



*Members Attending AGM*



*Executive Committee*



*Credit Committee*



# PCEA RUIRU SACCO SOCIETY LIMITED

## 17TH AGM ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED  
31st DECEMBER 2020**

**ANNUAL GENERAL  
HELD THROUGH ZOOM PLATFORM  
ON 10TH APRIL, 2021**

P.O Box 1497-00232 Ruiru, Kenya.

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## MANAGEMENT COMMITTEE

### EXECUTIVE COMMITTEE



**Bernard M. Maina**  
*Chairman Sacco*



**Rev. Simon Mwai Karanu**  
*Sacco Patron*



**Zachary G. Kibera**  
*Vice-chairman/Chair Education*



**Lydia N. Mucheru (PhD)**  
*Hon. Secretary Sacco*



**Edward N. Gacheru**  
*Treasurer Sacco*

### CREDIT & EDUCATION SUB-COMMITTEES



**Winnie N. Ndungu**  
*Chairperson  
Credit Committee*



**Isaac Gitau**  
*Secretary  
Credit Committee*



**Alice W. Muturi**  
*Member  
Credit Committee*



**Daniel Gachoka**  
*Member  
Education Committee*



**Elizabeth Kiongo**  
*Secretary  
Education Committee*

### SUPERVISORY COMMITTEE



**Esther N. Ndichu**  
*Chairperson  
Supervisory Committee*



**Victor Mwangi N.**  
*Secretary  
Supervisory Committee*



**Christopher Wainaina**  
*Secretary  
Supervisory Committee*

## MEMBERS OF STAFF



**James Kangethe Kiguongo**  
*Accountant*



**Zipporah N. Kinyua**  
*Credit Manager*



**Damaris W. Mwangi**  
*Credit Officer*



**Julius Mwangi Mbugua**  
*Credit Officer*



**Doris N. Gathara**  
*Account Assistant*



**Keziah W. Wandie**  
*Receptionist*

### WIMBO WATAIFA

1. Ee Mungu nguvu yetu,  
Ilete baraka kwetu,  
Haki iwe ngao na mlinzi,  
Natukae na undugu,  
Amani na uhuru,  
Raha tupate na ustawi.
2. Amkeni ndugu zetu,  
Tufanye zote bidii,  
Nasi tujitoe kwa nguvu,  
Nchi yetu ya Kenya,  
Tunayoipenda,  
Tuwe tayari kuilinda.
3. Natujenge taifa letu,  
Ee ndio wajibu wetu,  
Kenya istahili heshima,  
Tuungane mikono,  
Pamoja kazini,  
Kila siku tuwe na shukrani.

### KENYA NATIONAL ANTHEM

1. O God of all creations,  
Bless this our land and nation,  
Justice be our shield and defender,  
May we dwell in unity,  
Peace and liberty,  
Plenty be found within our borders.
2. Let one and all arise,  
With hearts both strong and true,  
Service be our earnest endeavour,  
And our homeland of Kenya,  
The heritage of splendour,  
Firm may we stand to defend.
3. Let all with one accord,  
In common bond united,  
Build this out Nation together,  
And the glory of Kenya,  
The fruit of our labour,  
Fill every heart with thanks giving.



## PCEA RUIRU SACCO SOCIETY LIMITED

P.O Box 1497 - 00232 Ruiru, Kenya.

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OUR REF: AGM 2021

31<sup>st</sup> MARCH 2021

To All Members

### **REF: NOTICE OF ANNUAL GENERAL MEETING.**

This is to notify members that the AGM meeting which was to be held on 3<sup>rd</sup> April 2021 has been pushed forward to **10th April 2021** starting at 9.00am due to the **COVID-19 PROTOCOLS**. The meeting will be through the **ZOOM platform**. The meeting Agenda will be;

