

**KILELE REGULATED NON WDT SAVINGS AND CREDIT CO-OPERATIVE
SOCIETY LIMITED**

CS/2284

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 2022



MWANGI & KAMWARA
— ASSOCIATES —
CERTIFIED PUBLIC ACCOUNTANTS

Mwangi & Kamwara Associates LLP
Certified Public Accountants (K)
Wood Avenue, Ushuru Sacco Centre 5th Floor
Box 34458 - 00100
NAIROBI

**KILELE REGULATED NON WDT SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED-CS/2284
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022**

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SOCIETY INFORMATION

Board of Directors

George Owino	Chairman
Benard Ngeta	Vice chairman
Arnold Munene	Treasurer
Martin Gillo	Secretary
Kennedy Otina	Member
Charles Otachi	Member
Benard Odhiambo	Member
Edwin Maru	Member
Benedict Obiero	Member

Supervisory committee

Patrick Gabriel	Chairman
Asma Munyika	Secretary
Maurice Onono	Member

Principal officer

The Chief Executive Officer - Mr.Allan Otieno

Registered office and Principal place of business

Kilele Savings and Credit Society Limited
KUSCCO CENTRE
P. O. Box 28403 - 00200
Nairobi.
Telephone 020-4403082
Mobile : 0740-861-656
Email : info@kilelesacco.com
Website : www.kilelesacco.com

Independent auditor

Mwangi & Kamwara Associates LLP
Certified Public Accountants (K)
Wood Avenue,Ushuru Sacco Centre,5th Floor
P. O. Box 34458 - 00100
NAIROBI.

Principal bankers

Co-operative Bank of Kenya Limited
Upper Hill Branch
P. O. Box 30415
NAIROBI.

Equity Bank
Mayfair Branch
Nairobi

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BOARD OF DIRECTORS' REPORT

The Board of Directors submits its report and the audited financial statements for the year ended 31st December 2022 which disclose the state of affairs of the society.

INCORPORATION AND REGISTERED OFFICE

The Sacco is incorporated in Kenya under the Sacco Societies Act and is domiciled along Kilimanjaro road, KUSCCO Centre.

PRINCIPAL ACTIVITIES

The principal activity of the Sacco is the receiving of savings from members and issuance of loans.

RESULTS

The results of the Sacco for the year are shown on the statement of comprehensive income on page 6.

DIVIDENDS

The Board of Directors recommends the payment of dividend of 10% (2021: 10%) on share capital and interest on deposit at 5.9% (2021: 5 %).

BOARD OF DIRECTORS

The names of the board members who held office to the date of this report are shown on page 1.

AUDITORS

Mwangi & Kamwara Associates were appointed as auditors of the Sacco Society during the year, and have not expressed their willingness to continue in office in accordance with the Sacco Society Act no.14 of 2008.

BY ORDER OF THE BOARD



SECRETARY

..... 21/03 2023

**KILELE REGULATED NON WDT SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED-CS/2284
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STATISTICAL INFORMATION

		2022	2021
Membership		No.	No.
Active		1,948	1,908
Non-active		665	673
		2,613	2,581
Employees of the Sacco	Male	2	2
	Female	2	3
Total Number of staff		4	5
Financial highlights			
Total assets		374,745,207	367,271,586
Members deposit		301,304,072	283,123,600
Loans to members		276,678,131	260,017,910
Investments		5,435,919	5,435,919
Core Capital		33,960,712	31,724,736
Share capital		28,420,515	28,020,847
External borrowing		3,899,041	5,806,024
Retained earnings & Reserves		3,403,462	2,602,825
Total revenue		48,346,390	42,276,956
Total interest income		41,531,332	37,904,835
Total expenses		42,953,890	36,915,608
Key ratios:			
Capital adequacy ratio			
Core capital/ total assets		9.1%	8.6%
Minimum ratio		8%	8%
Core capital/ total deposits		11.3%	11.2%
Minimum ratio		5%	5%
Retained Earnings & Disclosed Reserves/Core Capital		32%	29%
Minimum ratio		50%	50%
Liquidity ratios			
Liquid assets/ Total deposits and short term liabilities		7.7%	8.2%
Minimum ratio		15%	15%
External borrowing			
External borrowing/Total Assets		1%	2%
Minimum ratio		25%	25%
Operating efficiency/ Loan quality ratios			
		%	%
Total expenses/ total revenue		89%	87%
Interest on members deposits/ total revenue		40%	34%
Interest rate on members deposits		5.9%	5%
Dividend rate on members capital		10%	10%

