REPUBLIC OF KENYA

NAIROBI CITY COUNTY

CS/12181

CDF SAVINGS AND CREDIT

CO-OPERATIVE SOCIETY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

AS AT 31^{ST} DECEMBER 2018

Ministry of Industry, Trade & Co-operatives

P.O. Box 40811 – 00100,

Tel. 2731531-9

SOCIETY INFORMATION

MANAGEMENT COMMITTEE MEMBERS

CHAIRMAN	WELDON LANGAT
VICE CHAIRMAN	MARY WANYIKA
SECRETARY	DENNIS MATUNDURA
TREASURER	JACTON OMONDI OJOW
COMMITTEE MEMBER	DINAH WANJA
	DAVID OKOMA
	PATRICK LIDOVOLO

SUPERVISORY COMMITTEE MEMBERS

CHAIRMAN	GEORGE OKALO
SECRETARY	MARY MWAKI
COMMITTEE MEMBER	JOSEPH KIBII

REGISTERED OFFICE
CDF SACCO SOCIETY
JAMBO ESTATE -UPPER HILL MASABA RD
P.O.BOX 466-0100
Email:cdfsaccoltd@yahoo.com
NAIROBI

BANKERS
CO-OPERATIVE BANK
PARLIAMENT ROAD

AUDITORS
MINISTRY OF INDUSTRY ,TRADE & COOPERATIVES
P.O BOX 40811
NAIROBI

CS/12181 CDF SAVINGS AND CREDIDT CO-OPERATIVE SOCIETY LTD
Annual report and financial statements for the year ended 31st December 2018
REPORT OF THE MANAGEMENT COMMITTEE

The members of the management committee submit their annual report together with the audited financial statements for the year ended 31st Dec 2018

Incorporation
The society is incorporated in Kenya under the Cooperative Societies Act, Cap 490 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

	2018 KSHS	2017 KSHS
Surplus(deficit)before tax	1,423,477	3,209,242
Net surplus(deficit)after tax	1,423,477	3,209,242
Retained surplus for the year	74,458	1,867,394

Interest on members' deposits
The management committee recommends payment of Kshs 7,700,000.00 as interest on members deposits at a rate of 7 %

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

Auditors
Minstry of Industry ,Trade & Cooperatives who were appointed as auditors for the year 2018 under provisions of Co-operative society Act,have expressed their willingness to continue in office.

By order of the Management Committee

Signature............................ Date.07/4/19....
Secretary

CS/12181 CDF SAVINGS AND CREDIDT CO-OPERATIVE SOCIETY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018

STATISTICAL INFORMATION FOR THE YEAR ENDED 31/12/2018

	2018	2017
Membership	196	188
Dormant	36	24
	232	212

FINANCIAL	KSHS	KSHS
Share capital	2,202,703	422,000
Members deposits	116,568,978	104,776,797
Statutory reserve fund	1,939,909	1,655,213
Retained surplus	5,563,564	5,308,793
Total assets	149,200,546	128,449,345
Loans to members	141,137,203	121,462,065
Current assets	7,616,777	6,455,680
Current liabilities	22,925,393	16,286,542
Turnover	14,543,674	14,230,647
Total expenses	5,420,197	3,521,405

key ratios		
Liquidity ratio	0.32:1	0.39:1
Percentage of expenses to Revenues	37%	24.75%
Interest on members deposit	7%	7.15%

CS//NO. 12181 CDF SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2018

STATEMENT OF THE MANAGEMENT COMMITTEE RESPONSIBILITIES

The Co-operative Societies Act Cap 490 requires Management Committee to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Society at the end of the financial year and its operating results for that year in accordance with IFRS. It also requires the Management Committee to ensure that the Society keeps proper accounting records, which disclose, with reasonable accuracy, at any time the financial position of the Society. They are also responsible for safeguarding the assets of the Society and ensuring that the business has been conducted in accordance to its objectives, bylaws and any other resolutions made at the society's general meeting.

The Management Committee accepts responsibility for the Annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in a manner required by the Co-operative Societies Act cap 490. The Management Committee is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Society and its operating results in accordance with IFRS. The Management Committee further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of Internal Financial Control.