### **AGENDA**

1. Prayers/devotion
2. Reading of the notice convening the meeting by the Hon Secretary.
3. Apologies.
4. Introduction of guests.
5. Reading and confirmation of previous minutes of the A. G. M.
6. Matters arising from the minutes.
7. To receive Chairman's report.
8. Authority to carry on specified non – deposit taking business
9. Adoption of Sacco by – Law
10. Adoption of Sacco polices.
11. To receive supervisory report.
12. Presentation of Audited report for the year 2020.
13. Resolutions.
14. To consider and appoint auditors for the year 2022 .
15. Declaration of Dividends, Honoraria and bonus for the year 2020. .
16. To consider and approve borrowing power.
17. Elections for the management and Supervisory Committee members.
- 18.. A.O.B.

**Lydia N. Mucheru (PhD)**

**Hon Secretary, P.C.E.A Ruiru SACCO Society LTD.**

## PCEA RUIRU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD ANNUAL GENERAL MEETING HELD AT P.C.E.A RUIRU TOWN SCHOOL GROUNDS ON 15<sup>TH</sup> FEBRUARY 2020

### **MEMBERS PRESENT**

A total of 1002 were present

### **APOLOGIES**

36 members

### **IN ATTENDANCE**

1. The Sub County Co - operative Officer
2. KUSCCO representative
3. Sacco Auditor

### **MIN.1/15/02/2020 PRELIMINARIES**

The meeting was called to order at 10:10a.m. It started with a word of prayer from which was followed by the National Anthem. The devotion was led by Evangelist Gakundi on behalf of the Sacco patron Rev Simon Karanu. He read from Proverbs 6:6 and Psalms 128, and encouraged the members that as people who have power and wisdom, we should save for the 'bad days' as the ants do. We should do it with fear of the Lord in us, so that He blesses the work of our hands.

The chairman welcomed the members, and recognized Elders of PCEA Ruiru town church for allowing the Sacco to hold its meeting in their venue. Those in attendance were introduced; namely the KUSCCO representative-madam Pamela, the Sub County Cooperative Officer- Madam Elizabeth Wambui and the SACCO Auditor-Madam Polly Rose.

### **MIN.2/15/02/2020 READING OF THE NOTICE**

Winnie Ndungu, read the notice convening the 16<sup>th</sup> Annual General meeting on behalf of Hon. secretary Lydia Mucheru. Thereafter the meeting was declared it a lawful assembly of PCEA Ruiru Sacco Society Ltd.

Elder Joseph Gituanja was requested to lead the members in observing a moment of silence and praying for the departed members who had left us since the previous A.G.M. to date.

### **MIN.3/15/02/2020 READING AND CONFIRMATION OF MINUTES.**

The ag. Hon Secretary read the minutes of the previous Annual General meeting. The minutes were proposed by Annah Wangari (m/no.427) and seconded by Peter Kamicha (m/no. 003) as a true copy of the previous meeting deliberations.

### **MIN.4/15/02/2020 MATTERS ARISING**

The following issues arising from the minutes were explained;

- After disbursement of loans in any particular month the **sacco invests** the excess money in the money **market instead** of keeping it in the banks.
- Members to ensure they submit their **bank slips** to the SACCO to avoid the un receipted deposits.
- The **strategic plan** launched in the previous AGM is already in use.
- Every member to **increase share capital** to 100 Shares of Ksh 10,000. For those who

- have attained this they will get a share certificate.
- The **Family bank account** was opened and members are paying through it.
- For **defaulters**, apart from a member being listed with CRB, they are also being taken to tribunal court.
- On **mobile banking**, the management has been able to benchmark. However, there is need to go slowly because of cybercrime.
- The chairman appreciated members who attended **Ushirika day 2019**, and he also assured that those who will attend this year 2020 would also be given a Sacco T-shirt.
- **Benevolent fund** to bereaved families was raised from Ksh 20,000 to Ksh 30,000.
- Members had suggested we use **membership number** instead of names when registering. on the meeting day, this was being used at the registration desk.
- Members wishing to **join the Board** should request in writing. However, there was a policy being formulated to make this possible.
- On **raising minimum** saving from 300 to 500 - this is already in the strategic plan and should be implemented.
- Reaction on **hosting AGM outside PCEA Ruiru Town church**- will be expensive, for the church does not charge us and this is a central place.

