00</b>	<b>36,565,912.00</b>
<b>Increase/ Decrease in operating assets</b>			
Net loans to Members	19	(414,475,506.00)	(105,861,722.00)
Trade and other receivables	20	5,226,975.00	(2,438,676.00)
<b>Increase/ Decrease in operating liabilities</b>			
Member's Deposits	23	264,590,666.00	172,834,734.00
Member's Investment savings	24	16,439,774.00	7,477,248.00
Trade and accrued expenses		-	(4,456,306.00)
Sundry creditors	25	(5,089,343.00)	(226,891.00)
Net Cashflow from operating activities			
<b>before income Tax</b>		<b>(68,138,799.00)</b>	<b>103,894,299.00</b>
Income tax paid	13	(6,865,618.00)	(2,741,242.00)
<b>Net cash from operating activities</b>		<b>(75,004,417.00)</b>	<b>101,153,057.00</b>
<b>Cashflow from Investing Activities</b>			
Purchase of Financial Instruments	16	(750,000.00)	(750,000.00)
Purchase of investment property	17	(96,744,237.00)	-
Investment in UIC	18	(38,760,080.00)	-
Purchase of property and equipment	21	(1,206,540.00)	(500,001.00)
Purchase of intangible Asset	22	(348,000.00)	(348,000.00)
<b>Net Cashflow used in Investing Activities</b>		<b>(137,808,857.00)</b>	<b>(1,598,001.00)</b>
<b>Cashflow from Financing Activities</b>			
Dividends paid		(4,999,798.00)	(1,299,252.00)
Share capital contribution	28	9,141,099.00	32,046,493.00
<b>Net Cashflow from Financial Activities</b>		<b>4,141,301.00</b>	<b>30,747,241.00</b>
<b>Net movement in cash and cash equivalent</b>		<b>(208,671,973.00)</b>	<b>130,302,297.00</b>
<b>Cash &amp; Cash Equivalent at 1st January</b>		<b>497,992,669.00</b>	<b>297,346,642.00</b>
<b>Cash &amp; Cash Equivalent at 31st December</b>	14&15	<b>289,320,696.00</b>	<b>427,648,939.00</b>
<b>Comprising</b>			
Bank and Cash Balances	14	179,651,716.00	117,604,158.00
Term deposits	15	109,668,980.00	310,044,781.00
		<b>289,320,696.00</b>	<b>427,648,939.00</b>

# USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

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### 2. 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 and Basis of Preparation

The Financial statements are prepared in accordance and comply with International Financial Reporting Standards.

These financial statements are presented in the functional currency, Kenya shillings (Kshs) rounded to the nearest shilling and prepared under the historical cost convention, except as specified below under fair value measurement in accordance with IFRSs.

#### b) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Sacco and the revenue can be reliably measured. Revenue is recognized at fair value of consideration received or receivable taking into account contractually defined terms of payment (mostly monthly) and recognized net of taxes. The following specific recognition criteria must be met before revenue is recognized:

- Interest on loan to member is calculated on a reducing balance method at monthly rates ranging between 1% to 10% per month. Interest income is recognized on a time proportion basis by reference to the principal outstanding and the effective interest rates applicable.
- New members to the Society are required to pay an entrance fee. The fee is recognized in the income statement in accordance with ISA 1.
- Dividend income is recognized when received.
- Other interest income comprises interest receivable from bank deposits and investment in securities. It is recognized when it is probable that the economic benefit will flow to the Society and the amount of income can be measured reliably and accrued in the profit or loss using the effective interest rate method.
- Rental income is accounted for on a straight-line basis over the lease term.
- Miscellaneous income includes: Sacco assurance income, M-Sacco commission, income on certified statement, and sale of prequalification documents.

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- In the normal course of business, the Society earns fees and commission income from a diverse range of services to its members. Fees and commission income are recognized at the time of effecting the transaction.

### c) Property, plant and equipment

All property, plant and equipments are initially recorded at cost. Land building class of property, plant and equipments are subsequently shown at re-valued amount, based on periodic valuations by independent valuers. All other property plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Increase in carrying value arising on revaluation is credited to accumulated revaluation reserves in equity. Each year, the difference between the depreciation based on the re-valued carrying amount of the assets and depreciation based on the asset original cost is transferred to retained earnings. Depreciation is computed on a straight line method to write down the cost of each asset to its residual value. A change in depreciation method from reducing balance to straight line has been adopted for all assets held by the Society. These assets are assumed to have a uniform wear and tear over their useful life. A full year's depreciation is charged in the year of purchase and nil in the year of disposal. The annual depreciation rates in use are:

### Asset rate (%)

Land and building over period of lease	99 years (1.03%)
Computer & accessories	3 years (33.3%)
Motor vehicle	4 years (25%)
Intangible Assets	3 years (33.3%)
Furniture & Equipments	8 years (12.5%)
Computer software	3 years (33.3%)

Gains or losses on disposal of property, plant and equipments are determined by reference to their carrying amount and are taken into account in determining operating profit on disposals of a revalued asset; amount in the revaluation reserve relating to those assets is transferred to retained earnings.

Computer Software license and preliminary expenses are capitalized on the basis of the cost incurred to acquire them. These costs are amortized over their estimated useful life of three years.

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### d) The carrying amount of an item of property, plant and equipment shall be derecognized:

- When no future economic benefits are expected from its use or disposal.
- The gain or loss when the item is derecognized (unless IAS 17 requires otherwise on a sale and leaseback). Gains shall not be classified as revenue.

### e) Financial instruments

Financial assets and liabilities are recognized on the balance sheet when Society has become party to the Contractual provision of the instrument.

#### Financial assets

The Society classifies its financial assets into the following categories: loans and receivables; held-to-maturity investments and available for sale assets.

Management determines the appropriate classification of its investments at initial recognition. The classification depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit and loss.

#### i. Loans and advances

Loans and advances are recognized when cash is advanced to members. Loan to members are stated net of provision for bad and doubtful loans. A risk management fund has been set up for any loans that may become irrecoverable.

#### ii. Trade Receivables

Trade receivables are carried at anticipated realizable values. The Estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Bad debts are written off when all reasonable steps to recover them have failed.

#### iii. Available-for-sale financial assets

Quoted investments are classified as available for sale and are initially recorded at cost and subsequently adjusted to their fair values gains or losses arising from changes in fair value and are recognized in the income statement in the period in which they arise.

Unquoted investments are stated at cost.

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### Financial liabilities

The Society's financial liabilities comprise members' deposit and payables.

#### i. Members' savings account

Members' savings accounts are recorded at the proceeds received and are recognized as a financial liability in the statement of financial position. Interest payable on the deposit is accounted for on the accrual basis in the profit and loss account.

#### ii. Trade Payables

Trade payables are stated at their nominal value.

### f) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects the market conditions at the reporting date. Gains or losses arising from changes in fair values of investment properties are included in the profit and loss in the period which they arise.