Nothing has come to the attention of the Management Committee 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 management committee on…………………………………………and signed on its behalf by:

Chairman…………………………………………………………………

Treasurer…………………………………………………………………

Secretary…………………………………………………………………

Date……1/4/19…………………………………………………………

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

Opinion

We have audited the accompanying financial statements of CDF Savings & Credit Co-operative Society Limited, which comprise the statement of financial position as at 31 December 2018 statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at 31 st December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Co-operative Societies Act.

Key Audit Matter.

Key audit matters are those matters that in our professional judgement were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Directors' responsibility for the financial statements

The directors of the Society are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Co-operative Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors ,as well as evaluating the overall presentation of the financial statements.

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

REPORT ON OTHER LEGAL REQUIREMENTS.

As required by the Kenyan cooperative societies Act we report to you that the financial statements are in agreement with the books kept by the society and that, based on our audit, nothing has come to our attention that causes us to believe that the society's business has not been conducted:

(A) In accordance with the provisions of the Cooperative Societies Act.
(B)In accordance with the Co-operatives objectives, by-laws and any other resolutions made by the Society at a general meeting.

For and on behalf of

MINISTRY OF INDUSTRY ,TRADE AND CO-OPERATIVE

CPA BETTY C RONO

DEPUTY COUNTY DIRECTOR CO-OP AUDIT

Date....3/4/2019....................................

CS/12181 CDF SAVINGS AND CREDIDT CO-OPERATIVE SOCIETY LTD

Annual report and financial statements for the year ended 31-12-2018

INCOME STATEMENT FOR THE YEAR ENDED 31-12-2018

	NOTES	2018	2017
Revenue		**Kshs**	**Kshs**
Interest on loans		13,764,737	13,410,222
Other interest income	2a	8,111	7,716
Total interest income		13,772,848	**13,417,938**
Interest exepense	3a	(7,700,000)	(7,500,000)
Net interest income		**6,072,848**	**5,917,938**
Other operating income	2b	770,826	812,709
Net revenue		**6,843,674**	**6,730,647**
Administrative expenses	4	(5,395,659)	(3,501,050)
Other operating expenses	5	(24,538)	(20,355)
		(5,420,197)	**(3,521,405)**
Net surplus for the year before tax		1,423,477	**3,209,242**
Net surplus for the year after tax		1,423,477	3,209,242
20% statutory reserve fund		(284,695)	(641,848)
Surplus available for distribution		1,138,782	2,567,394
Provision for dividends		(264,324)	-
Provision for honoraria		(800,000)	(700,000)
Retained earnings for the year		**74,458**	**1,867,394**

CS /12181 CDF SAVINGS AND CREDIDT CO-OPERATIVE SOCIETY LTD
Annual report and financial statements for the year ended 31-12-2018
STATEMENT OF FINANCIAL POSITION AS AT 31-12-2018

	NOTES	2018 Kshs	2017 Kshs
ASSETS			
Cash and cash equivalent	6a	7,315,994	-
Loans to members	7	141,137,203	121,462,065
Trade and other receivables	6d	198,123	6,361,131
Other finacial assets	6c	102,660	94,549
Property & Equipment	13	446,566	531,600
TOTAL ASSETS		**149,200,546**	**128,449,345**
LIABILITIES			
Members deposits	8	116,568,978	104,776,797
Interest on members deposits	3b	9,478,774	9,185,201
Benovelent fund	9	1,329,925	1,948,700
Trade and other payables	10	12,116,694	5,133,015
Bank Overdraft	6b	-	19,626
TOTAL LIABILITIES		**139,494,371**	**121,063,339**
EQUITY			
Share capital	12	2,202,703	422,000
Reserves	11	7,503,472	6,964,006
TOTAL EQUITY		**9,706,175**	**7,386,006**
TOTAL LIABILITIES AND EQUITY		**149,200,546**	**128,449,345**

REGISTERED ... ACT. CAP ... 04 APR 2019 COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

The financial statements on pages 6-14 were authorized for issue by the management

committee on 01/4/2019 ....and signed on its behalf by:

CHAIRMAN..............................

HON. SECRETARY......................

TREASURER..............................