#### MIN.5/15/02/2020 REPORTS.

##### a) CHAIRMAN'S REPORT

The following were the highlights of the report;

- **Sacco Staff** - the Sacco has a total of 6 employees who are working hard to achieve the core values of accountability, transparency and professionalism.
- **Sacco policies** – In order to boost governance, we are in the process of developing and enhancing the Sacco policies to march with the Sacco growth and current market trends.
- **Amendment to the Sacco by law** – The chairman highlighted the need to amend the Sacco by law order to capture all the resolutions passed by the members during their meetings and also align it with the current regulations.
- **Ushirika day** – like the previous years the Sacco participated in 2019 Ushirika day celebrations and scooped the following trophies; the **2<sup>nd</sup> best Sacco in Ruiru Sub county, most innovative, and the Sacco that declared the highest interest on deposit** among the faith based Sacco's.
- **Sacco Assurance**; The chairman urged the members to insure their assets with our CIC Sacco Assurance to increase our income. During the previous year, we were able to get 11,812/- from this.
- He also highlighted the performance showing an incredible growth in the following areas;
  - i. **Membership**-increased from 4209 to 4739 an increase of 530 members translating to a growth of 12.6%.
  - ii. **Deposits**-total member deposit increase from ksh 285,646,270 to Ksh 339,481,559 an increase of Ksh 57,770,815 translating to 20.2% growth.
  - iii. **Share Capital**-increased from, Ksh 7,735,754 to Ksh 9,332,745 an

increase of Ksh 1,596,991 translating to a growth of 20.6%.

He urged the members to increase their share capital from Ksh 2,000 to Ksh 10,000. So far, there were only 21 Members who had attained the ksh 10,000. These were issued with share certificates.

- iv. Investment**-our investment with both CIC insurance and KUSSCO increased from 50,131,991 to 78,764,877; an increase in 57.1%.
- v. Loans**-increased from 189,541,904 to 236,545,810 an increase of 47,003,906 a growth of 24.8%.
- vi. Revenues**- We realized gross income of 41,143,959, compared to 34,770,4920 in 2018 translating to 18.3% increase.
- vii. Interest on deposits and Dividends**-interest on deposit to be paid is ksh 28,195,646 translating to 8.8% and 10.3% on prorated basis compared to 24,072,825 at a rate of 9% in 2018.  
Dividends proposed to be paid at Ksh 746,620 translating to 8% compared to Ksh 541,503 of 7% in 2018

- Elections will be held as there were 3 members of Board of Management retiring and one from supervisory committee.
- The chairman's report was adopted by the members; as was proposed by Matthew Mungai (m/no 1269) and seconded by Stephen Mwangi (m/no 958).

## **REACTION**

The report was well adopted and there were no reactions.

The chairman took members through the some of the current policies of membership policy and credit policy and urged them to give their input to the office.

Awarding of best recruiters was done by our Hon Member of Parliament; Nganga Kingara (who is also a Sacco member) which were as follows;

- i. Best recruiter- Jeremiah Kwendo
- ii. Second best Recruiter- Nancy Murage
- iii. Third best Recruiter-Elijah Munyao

Hon. Kingara promised that next year the best recruiter will receive Ksh. 5,000 from Simon Nganga Kingara Foundation. He appreciated the Management for the continuous Sacco growth and urged them to implement the strategic plan launched in last year AGM. He encouraged members to increase their saving and join cell groups for easier guarantor ship when applying for loans.

## **b) SUPERVISORY REPORT**

The supervisory report was read by the secretary. The following were the highlights;

- i. Management stewardship was appreciated for not exhausting the approved budget.
- ii. Marketing strategies should be improved to increase membership
- iii. All members to strive to join or form a cell groups to avoid disappointment when applying for loans.
- iv. Members to ensure they submit their bank slips to the office by end month to avoid un receipted deposits.
- v. A suggestion box is in place in case of dissatisfaction with the Sacco services.