**KILELE REGULATED NON WDT SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED-CS/2284
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STATEMENT OF BOARD OF DIRECTORS RESPONSIBILITIES

The SACCOs Act. No. 14 of 2008 requires the board members to ensure that management maintains proper and accurate records that reflect the true and fair position of society's financial condition, establish adequate and effective internal control systems and policies, safeguard the assets of the society and take reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for production of annual audited financial statements.

The board members accept responsibility for the preparation and fair presentation of these financial statements that have been prepared using appropriate accounting policies supported by reasonable prudent judgements and estimates, in conformity with the International Financial Reporting Standards and in the manner required by the Sacco Societies Act. No. 14 of 2008.

The board members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Sacco and of its operating results. The board members further accept the responsibility for the maintenance of accounting records which may be relied upon in the preparation of the financial statement as well as adequate systems of internal financial controls.

In preparing these financial statements the directors have assessed the society's ability to continue as going concern. Nothing has come to the attention of the board members to indicate that the Sacco will not remain a going concern for at least next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board members on 21/03/..... 2023 and signed on its behalf by:

Chairman		Date.....	<u>21/3/2023</u>
Treasurer.....		Date.....	<u>21/3/2023</u>
Hon Secretary.....		Date.....	<u>21/03/23</u>



MWANGI & KAMWARA
ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF KILELE REGULATED NON WDT SAVINGS & CREDIT CO-OPERATIVE SOCIETY LIMITED**

Opinion

We have audited the financial statements of Kilele regulated Non WDT Savings and Credit Co-operative Society Limited (the society) set out on pages 7 to 24, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the society's financial position as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Sacco Societies Act No. 14 of 2008.

Basis for 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 financial statements section of our report. We are independent of the society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters/Matters of Emphasis

1. Doubtfull Assets	How it was addressed
Loans comprised of doubtfull loans or Assets which stood at 50,475,782. The society provided for an amount of 3,365,052 in line with resolutions passed to write them off.	We reviewed the loan book and noted there was no increment in the ledger account and thus recommended for better provisions in future.
2. Loan provisioning & Classification	
The society had under provided loans in compliance with IFRS 9.	We reviewed the loans as per provided by IFRS 9 and recommended to the board to ensure compliance by providing enough reserve for the loan provisions.
3. Expected Credit Loss (ECL) Methodology	
Inherent, judgemental modelling is used to estimate ECLs which involves determining rates of default, loss given default and exposure at default, Effective interest rate and ultimately the expected credit loss. Measurements of ECL are based on 12-months ECLs or lifetime ECLs depending on the facility staging	With respect to exposure at default, we reviewed the appropriateness and compliance to the standard regarding the methods used to determine the expected cash flows, credit conversion factors and expected prepayments. We assessed the segmentation to ensure that the SACCO'S exposures were grouped into segments with similar credit risk. We assessed whether the disclosures appropriately disclosed the key judgements and assumptions used in determining the expected credit losses.

Other information

The directors are responsible for the other information. The other information comprises the report of the directors and financial and statistical information which we obtained prior to the date of this auditor's report, and the [chairman's report, supervisory committee report, sustainability report and corporate social investment report] which are expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report of the independent auditor, 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.