Transfers are made to or from investment property only when there is change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the society accounts for such property in accordance with the policy stated under property, plant and equipment up to date of change in use.

Land and building at Airport view estate and Saachi plaza Block B office space have now been accounted for as Investment Property. Previously they had been treated as Property, Plant and Equipment under IAS 16.

Due to nature of their use which is primarily for subletting for tenancy use, we have revised our treatment to recognize them as Investment Property as stipulated under IAS 40 paragraph 7.

Investment properties comprise land and parts of buildings held to earn rentals and/or for capital appreciation. They are carried at fair value, representing market value determined by external independent valuers. Valuations are performed every three years to ensure an asset's fair value does not differ materially from its carrying amount. Change in their fair values is included in profit and loss in the period in which they arise.

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

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### g) Intangible assets

Intangible assets represent computer software and are stated at cost less amortization. An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Society. Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization expense on intangible assets is presented as a separate line item in the income statement.

### h) Retirement benefits Obligations

The Society operates a defined contribution retirement benefit scheme for its employees. The Scheme is funded by payments from both the employees and the Society.

The Society also contributes to the statutory National Social security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Society's obligation under the scheme are limited to specific contributions legislated from time to time and are currently Kshs. 200 per month per employee.

The Society's obligations to staff retirement benefit plans are charged to profit and loss as they fall due.

### i) Tax

Current tax is provided on the basis of the result for the year, as shown in the financial statements, adjusted in accordance with the tax legislation.

In particular under Section 19A (4) of the Income Tax Act, the Society being a designated society that carries on business as a Credit and Savings Cooperative Society, income tax only arises on interest income from non members and any other income not arising from activities relating to advances or deposits from members

### j) Statutory reserves

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

### k) Cash and cash equivalents

cash and cash equivalents comprises cash on hand and bank , demand deposits and other short term highly liquid investment that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value net of bank overdrafts.

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### l) Provision for liabilities and other charges

Provisions are recognized 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 recognized 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.

### m) Inventory

All the inventory costs incurred during the year are expensed owing to the volumes purchased.

### n) Reserves

The Society maintains the following reserves which serve different purpose.

- a) Statutory reserve.
- b) Accumulated surplus.
- c) General reserve.

### o) Risk Management Policies

The financial risk management objective and policies are outlined below.

#### a) Creditrisk

The Society is exposed to the risk that some members may not repay loans when due and in full Exposure to the credit risk is managed by among others:

1. Ensuring that granting of loans is completely vetted by credit committee.
2. No member is granted loans exceeding three and a half times the shares held and /or amounts stipulated in the by-laws except the special product of Shujaa loans at the level of five times.
3. All loans advanced are co- guaranteed by members.
4. A Risk Management Fund is operated to cover against deceased members' loan balances, permanent incapacitation or any other cause satisfactory to the management Board.
5. Members of the sponsoring employer who change employment are promptly followed-up.

#### Unearned Interest Income risk

The Society is exposed to the risk that unearned interest income may be accrued but not received. Exposure to the unearned interest income is managed by only recognizing the interest income received.

#### b) Interest Risk

The Sacco is not exposed to interest risk, since the interest rate on the loans is standardized at between 1% and 10% per month.



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### c) Liquidity risk

The Society is exposed to the risk that it may have difficulties in meeting members' loans obligations. Liquidity risk is addressed through:

- (1) The Society has an aggressive policy of increasing members' deposits.
- (2) The Society does not invest member's shares savings in fixed properties.
- (3) The Society may use bank loans and overdrafts facilities to meet short term liquidity requirements.
- (4) Approval of loans is subject to availability of funds as indicated in the cash flow reports. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

### p) Voluntary change in Accounting policy- (IAS 8)

#### Risk Management

The financial report has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to risk management fund.

The new risk management fund accounting policy is to carry forward the risk management balance as a fund and acknowledge as part of other income the excess of the members' contribution and income earned from the fund over the expenditure. The expenditure charged to the fund include loan write off, members refund, funeral expenses, committee expenses and insurance premium.

The previous accounting policy was to prepare separate accounts for the Risk Management Fund and only acknowledge 50% of incomes earned from the fund as management fee to the Society hence creating inter activity payable/receivable to the Society. The bank balance for the risk management fund did not form part of cash and cash equivalent for the Society.

The new accounting policy was adopted on 1st January 2015 and has been applied retrospectively. The Management has put in place an insurance cover for loans of deceased members and funeral rider to cater for funeral expenses. Management judges that the change in policy will result in the financial report providing more relevant and reliable information because it leads to a fair treatment of risk management fund.

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The impact of the change in accounting policy on the Income Statement, Statement of Financial Position and Statements of Cash Flows is set out below:

### Income statement

Risk management fund-excess of members' contribution and income earned over expenditure has been

realized as other income. This has resulted in an increase of other income by Kshs.23.2m for the year to 31st Dec 2015.

Net profit before and after tax has increased by Kshs. 20.2m for the year to 31st Dec 2015 (2014:Kshs. 9.8m).

### Statement of financial position

The carried forward Risk Management fund is Kshs. 67.2m as at 31st Dec 2015 resulting in an increase in reserves.

### Statement of cash flows

The Risk Management Fund balance at the bank forms part of the cash and cash equivalents while the claims receivable from the insurance and the accrued Board expenses are treated as liabilities in the Society's financial statement.

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**NOTES**

**3 Interest on Loans**

	<b>2015</b>	<b>2014</b>
Interest on Members Loans	229,440,496.00	206,375,345.00
	<b>229,440,496.00</b>	<b>206,375,345.00</b>

**4 Other interest income**

Interest on Fixed Deposit account	8,035,786.00	3,090,075.00
Interest on term deposits	19,934,199.00	15,621,758.00
Dividends	-	1,112,255.00
Write back of Overprovision- interest payable to members	-	2,553,423.00
	<b>27,969,985.00</b>	<b>22,377,511.00</b>

**5 Other Income**

Income on Rent	1,381,500.00	3,015,000.00
Loan Clearance Commission	21,465,862.00	19,604,126.00
Bankers Cheque Commission	3,445.00	2,410.00
Dividends	1,584,515.00	-
Encashment Commission	54,890.00	108,692.00
Entrance fee	226,000.00	135,000.00
Income from RMF-Note 39	20,232,529.00	-
Miscellaneous Income	1,798,715.00	3,950,793.00
	<b>46,747,456.00</b>	<b>26,816,021.00</b>

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**EXPENSES**

**6 Governance expenses**

	<b>2015</b>	<b>2014</b>
ADC Expenses	2,492,760.00	3,447,403.00
Delegates Education	2,099,300.00	1,843,940.00
Members Education	1,931,636.00	1,707,010.00
Board Education	3,986,044.00	2,242,900.00
Board Honoraria	-	1,945,000.00
Board Sitting Allowances	3,900,414.00	4,024,500.00
Board travel and other expenses	4,908,100.00	4,246,500.00
Branch Meeting Expenses	894,999.00	868,003.00
Board insurance	147,498.00	148,176.00
Ushirika Day Celebrations	485,311.00	252,846.00
<b>Sub-Total</b>	<b>20,846,062.00</b>	<b>20,726,278.00</b>