- vi. New products and services are in place such as withdrawable savings where a member can deposit and withdraw. The savings earn interest.

The report was proposed by Allen Kangaca (m/no 1091) and seconded by Joan Gathoni (m/no 2649).

### **REACTIONS**

There were no reactions to the supervisory report.

### **c) AUDITOR'S REPORT**

The Sacco Auditor Mrs. Polly Nyaguthii from the Ministry of Cooperatives presented the audited financial report of the year 2019. She highlighted that the books of account have been kept in accordance to the standards required; the expense to revenue ratio was good; and the Sacco growth was encouraging. This report was adopted by the members and were proposed and seconded by John Kamau (m/no 4219) and Margaret Wambugu (m/no 1692) respectively.

### **REACTIONS**

- i. Allan Gicharu (m/no 1559) inquired about the budget for this year, this was explained that the law allows the budget to be approved up to 4 months before the end of year, this happened during last year Special General Meeting in the month of September.
- ii. Matthew Mungai (m/no 1269) had a question on payment of rent of Ksh 2 million- this was explained that due to the relocation to the new offices the Landlord requested we pay rent in advance for at least 6 years.
- iii. John Mwenja Murage (m/no 2498) Asked why the internet charges were higher compared to 2018. This was explained that when we relocated to the church premises we were using the church internet and power. When we relocated to the Sacco current new premises we were independent and had to pay for our internet and power.

### **MIN.6/15/02/2020 KUSSCO**

Madam Pamela the KUSSCO Thika branch manager appreciated our partnership with KUSSCO and also acknowledged that the Sacco has invested Ksh 65 million in KUSSCO money market. She assured the members that the money is safe.

KUSSCO has also been offering training services to both the Sacco staff and the Board. She thanked the Sacco for choosing KUSSCO to insure loans and assured the members that they are able to pay promptly in case of death or permanent disability. She urged the members to patronise the Sacco and be good ambassadors by recruiting more members.

### **MIN.7/15/02/2020 AMENDMENT OF BYLAW**

The chairman informed the members on the need to amend the Sacco by-law. Members agreed on this. It was proposed by Matthew Mungai (m/no. 1269) and seconded by Jesse Njoroge (m/no. 635).

### **MIN.8/15/02/2020 RESOLUTIONS**

- 1) The borrowing power to remain at 5 million. This was proposed by Tabitha Njuguna(m/no.67) and seconded by Joseph Ranja (m/no 826.)
- 2) Ministry of Industrialization and Enterprise Development to continue as Auditors. This was proposed and seconded by Peter Gitau (M/no 3540) and Catherine

- Kamoche (M/no 264 respectively.
- 3) The interest on deposit to be 8.8% before prorate and dividend on shares to be 8%. This was proposed by Alladin Kamunyu (m/no 2955) and seconded by Martin Kagichu(m/no572)
  - 4) To capitalize the dividends on share capital. This was proposed by Elijah Mutunga (m/no. 3183) and seconded by Esther Wambari (m/no.100).
  - 5) The Board of Directors and Staff to be paid honoraria at a rate of 1.5% of the interest on deposits (Ksh422,935). This was proposed and seconded by Rodah Mungai (m/no.721) and Peter Mwangi (m/no. 1778) respectively.

#### **MIN.9/15/02/2020 ELECTIONS**

The Sub County Cooperative Officer Ms Elizabeth Wambui, appreciated the Sacco Board for the good work as seen in the audited report, having a good relationship with her office and for launching of the Strategic Plan which is currently in use. She also commended the Sacco for embracing technology by having a management information system, and acquiring a spacious banking hall.

She also thanked the members for attending Ushirika day in good numbers, advised them to increase their share capital to enhance opening of Front Office and be good patriots of the SACCO. She also encouraged them to read the policies very well so that they can be passed through the Special General Meeting.