When we read the other reports expected to be made to us after date of report of the independent auditor, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Sacco Societies Act No. 14 of 2008, and for such internal control as the directors determine is necessary to enable the

PARTNER: ROBERT KAMWARA, DANIEL MWANGI
ASSOCIATES: RUTH MUGO, ANDREW MULOGOLI, TIMOTHY MWACHANYA

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF KILELE REGULATED NON WDT SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**

Auditors responsibilities for the audit of the financial statements (continued)

preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the society or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of independent auditor 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 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 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our report of the independent auditor unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory Requirements

The Kenyan Sacco societies Act of 2008 requires that we report the following matters to the Sacco Societies Regulatory Authority (SASRA). We report that:

- i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were considered necessary for the purpose of our audit.
- ii. We are not aware of any irregularities or illegal acts that have been committed by the directors, employees or the Sacco Society itself and
- iii. We have no grounds to believe that the Sacco Society is insolvent or that there is a significant risk that it may become insolvent.

For and on behalf of:
Mwangi and Kamwara Associates
Certified Public Accountants
Nairobi
.....21.03.2023



CPA Robert Gathogo Kamwara, Practicing Certificate No. 1873
Signing Partner responsible for the independent audit

**KILELE REGULATED NON WDT SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED-CS/2284
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STATEMENT OF COMPREHENSIVE INCOME

	Note	2022 KSHS	2021 KSHS
Revenue:			
Interest on loans	3(a).	41,531,332	37,904,835
Total interest		41,531,332	37,904,835
Interest expense	4.	(19,250,182)	(17,512,449)
Net interest income		22,281,150	20,392,386
Other operating income	5.	6,815,059	4,372,121
Administration expenses	6.	(6,561,971)	(4,481,774)
Finance expenses	7.	(8,153,282)	(5,073,832)
Staff expenses	8(a).	(5,310,065)	(5,495,659)
Governance expenses	8(b).	(3,678,390)	(4,351,894)
		-	-
Net operating surplus before tax		5,392,501	5,361,348
Income tax expense		(214,140)	(274,207)
Net surplus Attributable to Shareholders		5,178,361	5,087,141
Transfer to statutory reserve		(1,035,672)	(1,017,428)
Profit attributable to shareholders		4,142,689	4,069,713
Proposed dividends on shares	17.	(2,842,051)	(2,802,085)
Proposed honoraria	19(e).	(500,000)	(500,000)
Retained surplus for the year		800,637	767,628
Retained surplus for the year		800,637	767,628

The notes on pages 11 to 24 form an integral part of the financial statements.
Report of the Auditors - page 5 and 6.

**KILELE REGULATED NON WDT SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED-CS/22
FINANCIAL STATEMENTS
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STATEMENT OF FINANCIAL POSITION

ASSETS	Note	2022 Kshs	2021 Kshs
Cash and cash equivalents	9(b)	3,016,946	5,437,708
Deposits	9(b)	18,239,558	17,771,608
Receivables and prepayments	10	21,820,882	26,484,189
Loans to members	11a.	276,678,131	260,017,910
Doubtfull Loans	11.(b)	47,110,730	50,475,782
Investments	12	5,435,919	5,435,919
Property and equipment	13	2,443,042	1,648,470
Total assets		374,745,207	367,271,586
EQUITY AND LIABILITIES			
LIABILITIES			
Members deposits	14	301,304,072	283,123,600
Current income tax payable	24	214,586	274,207
Payables and accrued expenses	15	12,893,126	10,603,621
External Loans	16	3,899,041	5,806,024
Interest and dividends payable	17	12,811,012	26,210,724
Total liabilities		331,121,838	326,018,175
EQUITY			
Share capital	18	28,420,515	28,020,847
Capital reserves	19(a)	135,401	135,401
Retained earnings	19(c)	3,403,462	2,602,825
Share revaluation		4,226,739	4,092,756
Statutory reserve	19(b)	7,437,253	6,401,581
		48,623,369	41,253,411
Total liabilities and equity		374,745,207	367,271,586

APPROVED
 for publication and presentation
 to AGM or ADM subject to observations issued
21 MAR 2023
 SIGN:
THE SACCO SOCIETIES REGULATORY AUTHORITY

The financial statements on pages 6 to 24 were authorized for issue by the Board of Directors on

21/03 2023 and signed on behalf by:

..... Chairman

..... Treasurer

..... Secretary

KILELE REGULATED NON WDT SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED-CS/2284
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	Share capital Kshs	Capital reserve Kshs	Share Revaluation Reserves Kshs	Statutory reserve Kshs	Retained earnings Kshs	Total Kshs
At 1 January 2022	28,020,847	135,401	4,092,756	6,401,581	2,602,825	41,253,411
Prior year Adjustment	-	-	-	-	-	-
Net surplus/Deficit for the year	-	-	-	-	5,178,361	5,178,361
Transfer to statutory reserve	-	-	-	1,035,672	(1,035,672)	-
Share capital received	399,668	-	-	-	-	399,668
Proposed honorarium	-	-	-	-	(500,000)	(500,000)
Proposed dividends	-	-	-	-	(2,842,051)	(2,842,051)
At 31 December 2022	28,420,515	135,401	4,092,756	7,437,253	3,403,462	43,489,388
At 1 January 2021	24,705,029	135,401	4,092,756	5,384,153	6,210,111	40,527,450
Prior year Adjustment	-	-	-	-	-	-
Net surplus/Deficit for the year	-	-	-	-	5,087,141	5,087,141
Transfer to statutory reserve	-	-	-	1,017,428	(1,017,428)	-
Prior year loan provisions	-	-	-	-	(4,374,914)	(4,374,914)
Share capital received	3,315,818	-	-	-	-	3,315,818
Proposed honorarium	-	-	-	-	(500,000)	(500,000)
Proposed dividends	-	-	-	-	(2,802,085)	(2,802,085)
At 31 December 2021	28,020,847	135,401	4,092,756	6,401,581	2,602,825	41,253,411

KILELE REGULATED NON WDT SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED-CS/2284
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CASHFLOW STATEMENT

	Notes	2022 Kshs	2021 Kshs
Cash flows from operating activities: -			
Interest receipts	3 (a).	41,531,332	37,904,835
other incomes	5.	6,815,059	4,056,068
Interest payments	17.	(17,512,449)	(22,157,273)
Payments to employees and suppliers		(37,115,662)	(14,769,353)
		<u>(6,281,720)</u>	<u>5,034,277</u>
<i>(Increase) / decrease in operating assets</i>			
Trade & other debtors	10.	4,663,307	(15,830,639)
Loan to members	11.(a)	(13,295,168)	30,421,383
		<u>(8,631,861)</u>	<u>14,590,744</u>
<i>Increase / (decrease) in operating liabilities</i>			
<i>Loan provisions</i>			
Deposits from members	14.	18,180,473	3,034,836
Trade and other payables	15.	2,289,505	3,381,725
		<u>20,469,978</u>	<u>6,416,561</u>
<i>Net cash from operating activities before income taxes</i>		5,556,397	26,041,582
Tax paid		(273,761)	(392,598)
Net cash generated from working capital		<u>5,282,636</u>	<u>25,648,984</u>
Cashflow from investing activities:			
Purchase of property and equipment	13.	(3,013,392)	(1,727,590)
Increase/Decrease in finance asset			-
Other income and Dividends received	5.	87,344	316,052
Net cash generated from investing activities		<u>(2,926,048)</u>	<u>(1,411,538)</u>
Cash flows from financing activities:			
Increase in share capital	18.	399,667	3,315,818
Loan acquired	16	5,000,000	-
Repayment of long term borrowing	16	(6,906,983)	(17,822,644)
Dividends paid		(2,802,085)	(2,470,502)
Net cash used in financing activities		<u>(4,309,400)</u>	<u>(16,977,328)</u>
Net (decrease)/ increase in cash and cash equivalents		(1,952,812)	7,260,118
Cash and cash equivalent at the beginning of the year		23,209,316	15,949,198
At the end of the year		<u>21,256,504</u>	<u>23,209,316</u>
Comprised of:			
Cash & Banks Balances		3,016,946	5,437,708
Deposits		18,239,558	17,771,608
		<u>21,256,504</u>	<u>23,209,316</u>