**7 Personnel expenses**

Salaries, Wages and Emoluments	19,593,640.00	18,817,407.00
Staff Medical and Insurance	1,868,210.00	1,614,166.00
NSSF	40,600.00	41,400.00
Staff bonus	-	829,584.00
Provident Fund	749,078.00	647,956.00
Staff Education	1,866,850.00	1,485,200.00
Staff Retirement benefit	-	500,000.00
<b>Sub-Total</b>	<b>24,118,378.00</b>	<b>23,935,713.00</b>

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	<b>2015</b>	<b>2014</b>
<b>8 Administration Expenses</b>		
Depreciation (Note 21)	2,249,211.00	2,813,381.00
Amortization (Note 22)	348,000.00	412,032.00
Depreciation (Note 17)	442,900.00	-
Staff travel and Subsistence	1,343,200.00	1,115,383.00
Printing and Stationery	681,865.00	883,838.00
Cash in Transit expenses	153,960.00	105,560.00
Entertainment	299,689.00	280,434.00
Telephone and Postage & Airtime	900,526.00	814,959.00
Marketing, Publicity & Advertisement	3,362,893.00	2,642,954.00
Repair and Maintenance	311,117.00	348,735.00
Motor Vehicle Expenses	658,534.00	565,769.00
Recruitment Commission	5,700.00	13,900.00
Computer Expenses	608,410.00	478,365.00
Electricity	15,644.00	10,200.00
Rent and Rates	264,628.00	130,088.00
Sundry Expenses	638,141.00	438,375.00
<b>Sub-Total</b>	<b>12,284,418.00</b>	<b>11,053,973.00</b>
<b>9 Professional Expenses</b>		
Audit fees	130,000.00	130,000.00
Supervision and filing fee(Rule 18; 3(b) and 17; 2	13,200.00	13,200.00
Strategic Plan expenses	544,000.00	510,650.00
Legal Fees	148,449.00	38,320.00
Vat Charge non-recoverable	19,200.00	19,200.00
<b>Sub-Total</b>	<b>854,849.00</b>	<b>711,370.00</b>
<b>10 Other Expenses</b>		
Bad debts written off	-	21,400.00
Provision for bad debts	-	2,422,145.00
Dividend Computation expenses	20,000.00	20,000.00
Social Responsibility	181,500.00	188,848.00
Subscription & Donations	114,500.00	166,000.00
<b>Sub-Total</b>	<b>316,000.00</b>	<b>2,818,393.00</b>
<b>11 Financial Expenses</b>		
Bank Charges	422,530.00	494,861.00
<b>Sub-Total</b>	<b>422,530.00</b>	<b>494,861.00</b>

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	<b>2015</b>	<b>2014</b>
<b>12 Provision for bad debts</b>		
As at 1st January	2,422,145.00	2,456,482.00
Charge for the year	(522,588.00)	2,422,145.00
Bad debts written off	-	(2,456,482.00)
As at 31st December	<b>1,899,557.00</b>	<b>2,422,145.00</b>
<b>13 Taxation</b>	<b>2015</b>	<b>2014</b>
Balance brought forward	2,759,640.00	1,495,050.00
Add: Tax charge for the year	5,917,289.00	4,005,832.00
Less: Tax paid	(2,759,640.00)	(1,495,050.00)
Less: Instalment paid	(4,105,978.00)	(1,246,192.00)
Tax due	<b>1,811,311.00</b>	<b>2,759,640.00</b>
<b>14 Cash and cash equivalents</b>	<b>Kshs</b>	<b>Kshs</b>
<b>(a) Main Sacco Bank Balances</b>		
Nairobi Main Account	89,778,459.00	100,791,630.00
Nairobi cash office Account	1,216,752.00	4,874,338.00
Mombasa Emergency Account	431,161.00	2,538,840.00
Kisumu Emergency Account	1,526,638.00	450,548.00
Eldoret Emergency Account	1,150,133.00	1,127,475.00
Rmf savings A/c	80,214,337.00	-
<b>Sub-Total</b>	<b>174,317,480.00</b>	<b>109,782,831.00</b>
Petty Cash and floats		
Petty Cash-Mombasa	5,000.00	278.00
Petty Cash-Kisumu	455.00	3,300.00
Petty Cash-Eldoret	2,655.00	5,286.00
M-sacco Accounts paybill	2,385,842.00	1,276,504.00
Mpesa deposit Account	1,992,858.00	6,107,188.00
Nairobi cheques clearance float	767,981.00	328,771.00
Branch cash-Nairobi	179,445.00	100,000.00
<b>Sub-Total</b>	<b>5,334,236.00</b>	<b>7,821,327.00</b>
<b>Total cash and bank balances</b>	<b>179,651,716.00</b>	<b>117,604,158.00</b>

The comparative Risk Management Fund (RMF) Savings account figure for the year 2014 is Kshs.73,874,061. This amount was accounted for in a separate statement of financial position for the accounts of the year 2014 as shown in note 40. For the year 2015, it is included in the opening Cash and bank balance of Kshs.501,523,000 as reflected in statement of Cashflow on page 11.

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<b>15. Term Deposit</b>	<b>2015</b>	<b>2014</b>
<b>Main Sacco</b>		
CIC Money market fund	59,973,105.00	53,588,926.00
Reserve savings Account	7,095,276.00	234,825,853.00
UAP Money Market Fund	5,721,499.00	5,110,987.00
British-American Money Market	5,605,622.00	5,094,774.00
Kuscco sacco special deposit	10,373,171.00	10,000,000.00
Kuscco central Finance	900,307.00	100,000.00
Central Bank-Treasury bills	20,000,000.00	-
Collateral a/c	-	1,324,241.00
<b>Sub-Total</b>	<b>109,668,980.00</b>	<b>310,044,781.00</b>
<b>Total Cash and cash equivalents</b>	<b>289,320,696.00</b>	<b>427,648,939.00</b>
<b>16 Financial Instruments</b>	<b>2015</b>	<b>2014</b>
Shares in Kuscco		
As at 1st January	4,250,000.00	3,500,000.00
Additions	750,000.00	-
Gain/(loss) on revaluation	761,081.00	750,000.00
As at 31st December	5,761,081.00	4,250,000.00
The Co-operative Bank of Kenya		
As at 1st January	32,376,974.00	1,997,100.00
Gain/(loss) on revaluation	(2,281,476.00)	30,379,874.00
As at 31st December	30,095,498.00	32,376,974.00
Co-op Insurance Co. Shares		
As at 1st January	4,854,804.00	1,000,000.00
Gain/(loss) on revaluation	(1,148,564.00)	3,854,804.00
As at 31st December	3,706,240.00	4,854,804.00
	<b>39,562,819.00</b>	<b>41,481,778.00</b>
<b>17 Investment Property (IAS 40)</b>	<b>2015</b>	<b>2014</b>
As at 1st January	32,984,028.00	-
Revaluation – Airport View House No.58	12,000,000.00	-
- Saachi plaza Block B.	12,015,972.00	-
Depreciation	(442,900.00)	-
Addition within the year	96,744,237.00	-
As at 31st December	<b>153,301,337.00</b>	

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Airport view Estate house no.58 and Saachi Plaza Block B Office space has been re-classified as Investment Property and not as previously accounted for as under Property, Plant and Equipment.