She also encouraged the Sacco to increase minimum requirements for serving in the Board of management to bring in quality leadership.

The Sub- county C.O announced those retiring in the management committee as follows;

- 1) Bernard Miano
- 2) Winnie Ndungu
- 3) Daniel Gachoka
- 4) Victor Mwangi

As per the By-law she read the qualifications of being a member of the board as follows;

- 1) Be above 18 years of age
- 2) Not a staff member
- 3) Not declared bankrupt.
- 4) Be of sound mind.
- 5) Not adversely mentioned by the commissioner in an inquiry
- 6) Not previously convicted in a court of law
- 7) Not a defaulter
- 8) Been a Sacco member for more than 6 years standing
- 9) In Possession of post KCSE Certificate



**ELECTIONS:**

- 1) Bernard Miano-Proposed by Matthew Mungai (m/no. 1269) and seconded by Margaret Wambugu (m/no. 1692).
- 2) Winnie Ndungu-Proposed by Joseph Murumuri (m/no.3249) and seconded by Joseph Ranja (m/no. 826)
- 3) Daniel Gachoka-Proposed by Charles Toro (m/no.935) and seconded by Robert Mukuha (m/no 2455).

**SUPERVISORY**

- 4) Victor Mwangi-Proposed by Esther Wambari(m/no100) and seconded by Dorcas Njane (m/no 92).

Members agreed that the 3 members of management namely Bernard Miano, Winnie Ndungu and Daniel Gachoka to come back and continue serving in the management committee.

Members also agreed to retain Victor Mwangi in the supervisory committee.

All re-elected members appreciated the members for having trust in them and giving them another opportunity to serve in the Sacco Board.

**MIN.10 /15/02/2020 A.O.B**

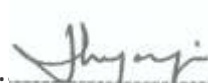
- 1) Julius Njuguna (mno 3364) requested revisiting of the issue of the benevolent fund to include spouse
- 2) Willie Ngunu (m/no726) requested the possibility of increasing benevolent fund from 30,000 to 50,000.
- 3) Nancy Murage (mno. 1876) proposing that children be include Benevolent fund.
- 4) Nancy Gichimu (m/no 263) Proposed that we be more time conscious by ending the meeting by 1:00pm

Having no other business, the meeting ended at 2.00pm with a word of prayer from Evangelist Mwaniki from PCEA Uthiru Parish.

Approved for circulation

Compiled by

Chairman.....

Secretary.....

Date..... 20/02/2021

Date..... 20/02/2021

Confirmed at meeting

Chairman.....

Secretary.....

Date.....

Date.....

## CHAIRMAN'S REPORT

The Ruiru Sub County Cooperative Officer, fellow board members, ladies and gentlemen, good morning.

On behalf of the Sacco management committee and the supervisory committee, I would like to take this opportunity to welcome you all to our 17th Annual General Meeting and sincerely thank you for finding time to attend the Sacco AGM 2021. The management committee wish to extend our appreciation to all our members and other stakeholders for the support and cooperation you have accorded us during the year under review. We are proud of the achievement of PCEA Ruiru Sacco in the year 2020 amidst the COVID -19 pandemic. As the chairman of the Sacco, I want to thank the employees of this Sacco for their effort to bring the Sacco to a new height. I assure you that we shall continue to invest and enhance your skills to match the Sacco growth.

## REVENUE Growth

Total revenue grew up by 28.26% in 2020 (a growth of 11,627,167 from 41,143,959 in 2019 to 52,771,126 in 2020) compared to a growth of 18.33% in 2019 (6,373,467 from 34,770,492 to 41,143,959). This growth was attributed by investment in the money market and the confidence you have in the Sacco by patronizing the Sacco loan products.