DEPARTMENT FOR CO-OPERATIVE

CS/12181 CDF SAVINGS AND CREDIDT CO-OPERATIVE SOCIETY LTD
Annual report and financial statements for the year ended 31/12/2018
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31/12/2018

	Share Capital KSH	Statutory Reserve KSH	Retained surplus KSH	Total KSH
Year ended 31-12-17				
At the start	416,000	1,013,365	3,441,399	4,870,764
Issue of shares	6,000			6,000
Surplus for the year			3,209,242	3,209,242
Provision for honoraria			(700,000)	(700,000)
Statutory reserves		641,848	(641,848)	-
At the end of the year 2017	**422,000**	**1,655,213**	**5,308,793**	**7,386,006**
Year ended 31-12-18				
At the start	422,000	1,655,213	5,308,793	7,386,006
Prior year adjustment(13)			180,313	180,313
Adjusted balance				
Issue of shares	1,780,703			1,780,703
Surplus for the year			1,423,477	1,423,477
Provision for Dividends			(264,324)	(264,324)
Provision for honoraria			(800,000)	(800,000)
Statutory reserves		284,695	(284,695)	-
At the end of the year 2018	**2,202,703**	**1,939,909**	**5,563,564**	**9,706,175**

CS/12181 CDF SAVINGS AND CREDIDT CO-OPERATIVE SOCIETY LTD
Annual report and financial statements for the year ended 31ST December 2018
CASHFLOW STATEMENT FOR THE YEAR ENDED 31/12/2018

	2018	2017
	Kshs	Kshs
Cashflow from operating activities		
Interest receipts	13,764,737	13,410,222
Interest expense	(7,406,427)	(5,031,382)
Other operating income	770,826	812,709
Payment to employees & suplliers	(4,578,677)	(3,332,405)
Prior year adjustment	180,313	-
	2,730,772	**5,859,144**
Increase/(decrease) in operating assets		
loans to members	(19,675,138)	(29,798,350)
Trade and other receivables	6,163,008	41,637
	(13,512,130)	**(29,756,713)**
Increase/(decrease) in operating liabilities		
Deposits from members	11,792,181	18,616,947
Benovelent fund	(618,775)	316,000
Trade & other payables	5,187,069	3,246,253
	16,360,475	**22,179,200**
Net cash from operating activities	**5,579,117**	**(1,718,369)**
Cashflow from investing activities		
Interest income	8,111	7,716
CIC money market	(8,111)	(7,717)
Office equipment purchase	(24,200)	(462,000)
	(24,200)	**(462,001)**
Cashflow from financing activities		
Share capital issue	1,780,703	6,000
Bank over draft	(19,626)	19,626
	1,761,077	**25,626**
Net increase in cash & cash equivalent	**7,315,994**	**(2,154,744)**
cash & cash equivalent at the beginning	-	**2,154,744**
Cash & cash equivalent at the end	**7,315,994**	-
	-	-

NOTES TO THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31-12-2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a)Statement of compliance & basis of preparation

The financial statements are prepared in accordance and comply with international financial reporting standards. financial statements are presented in the functional currency,kenya shillings(s and prepared under historical cost convention,as modified by revaluation of certain assets as prescribed by IFRSs,

(b)Revenue recognition

Interest on members' loans is recognised when earned by reference to the principal outstanding an effective interest rate applicable.

(c)Tax

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

(d)Statutory Reserves.

Transfers are made to the statutory reservesfund at a rate of 20% of net operating surplus after ta provision of section 47 (1&2) of the cooperative societies act Cap 490.

(e)Trade and other payables

Trade and other payables are recognised initially at fair values and subsequetly measured at amortised cost using the effective interest rate method.