<b>18 Ushuru Investment Co-operative</b>	<b>2015</b>	<b>2014</b>
As at 1st January	-	-
Addition within the year	38,760,080.00	-
As at 31st December	<b>38,760,080.00</b>	-

Ushuru Sacco Society Limited has invested Kshs.38, 760,080 in Ushuru Investment Co-operative Limited as its initial stake.

<b>19 Member's Loan</b>	<b>Kshs</b>	<b>Kshs</b>
At 1st January	1,738,645,750.00	1,632,784,028.00
Granted during the year	1,571,124,279.00	1,184,018,869.00
Repayment during the year	(1,156,648,773.00)	(1,078,157,147.00)
<b>At 31st December</b>	<b>2,153,121,256.00</b>	<b>1,738,645,750.00</b>
Due within the year	68,543,436.00	56,220,501.00
Due after one year	2,084,577,820.00	1,682,425,249.00
	<b>2,153,121,256.00</b>	<b>1,738,645,750.00</b>
As per listing at 31st December	<b>2,153,121,256.00</b>	<b>1,738,645,750.00</b>
<b>Comprising of</b>		
Normal Loans	1,577,432,684.00	1,356,739,933.00
School fees loans	7,750,642.00	8,760,372.00
Emergency loans	23,492,243.00	14,602,414.00
Refinancing loans	392,623,261.00	214,263,897.00
Defaulter loans	2,720,103.00	3,170,715.00
Almasi loans	485,128.00	386,276.00
Jongea loans	1,372,085.00	778,129.00
Shujaa loans	137,347,500.00	131,650,769.00
Tiba loans	7,058,783.00	8,109,245.00
Mpoa Loans	2,838,827.00	-
Plot loans	-	184,000.00
	<b>2,153,121,256.00</b>	<b>1,738,645,750.00</b>



# USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

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The Society has 2 categories of loans; normal loans and special loans.

### Normal Loans

Normal loans comprise Development loan, School fees loans, Emergency loans, Refinancing and Plot loans. These loans are advanced to the members through back office transactions; the maturity of the loans varies from one month to seventy two months. They attract a monthly interest rate of 1% on a reducing balance basis and are pegged on 3.5 times the members' deposits, sufficient guarantorship from colleagues and ability to repay.

### Special Loans

These are loans which cater for members with special needs; they include Shujaa, Tiba, Jongea, Almasi and Mpoa loans. The maturity of the loans varies from one month to eighty four months. They attract a premium monthly interest rate of between 1.5% to 10% on a reducing balance basis and are pegged on ability to repay and 3.5 times the members' deposits except for Shujaa loan which is awarded 5 times the members' savings. All the loans must be fully guaranteed except Almasi and Mpoa which are instant loans. Mpoa loan is a special instant loan and is applied and paid through the member's phone, the loan has no hard documents, guarantee nor does it consider the 1/3rd rule. The loan must be repaid within a month and it attracts to a penalty of 10% compounded interest if not paid.

Defaulter loans comprise loans which the loanees have failed to repay and are being serviced by guarantors. The loan is distributed based on the ratio of guarantee.

<b>20 Receivables and Prepayments</b>	<b>2015</b>	<b>2014</b>
Trade Receivables	7,588,353.00	11,950,849.00
Msacco deposit	11,780.00	36,670.00
Staff advances	256,447.00	162,947.00
Kisaju, Nkoroi, Rongai plot debtors	3,639,902.00	8,107,822.00
I-Pad	253,510.00	527,329.00
Loan disbursement control	798,611.00	1,100.00
Credit Reference Bureau	308,721.00	-
Amount claimable from CIC	3,912,149.00	-
Debtors/Prepayment- RMF	2,226,100.00	3,435,831.00
	18,995,573.00	24,222,548.00
Provision for bad debts (10%)	(1,899,557.00)	(2,422,145.00)
<b>Total</b>	<b>17,096,016.00</b>	<b>21,800,403.00</b>

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Trade receivables represent amounts deducted from members' salaries through the check off system with regard to the Sacco operations but whose payments have not been received. Staff advances are short term payments given to staff on request and is recoverable within 12 months including special benefit. Plot debtors represent the amounts owed to the Society by members on the facilitation of the purchase of plots in the areas mentioned. The total cost of the plot is fully borne by the member.

RMF debtors represent the amount paid to insurance company to cover loans up to 30th March 2016.

Amounts claimable from CIC refer to the deceased members loans whose next of kin have not made full submission of documents.

A general provision of 10% of total debtors has been made for bad debts in the year 2015. Provisions are recognized when there is a present obligation resulting from a past event and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation.

### 21 Property, Plant and Equipment

Non Current Assets	Motor Vehicle	Computer	Equipment	Total
Rates	25%	Accessories	Furniture &	
		33%	Fittings 12%	
Cost	Kshs	Kshs	Kshs	
As at 01.01.2015(Cost)	-	5,137,044.00	6,679,949.00	11,816,993.00
Revaluation	3,920,000.00	-	-	3,920,000.00
Additions	-	698,740.00	507,800.00	1,206,540.00
<b>As at 31.12.2015</b>	<b>3,920,000.00</b>	<b>5,835,784.00</b>	<b>7,187,749.00</b>	<b>16,943,533.00</b>
<b>Depreciation</b>				
As at 01.01.2015	-	4,998,982.00	3,472,312.00	8,471,294.00
Charge for year	980,000.00	370,742.00	898,469.00	2,249,211.00
<b>As at 31.12.2015</b>	<b>980,000.00</b>	<b>5,369,724.00</b>	<b>4,370,781.00</b>	<b>10,720,505.00</b>
<b>Net Book Value</b>				
<b>As at 31.12.15</b>	<b>2,940,000.00</b>	<b>466,060.00</b>	<b>2,816,968.00</b>	<b>6,223,028.00</b>
<b>As at 31.12.14</b>	<b>0.00</b>	<b>138,062.00</b>	<b>3,207,637.00</b>	<b>3,345,699.00</b>

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Property, Plant and Equipment are carried at fair value, representing market value determined by external independent Valuers. Valuations are done every four years to ensure an asset's fair value does not differ materially from its carrying amount. Change in their fair values is included in profit and loss in the period in which they arise. Airport view Estate house no.58 and Saachi Plaza Block B Office space has been re-classified as Investment Property and not as previously accounted for as under Property, Plant and Equipment..