## LOAN GROWTH

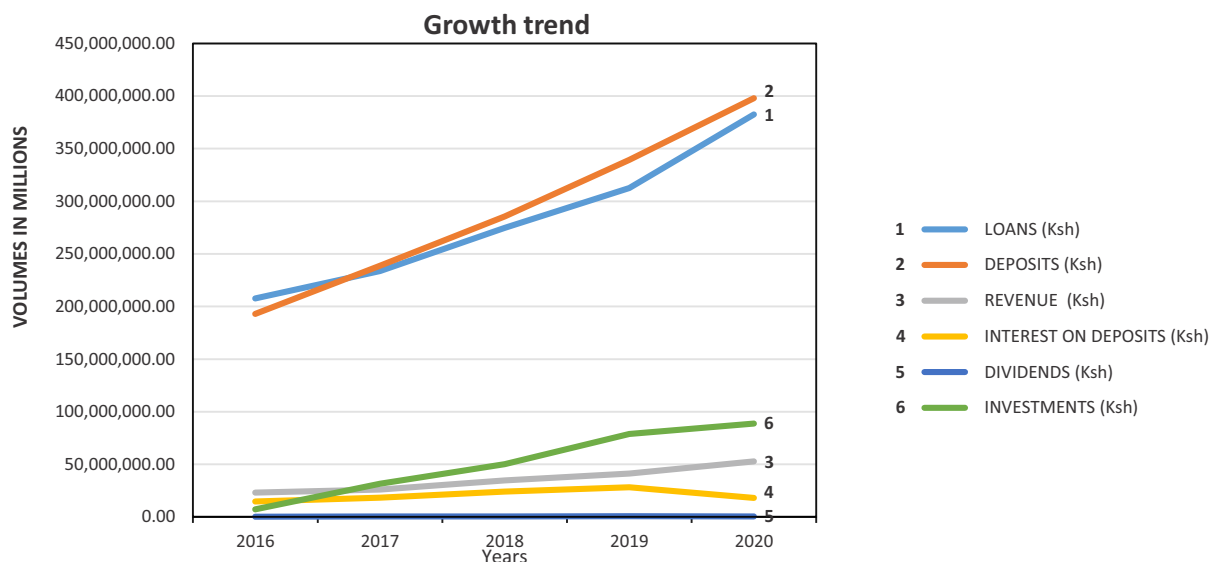
The Sacco remained robust in lending activities and we managed to post a loan book of 382,654,145 in 2021 from 312,693,106 a growth of 22.37% (69,961,039) compared to a growth of 13.8% (37,916,539) in 2019. In addition to our conventional lending practices, the management encouraged corporate members (Churches) to fund their projects through Sacco loans. This has benefitted both the Sacco and the Churches.

## DEPOSIT GROWTH

Members deposits grew by 17.24 % (58,543,244) from Ksh. 339,481,559 to Ksh. 398,024,783. The management introduced a token of appreciation to any member who recruits a new member. This has contributed to deposit growth; however, our corporate members' shares are too low and compared to the huge loans they are getting from the Sacco.

The table and graph below show the Sacco growth from the year 2016 to the year 2020

|                            | 2016           | 2017           | 2018           | 2019           | 2020           |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| LOANS (Ksh)                | 207,690,472.00 | 233,626,410.00 | 274,776,567.00 | 312,693,106.00 | 382,654,145.00 |
| DEPOSITS (Ksh)             | 193,027,677.00 | 238,835,792.00 | 285,646,270.00 | 339,481,559.00 | 398,024,783.00 |
| REVENUE (Ksh)              | 23,185,449.00  | 26,051,464.00  | 34,770,492.00  | 41,143,959.00  | 52,771,126.00  |
| INTEREST ON DEPOSITS (Ksh) | 14,650,214.00  | 18,232,099.00  | 24,072,825.00  | 28,195,646.00  | 18,037,050.00  |
| DIVIDENDS (Ksh)            | 271,662.00     | 386,728.00     | 541,503.00     | 746,620.00     | 462,145.00     |
| INVESTMENTS (Ksh)          | 7,131,828.00   | 31,633,736.00  | 50,131,991.00  | 78,764,877.00  | 88,691,459.00  |



## MEMBERS EDUCATION

The Sacco did not hold an education training in 2020 since due to the restrictions put by the Government due to COVID- 19 pandemic; however, we had an in-house training for the Board and staff.