(f)cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other shortterm highly liquid investments that are readly convertible to a known amount of cash and are subject t Insignificant risk of change in value

NOTES TO THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31-12-2018

	2018	2017
	Kshs	Kshs
2a.Interest income		
Interest from cic (net)	8,111	7,716
	8,111	**7,716**
2b.Other operating income		
Entrance fees	8,500	1,500
Loan off setting fees	762,326	811,209
	770,826	**812,709**
3a .Interest expense		
Interest on members deposits	7,700,000	7,500,000
	7,700,000	**7,500,000**
3b. Interest on members deposits		
B/F	9,185,201	6,716,583
Provision this year	7,700,000	7,500,000
Paid	(7,406,427)	(5,031,382)
	9,478,774	**9,185,201**
4.Administrative expenses		
Provision for loan losses	705,686	-
Committee sitting allowance	1,353,000	492,250
Salary and wages	769,340	596,200
Staff & committee education	212,550	343,000
Office renovation	15,000	417,000
Office general expenses	212,450	417,700
Office rent	602,000	600,000
Transport	267,500	67,000
AGM	630,400	72,300
Electricity	18,000	
Tax expenses	71,423	-
NSSF	400	-
Accomondation	120,000	-
Depreciation	109,234	122,400
System support	60,000	208,900
Printing & stationery	165,326	97,700
Consultancy	56,750	-
Book keeping fees	-	40,000
Audit and supervision fees	26,600	26,600
	5,395,659	**3,501,050**
5.Other operating expenses		
Bank charges	**24,538**	**20,355**

CS/12181 CDF SAVINGS AND CREDIDT CO-OPERATIVE SOCIETY LTD

Annual report and financial statements for the year ended 31-12-2018

NOTES TO THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31-12-2018

	2018 Kshs	2017 Kshs
6a.Cash & cash equivalent		
Current A/C- Co-op (reconciled)	7,315,994	-
	7,315,994	-
6b Bank Overdraft	-	19,626
6c Other finacial assets		
CIC money market	**102,660**	**94,549**
6d. Trade and other receivables		
Pre paid rent	160,000	100,000
Debtor employer (December)	37,254	6,260,262
Debtor employer (Contoller Budget)	869	869
	198,123	**6,361,131**
7. Loans to members		
Balance b/f	121,462,065	91,663,715
Loans Issued	96,479,200	97,713,667
Repayments	(76,804,062)	(67,915,317)
	141,137,203	**121,462,065**
Balance as per MPA	141,137,203	121,462,065
Difference	-	-
8. Members Deposits		
Balance b/f	104,776,797	86,159,850
Contributions during the year	20,530,756	20,532,047
Refunds	(8,738,575)	(1,915,100)
Balance at the end	**116,568,978**	**104,776,797**
Balance as per MPA	116,568,978	104,755,380
Difference	-	21,417

NOTES TO THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31-12-2018

	2018 Kshs	2017 Kshs
9. Benovelent fund		
B/f	1,948,700	1,632,700
Received during the year	321,225	396,000
Refunds	(940,000)	(80,000)
	1,329,925	**1,948,700**
10. Trade & other payables		
Provision for loan losses	705,686.00	-
CDF housing cooperative	2,326,006	3,148,500
Audit fees& surpervision fees	26,600	26,600
Staff salary arreas	15,351	54,200
Neema Digital communication	120,000	120,000
Accrued bookkeeping	-	40,000
Un identified deposits	29,600	27,600
Provision for dividends	264,324	-
Provision for honoraria	800,000	1,300,000
CDF Board	6,511,636	17,611
Over deduction / ex- members	1,317,491	398,504
	12,116,694	**5,133,015**
11.Reserves		
Statutory reserves	1,939,909	1,655,213
Retained earnings	5,563,564	5,308,793
	7,503,472	**6,964,006**
12 . Share capital		
B/f	422,000	416,000
Issued shares	1,780,703	6,000
	2,202,703	**422,000**
13. Prior year adjustment		
Honoraria	500,000.00	-
Sitting allowance	(319,687.00)	-
	180,313.00	-

13.Property and Equipment	Software	Computer & Accessories	Furniture & Fittings	Total Kshs
Rate	20%	33.3%	13%	
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1/1/2018	300,000	150,000	312,000	762,000.00
Additions		24,200		24,200
	300,000	**174,200**	**312,000**	**786,200**
Depreciation				
Accumulated dep	146,400	45,000	39,000	230,400
Charge for the year	30,720	43,024	35,490	109,234
	177,120	**88,024**	**74,490**	**339,634**
NBV				
As at 31st Dec 2018	**122,880**	**86,176**	**237,510**	**446,566**
As at 31st Dec 2017	**153,600**	**105,000**	**273,000**	**531,600**