<b>22 Intangible Assets</b>	<b>Computer Software</b>	<b>Total</b>
<b>Rate</b>	<b>33%</b>	
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>
As at 01.01.2015(Cost)	6,140,166.00	6,140,166.00
Additions	348,000.00	348,000.00
<b>As at 31.12.2015</b>	<b>6,488,166.00</b>	<b>6,488,166.00</b>
<b>Amortization</b>		
As at 01.01.2015	5,908,050.00	5,908,050.00
Charge for year	348,000.00	348,000.00
<b>As at 31.12.2015</b>	<b>6,256,050.00</b>	<b>6,256,050.00</b>
<b>Net book Value As at 31.12.15</b>	<b>232,116.00</b>	<b>232,116.00</b>
<b>As at 31.12.14</b>	<b>232,116.00</b>	<b>232,116.00</b>

Intangible assets represent computer software and annual maintenance and renewal.

<b>23 Members' Deposits (Ledger)</b>	<b>2015</b>	<b>2014</b>
As at 1st January	1,832,003,951.00	1,659,169,217.00
Deposits during the year	343,944,845.00	284,220,531.00
Withdrawals/ Refunds during the year	(79,354,179.00)	(111,385,797.00)
<b>At 31st December</b>	<b>2,096,594,617.00</b>	<b>1,832,003,951.00</b>
<b>As per listing at 31st December</b>	<b>2,096,594,617.00</b>	<b>1,832,003,951.00</b>

This comprises monthly deposits by members and is refundable upon withdrawal of membership. These deposits have no specific term; interest is paid annually based on the Board of Directors' recommendation and Delegates approval at the Annual Delegates Meeting.

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<b>24 Members' investment savings (Ledger)</b>	<b>2015</b>	<b>2014</b>
At 1st January	81,137,808.00	73,660,561.00
Deposits during the year	178,928,682.00	100,167,412.00
Withdrawals/ Refunds during the year	(162,488,908.00)	(92,690,165.00)
<b>At year end</b>	<b>97,577,582.00</b>	<b>81,137,808.00</b>
<b>As per listing at 31st December</b>	<b>97,577,582.00</b>	<b>81,137,808.00</b>

This comprises short term deposits made by members and which are withdrawable on request without affecting the membership status. They do not have a specific term and are paid interest annually based on Board of Directors recommendation and delegates' approval on Annual Delegates Meeting.

**25 Payables and Accruals**

<b>Main Sacco</b>	<b>2015</b>	<b>2014</b>
Audit	130,000.00	130,000.00
VAT	19,200.00	19,200.00
Supervision and filing fee	13,200.00	13,200.00
Rent deposit	1,200,000.00	-
Mpesa deposit Account	695,602.00	169,938.00
Printing expenses	-	5,850.00
Telephone Charges Accrued	21,116.00	30,172.00
Cash in Transit expenses	-	10,440.00
Postage -G4S	22,149.00	25,059.00
RMF Management Expenses	135,000.00	-
Unclaimed Credits	2,102,626.00	5,875,693.00
<b>Total</b>	<b>4,338,893.00</b>	<b>6,279,552.00</b>

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<b>26.a Interest payable to members</b>	<b>2015</b>	<b>2014</b>
At 1st January	174,335,212.00	162,832,076.00
Understated on WHT	9,438,708.00	-
Less: Paid during the year	(183,349,576.00)	(160,278,653.00)
Write back of overprovision of interest payable	(424,343.00)	(2,553,423.00)
Add: Interest rebates on members deposits	201,033,800.00	168,030,330.00
Proposed interest on special savings	7,941,174.00	6,304,882.00
At 31st December	<b>208,974,975.00</b>	<b>174,335,212.00</b>

This comprises interest rebates on members deposits held by the society. The Board of Directors recommends the payment of interest on deposit on pro rata at the rate of 10.5% (2014-10.4%) representing a total of Kshs. 201,033,800 and interest on members savings 9% (2014-9%) representing a total of Kshs. 7,941,174.

Write back on overprovision of interest payable represents the amount which were provided for but which were not due for payment because the members withdrew within the year and were not in the members register as at close of the financial period 31st December 2015.

\*There was no provision for RMF management expenses for the year 2014 since the close of the year meeting was held in December 2014 and accounted for accordingly.

**26.b Understated Interest on Deposits**

The figure of Kshs. 9,438,708 relates to payment of withholding tax on payment of interest of deposits and dividends for the year 2014 which had been under provided.

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<b>27 Dividend</b>	<b>2015</b>	<b>2014</b>
At 1st January	4,999,798.00	1,299,252.00
Less: Paid during the year	(4,999,798.00)	(1,299,252.00)
Add: Proposed dividends for the year	6,359,877.00	4,999,798.00
<b>At 31st December</b>	<b>6,359,877.00</b>	<b>4,999,798.00</b>

This comprises amounts paid on the par value of shares held by members of the Society. The Board of Directors recommends a payment of dividend on share at the rate of 12% (2014-12%) amounting to Kshs.6,359,877

**28 Share Capital-Authorized**

An unlimited number of shares	<b>2015</b>	<b>2014</b>
At 1st January (...shares @20/=)	43,857,879.00	11,811,386.00
Contributions for the year (.....shares @ 20/=)	9,141,099.00	32,046,493.00
	<b>52,998,978.00</b>	<b>43,857,879.00</b>
<b>As per listing at 31st December</b>	<b>52,998,978.00</b>	<b>43,857,879.00</b>
Paid up	50,813,134.00	41,850,000.00
Partly Paid	2,185,844.00	2,007,879.00
	<b>52,998,978.00</b>	<b>43,857,879.00</b>

Share capital represents par value of members shares held by the Society.

<b>29 Reserves</b>	<b>2015</b>	<b>2014</b>
Statutory reserves (note 30)	27,666,838.00	23,469,892.00
Capital reserves (note 31)	599,866.00	599,866.00
Revaluation reserves (note 32)	67,238,309.00	41,660,408.00
Rmf reserve fund	67,204,946.00	-
Retained Surplus	62,966,156.00	54,029,883.00
At the end of the year	<b>225,676,115.00</b>	<b>119,760,049.00</b>

<b>30 Statutory reserves</b>	<b>2015</b>	<b>2014</b>
At 1st January	23,469,892.00	19,972,443.00
Additions for the year	4,196,946.00	3,497,449.00
At 31st December	<b>27,666,838.00</b>	<b>23,469,892.00</b>

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The statutory reserve arises from transfer of at least 20% of the Society's net operating surplus before dividend payable on share capital as required under Section 47(1) and rule 37(1) of the Cooperative Society's Act Cap 490.

31 Capital reserve	2015	2014
At 1st January	599,866.00	599,866.00
At 31st December	599,866.00	599,866.00

Comprises amounts carried forward from the previous year's provisions.

32 Revaluation reserve	2015	2014
At 1st January	41,660,408.00	7,425,730.00
Additions for the year	25,577,901.00	34,234,678.00
At 31st December	67,238,309.00	41,660,408.00

Comprises the amounts arising from revaluation and/or fair value restatement of the Society's assets. In the year 2015, Motor vehicle and Land and Building were re-valued resulting into the increase.

### 33. Financial Risk Management

The Society's activities expose it to liquidity risk, credit risk and market risk. Risk management is carried out by the management Board. The Board identifies, evaluates and manages financial risks. The Board is guided by the Society's By Laws in managing these risks.

#### Market risk

##### Interest rate risk

Interest rates on members loans are fixed at the rate of between 1% to 10% per month on reducing balance method and do not vary based on market trends. Interest rates payable on members deposits are determined by the management Board based on the results of the operations for the year.

##### Liquidity risk

The society is exposed to the risk that it will encounter difficulty in raising funds to meet commitments associated with disbursement of loans to members. Liquidity risk is addressed through the fact that the society lend subject to availability of funds.

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

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31st December 2015	Upto 1 month	3 months	3-12 months	1-5 years	Total
Asset	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Members' loans	-	6,976,349.00	65,670,603.00	2,080,474,304.00	2,153,121,256.00
Unquoted Investment	-	-	-	39,562,819.00	39,562,819.00
Term deposits	-	102,573,704.00	-	7,095,276.00	109,668,980.00
Receivables	7,588,353.00	11,407,220.00	-	-	18,995,573.00
Bank Balances	5,334,236.00	174,317,480.00	-	-	179,651,716.00
<b>Total Liabilities</b>	<b>12,922,589.00</b>	<b>295,274,753.00</b>	<b>65,670,603.00</b>	<b>2,127,132,399.00</b>	<b>2,501,000,344.00</b>
Members' deposit	-	-	-	2,096,594,617.00	2,096,594,617.00
Payables	-	4,338,893.00	-	-	4,338,893.00
Interest Payable to members	-	208,974,974.00	-	-	208,974,974.00
<b>Total Liabilities</b>	<b>-</b>	<b>213,313,867.00</b>	<b>-</b>	<b>2,096,594,617.00</b>	<b>2,309,908,484.00</b>
<b>Net liquidity gap</b>	<b>12,922,589.00</b>	<b>81,960,886.00</b>	<b>65,670,603.00</b>	<b>30,537,782.00</b>	<b>191,091,860.00</b>

31st December 2014	Upto 1 month	1-3 months	3-12 months	1-5 years	Total
Asset	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Members' loans	-	4,006,245.00	9,797,954.00	1,724,841,551.00	1,738,645,750.00
Unquoted Investment	-	-	-	41,481,778.00	41,481,778.00
Term deposits	-	75,218,928.00	-	-	75,218,928.00
Receivables	15,386,680.00	8,835,868.00	-	-	24,222,548.00
Bank Balances	7,821,327.00	109,782,831.00	-	234,825,853.00	352,430,011.00
<b>Total</b>	<b>23,208,007.00</b>	<b>197,843,872.00</b>	<b>9,797,954.00</b>	<b>2,001,149,182.00</b>	<b>2,231,999,015.00</b>
<b>Liabilities</b>					
Members' deposit	-	-	-	1,832,003,950.00	1,832,003,950.00
Payables	-	6,279,552.00	-	-	6,279,552.00
Interest Payable to members	-	174,335,212.00	-	-	174,335,212.00
<b>Total Liabilities</b>	<b>-</b>	<b>180,614,764.00</b>	<b>-</b>	<b>1,832,003,950.00</b>	<b>2,012,618,714.00</b>
<b>Net liquidity gap</b>	<b>23,208,007.00</b>	<b>17,229,108.00</b>	<b>9,797,954.00</b>	<b>169,145,232.00</b>	<b>219,380,301.00</b>



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The society takes on the exposure to credit risk, which is the risk that a member will be unable to service amounts due from him/her in full when due. The society structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to the members.

This is achieved through:

- Setting the maximum loan that a member can borrow which is currently capped at 3.5 times the member's maximum deposits;
- All loan being guaranteed by other society's members plus member deposits which act collateral.
- The society operates a Risk Management Fund to cover exposure which may arise from Death, Permanent incapacitation and or any other cause which may be satisfactory to the management board.

The amount that best represents the society's maximum exposure to credit risk is made up as follows:

	Total Amount	Fully performing	Past due	Impaired
31st December 2015	Kshs.	Kshs.	Kshs.	Kshs.
Asset				
Members' loans	2,153,121,256.00	2,150,333,503.00	2,787,753.00	-
Receivables	18,995,573.00	18,995,573.00	-	-
Bank Balances	289,947,218.00	289,947,218.00		
<b>Total</b>	<b>2,462,064,047.00</b>	<b>2,459,276,294.00</b>	<b>2,787,753.00</b>	<b>-</b>

	Total Amount	Fully performing	Past due	Impaired
31st December 2014	Kshs.	Kshs.	Kshs.	Kshs.
Asset				
Members' loans	1,743,203,108.00	1,734,535,363.00	4,110,387.00	4,557,358.00
Receivables	24,222,548.00	24,222,548.00	-	-
Bank Balances	344,628,424.00	344,628,424.00	-	-
<b>Total</b>	<b>2,112,054,080.00</b>	<b>2,103,386,335.00</b>	<b>4,110,387.00</b>	<b>4,557,358.00</b>

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Bank balances are fully performing. The member's loans under the fully performing category are paying their loans as they fall due. The default rate is low. The incremental past due loans are delinquent loans arising from unpaid loans after due dates. This is as a result of stringent rules applied by employers in maintaining the third rule on basic salary in the year 2015. These loans have adequate security in case they become impaired.

The society has members' deposits of Kshs.2, 096,594,617 (2014:Kshs. 1,832,003,950) which can be enforced in the event of a member's default.

### 34. Capital management

The Society does not borrow as it has adequate members' deposits to fund its activities. Share capital consists of a nominal amount paid by members of the Society

### 35. Incorporation

The Society was incorporated in Kenya under the Co-operative Society Act.

### 36. Related party disclosures

#### a) Compensation of Key Management personnel and Board of Directors

The remuneration of Board of Directors and other members of key management during the year were as follows;

	2015	2014
<b>Key management staff</b>		
Salaries and allowances	7,727,904.00	7,391,904.00
<b>Board of Directors</b>		
Board of Directors sitting allowance	3,900,414.00	4,024,500.00

Staff allowances comprises house, commuter, leave allowance, insurance and medical cover. Board sitting allowances are the payments made to Board of Directors on quarterly basis for attending meetings to deliberate the Society issues.

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### b) Loans to Insiders

	2015	2014
<b>Loans to Sacco employees</b>		
Loans granted during the year	8,619,050.00	8,769,000.00
Loan balances as at 31st December	<u>12,716,262.00</u>	<u>11,363,270.00</u>
<b>Loans to Board of Directors</b>		
Loans granted during the year	14,911,000.00	5,188,000.00
Loan balances as at 31st December	<u>11,277,998.00</u>	<u>7,594,403.00</u>
<b>Loans to Supervisory Committee</b>		
Loans granted during the year	5,485,225.00	2,343,800.00
Loan balances as at 31st December	<u>4,666,417.00</u>	<u>2,483,797.00</u>

The loans granted to staff, Supervisory Committee and Board of Directors are secured by guarantors and withdrawable deposits with interest chargeable at the applicable rates depending on the type of loan. These loans are not impaired.

### 37. Events after the reporting Date

No material events or circumstances have arisen between the accounting date and the date of this report.

### 38. Currency

These financial statements are presented in Kenya Shillings (Kshs).

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**39. Risk Management Income**

	<b>2015</b>	<b>2014</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Income</b>		
Members Contributions during the year	14,517,500.00	13,393,000.00
Premiums on loans issued	10,932,325.00	7,969,727.00
<b>Total Income</b>	<b>25,449,825.00</b>	<b>21,362,727.00</b>
<b>Other Income</b>		
Interest earned	7,745,792.00	6,871,661.00
Other Income	541,879.00	-
<b>Total Other Income</b>	<b>8,287,671.00</b>	<b>6,871,661.00</b>
<b>Total Income</b>	<b>33,737,496.00</b>	<b>28,234,388.00</b>
<b>Less Claims</b>		
Members refund and loan offset	1,932,412.00	2,081,076.00
Loan written off	4,133,138.00	12,213,672.00
Funeral expenses paid	220,000.00	290,000.00
<b>Total Claims</b>	<b>6,285,550.00</b>	<b>14,584,748.00</b>
<b>Expenses</b>		
Board expenses and bank charges	540,517.00	357,055.00
Insurance Premium	6,678,900.00	-
Management fee	-	3,435,830.00
<b>Total Expenses</b>	<b>7,219,417.00</b>	<b>3,792,885.00</b>
<b>Total Outgoings</b>	<b>13,504,967.00</b>	<b>18,377,633.00</b>
<b>Net income from RMF</b>	<b>20,232,529.00</b>	<b>9,856,755.00</b>

Due to the change in the accounting treatment of Risk Management fund the Society has insured members loans and payment of funeral rider at an annual premium cost of Kshs.6,678,900 for the period to 31st December 2015. The effect of this treatment is that net income of Kshs.20,232,529.00 has been transferred to the Sacco income in the year 2015. The comparative figure of Kshs.9,856,755 in the year 2014 was transferred to RMF reserve account.

**USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY**  
**CS/NO. 1926**

Annual Report and Financial Statement For The Year Ended 31 December 2015

**40. Statement of Financial Position**

	<b>2015</b>	<b>2014</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Assets</b>		
Cash and Cash Equivalent	80,214,337.00	73,874,061.00
CIC Claims receivable	3,912,149.00	-
Debtor Ushuru Sacco	1,219,889.00	-
Prepaid Insurance	2,226,100.00	-
<b>Total assets</b>	<b>87,572,475.00</b>	<b>73,874,061.00</b>
<b>Liabilities</b>		
Inter activity Payables	-	3,138,785.00
Payables and Accruals	135,000.00	3,530,330.00
<b>Total Liabilities</b>	<b>135,000.00</b>	<b>6,669,115.00</b>
<b>Equity</b>		
Surplus/Loss	20,232,529.00	9,856,755.00
Risk Management Fund balance	67,204,946.00	57,348,191.00
<b>TOTAL EQUITY</b>	<b>87,437,475.00</b>	<b>67,204,946.00</b>
<b>Total Net Assets</b>	<b>87,572,475.00</b>	<b>73,874,061.00</b>

# USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

## CS/NO. 1926

Annual Report and Financial Statement For The Year Ended 31 December 2015

### Operating Budget Proposal - Year 2017

PARTICULARS	A/C	ACTUAL 2015	BUDGET 2015	BUDGET 2016	BUDGET 2017
		KSHS	KSHS	KSHS	KSHS
<b>INCOME</b>					
Interest on Members loans	0-101	229,440,496.00	214,080,000.00	217,980,000.00	253,980,000.00
Interest on Securities	0-201	8,035,786.00	3,800,000.00	4,500,000.00	5,600,000.00
Interest on Savings A/C	0-203	19,934,199.00	10,000,000.00	12,500,000.00	15,000,000.00
Management fees - RMF	0-207	-	2,500,000.00	-	-
RMF Net Income	0-208	20,232,529.00	18,198,200.00	19,297,600.00	20,176,400.00
Rent Income	0-212	1,381,500.00	3,015,000.00	3,840,000.00	3,906,000.00
Cash Office Income	0-106	22,471,128.00	22,569,000.00	22,455,600.00	22,905,600.00
Entrance Fee	0-215	226,000.00	247,500.00	250,000.00	250,000.00
Sundry Income	0-213	2,436,299.00	1,758,500.00	2,304,500.00	3,396,000.00
<b>TOTAL INCOME</b>		<b>304,157,937.00</b>	<b>276,168,200.00</b>	<b>283,127,700.00</b>	<b>325,214,000.00</b>
<b>EXPENDITURE</b>					
Salaries & Wages	1-104	11,986,280.00	12,418,024.00	12,548,422.00	13,779,114.00
House Allowance	1-105	4,648,800.00	5,183,136.00	4,762,296.00	4,829,832.00
Staff Medical Expenses	1-106	1,808,434.00	1,800,000.00	1,900,000.00	1,900,000.00
Leave Allowance	1-107	325,000.00	391,000.00	368,000.00	368,000.00
Comutter Allowance	1-102	2,393,560.00	2,690,352.00	2,546,208.00	2,571,408.00
Responsibility Allowance	1-103	240,000.00	252,000.00	252,000.00	252,000.00
Provident Fund	1-109	749,078.00	906,602.00	916,382.00	1,008,684.00
N.S.SF	1-108	40,600.00	77,760.00	73,440.00	220,320.00
Staff Travel & Subsistence	1-110	1,343,200.00	1,445,600.00	1,445,600.00	1,812,600.00
Staff Training/Education	1-111	1,866,850.00	2,500,000.00	2,500,000.00	2,687,000.00
Staff Retirement	1-113	-	500,000.00	-	-
Ushirika Day	1-206	485,311.00	500,000.00	250,000.00	500,000.00
Repairs & maintence	1-114	311,117.00	400,000.00	400,000.00	450,000.00
Depreciation	1-310	2,597,211.00	3,500,000.00	3,500,000.00	3,500,000.00
Legal and fees	1-302	148,449.00	200,000.00	200,000.00	200,000.00
Audit and Supervision	1-303	162,400.00	900,000.00	900,000.00	1,200,000.00

Subsription/Donations	1-125	114,500.00	250,000.00	250,000.00	250,000.00
Bank charges	1-301	422,530.00	500,000.00	600,000.00	650,000.00
Insurance	1-123	466,281.00	840,000.00	840,000.00	840,000.00
Provision for bad debts	1-312	1,899,557.00	3,000,000.00	1,000,000.00	2,000,000.00
Income tax	1-311	5,917,289.00	4,450,000.00	4,500,000.00	6,000,000.00
Delegates meeting.	1-209	2,492,760.00	2,500,000.00	3,500,000.00	4,000,000.00
Branch Delegates Meetings	1-207	894,999.00	970,000.00	1,250,000.00	1,320,000.00
Board/Superv & Branch sitting All.	1-201	3,900,414.00	4,002,180.00	5,044,000.00	5,759,000.00
Board/Superv. & Branch Travel All.	1-202	4,658,100.00	4,642,800.00	4,934,800.00	6,558,800.00
Board/Superv. & Branch Education	1-203	3,986,044.00	4,000,000.00	4,500,000.00	4,700,000.00
Delegates Education	1-210	2,099,300.00	2,100,000.00	3,000,000.00	3,350,000.00
Other committee expenses	1-202	250,000.00	250,000.00	250,000.00	250,000.00
Education to Members	1-210	1,931,636.00	2,000,000.00	2,500,000.00	2,500,000.00
Entertainment	1-127	299,689.00	300,000.00	300,000.00	400,000.00
Dividend calculation	1-314	20,000.00	25,000.00	25,000.00	25,000.00
Printing and stationery	1-115	681,865.00	900,000.00	950,000.00	950,000.00
Postage & Telephone	1-118	900,526.00	840,000.00	900,000.00	1,140,000.00
Rent and rates	1-120	264,628.00	200,000.00	200,000.00	300,000.00
Computer expenses	1-131	608,410.00	665,000.00	665,000.00	725,000.00
Strategic Plan	1-129	544,000.00	800,000.00	800,000.00	1,000,000.00
Motor Vehicle expenses	1-132	399,527.00	600,000.00	500,000.00	650,000.00
Marketing and publicity	1-121	3,362,893.00	4,500,000.00	4,500,000.00	5,600,000.00
Social Responsibility	1-133	181,500.00	300,000.00	300,000.00	300,000.00
Recruitment commission	1-211	5,700.00	30,000.00	30,000.00	30,000.00
Licence Fees	1-134	-	70,000.00	70,000.00	70,000.00
security/cash in Transit	1-135	258,467.00	400,400.00	416,000.00	620,000.00
Sundry expenses	1-128	549,278.00	550,000.00	550,000.00	650,000.00
<b>Total Expenditure</b>		<b>66,216,184.00</b>	<b>73,349,854.00</b>	<b>74,937,148.00</b>	<b>85,916,758.00</b>
<b>Surplus / deficit</b>		<b>237,941,753.00</b>	<b>202,818,346.00</b>	<b>208,190,552.00</b>	<b>239,297,242.00</b>

# USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

## CS/NO. 1926

Annual Report and Financial Statement For The Year Ended 31 December 2015

### Operating Budget Proposal - Year 2017

#### AMMENDMENTS TO 2016 BUDGET-SUPPLEMENTARY

ITEM	A/C	FROM	TO	CHANGE
<b>INCOME</b>				
Interest on loans	0-101	217,980,000.00	234,780,000.00	16,800,000.00
Interest on Securities	0-201	4,500,000.00	5,300,000.00	800,000.00
Rent Income	0-212	3,840,000.00	3,906,000.00	66,000.00
<b>Totals</b>		<b>226,320,000.00</b>	<b>243,986,000.00</b>	<b>17,666,000.00</b>

#### EXPENDITURE

NSSF	1-108	73,440.00	220,320.00	146,880.00
Staff Travel Expenses	1-110	1,445,600.00	1,652,600.00	207,000.00
Board/Superv & Br. sitting All.	1-201	5,044,000.00	5,590,000.00	546,000.00
Board/Superv. & Br. Travel All.	1-202	4,934,800.00	5,582,800.00	648,000.00
Income Tax	1-311	4,500,000.00	6,500,000.00	2,000,000.00
Provision for Bad debts	1-312	1,000,000.00	2,000,000.00	1,000,000.00
Ushirika Day	1-206	250,000.00	500,000.00	250,000.00
Security/Cash in Transit	1-135	416,000.00	568,000.00	152,000.00
Telephone & Postage	1-118	900,000.00	1,080,000.00	180,000.00
Marketing & Publicity	1-121	4,500,000.00	5,000,000.00	500,000.00
Entertainment	1-127	300,000.00	350,000.00	50,000.00
Sundry Expenses	1-128	550,000.00	650,000.00	100,000.00
<b>Totals</b>		<b>23,913,840.00</b>	<b>29,693,720.00</b>	<b>5,779,880.00</b>

#### Notes to ammendments of 2016 Budget

##### 1. Interest on loans (0-101)

Based on figures generated for this income in 2015, a higher revenue is anticipated in 2016 hence an increase of Kshs. 16,800,000 due to a steady income from disbursement of main & refinancing loans.

##### 2. Interest on Securities (0-201)

We intend to maintain and grow the current investments in money market in CIC, UAP & Britam which have shown a steady return.

##### 3. Rent Income (0-212)

The increase in projection is due to signing of new tenancy agreement with the 2nd occupant of Saachi Plaza office floor.

##### 4. NSSF

The increase is to cushion on tier 2 contribution whose court outcome is still uncertain.

##### 5. Staff Travel Expenses(1-110)

The increase represents underprovision in the original budget of 2016.

**USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY**  
**CS/NO. 1926**

Annual Report and Financial Statement For The Year Ended 31 December 2015

## Operating Budget Proposal - Year 2017

### **6. Board/Superv. & Branch Sitting All(1-202)**

The increase represents underprovision in the original budget of 2016.

### **7. Board/Superv. & Branch Travel All(1-202)**

The increase represents underprovision in the original budget of 2016.

### **8. Income Tax (1-311)**

The increase is to cover for the underprovision based on 2015 actual figures. There is increased income from investments and other sources apart from interest on loans to members.

### **9. Provision for Bad Debts (1-312)**

An increased provision for bad debts is based on 2015 provision which was Kshs.1.89million.

### **10. Ushirika Day (1-206)**

The increase is to cater for higher attendance of members for this festival.

### **11. Security/Cash in Transit (1-135)**

The increase is to cater for day and night security guards at Kilimani House.

### **12. Telephone & Postage (1-118)**

The increase is to cater for bulk SMS and increased courier services to and from branches.

### **13. Marketing & Publicity(1-121)**

The increase is to cater for anticipated national wide marketing drive focussing outside Nairobi.

### **14. Entertainment (1-127)**

The increase represents underprovision in the original budget of 2016.

### **15. Sundry Expenses (1-128)**

The increase represents underprovision in the original budget of 2016.

<b>CAPITAL BUDGET PROPOSAL</b>	<b>2016</b>
FURNITURE & FITTINGS	1,000,000.00
EQUIPMENT	270,000.00
SOFTWARE	5,000,000.00
COMPUTER & ACCESORIES	650,000.00
<b>Total</b>	<b>6,920,000.00</b>