## LOAN DEFAULTERS

During the year under review we enhanced the debt collection by engaging an external debt collector to help in recovering the defaulted loans.

## SACCO SOCIETY REGULATORY AUTHORITY (SASRA)

The Government through the Ministry of Industrialization gazetted a notice on 5<sup>th</sup> may 2020 new regulations for non-deposit taking Saccos with more than 100 Million in deposits. PCEA Ruiru Sacco is among the top 5 in this category, and therefore had to fulfill and comply with the set requirements and guidelines in order to be authorised as a registered Sacco in operation. This has to be done at 30th June 2021. On behalf of the Management Committee, I want to assure you that everything possible is being done to comply with the required guideline and get authorization. This regulations has adversely affected us to the extent of paying low interest on deposits rate and dividends (see the table above) despite having the best performances in the year under review. A case in point is that all loans must be **PROVIDED FOR; arrears below 30 day 5%, 31-180 days 25%, 180-360 days 50% above 360 days 100%** hence necessitating us to provide for Ksh 20,845,843 for the all loans above 360 days, however we have engaged debt collector and auctioneers to assist us in recovery and so far we have recovered over 2million which will be revenue in next year. We are confident that we will recover all the 20million by end of year 2021. We encourage members not to have any arrears as this will adversely affect our revenues, interest on deposit and dividends.

## NEW PRODUCTS.

The management Committee have come up with new products; Asset financing (Tuktuk/ boda boda loan, Car loan, furniture and electronic land), mobile loans, deposit booster loan, insurance loan. The prerequisites are as presented in the product catalogue. We encourage members to patronize with the new products.

## ELECTIONS

The following members of the board are retiring today but they are eligible for re-election.

1. Zachary Gichiri
2. Isaac Gitau
3. Elizabeth Kiongo
4. Christopher Wainaina

## RESOLUTIONS

1. Auditors be identified as per SASRA requirements
2. Borrowing power to remain 5 million
3. Interest on deposits be paid at 4.6% and pro-rate at 5%
4. Dividends be paid at 4%
5. Board and staff be paid honorarium and bonuses of Ksh. 270,556.
6. Capitalise the dividends on share capital.
7. Members of the Management and Supervisory committee to increase Indemnity from Ksh 300,000 to Ksh 500,000.

## ACKNOWLEDGMENT

Ladies and gentlemen, I now take this opportunity to express my appreciation you all for patronizing our products, and to members of the board for the support they have accorded me in steering the Sacco forward. The staff have done a commendable job in running the Sacco activities and this is evident from the audited financial report.

Lastly, I would like to recognize and appreciate the support received from other stakeholders in the Sacco sector including the Cooperative officer, KUSSCO, CIC, and our bankers in Ruiru.

May God bless us all.



**Chairman**  
**PCEA RUIRU SACCO**

## **AGM—THE SUPERVISORY REPORT FOR 2020**

Our Sub County Cooperative Officer, Sacco Auditor, members of PCEA Ruiru SACCO, ladies and gentlemen, I wish to take this opportunity to welcome you to this AGM.

While the Supervisory committee's role is oversight, the management committee is responsible for the development and implementation of strategic goals and objectives. It is their duty to ensure that maximum wealth is created for the members and adequate measures put in place to safeguard the resources of the society. The two committees complement one another for the welfare of the Sacco.

It is within our mandate to tell you that the Board and the staff have worked diligently to achieve the above. We also commend them for establishing functional internal control systems which safeguard the SACCO assets. The following are some of the observations we have made.

### **Financial Report**

The Sacco society's overall performance was better than the previous years. This is seen by the table below:

| <b><u>ITEM</u></b>      | <b><u>2018</u></b> | <b><u>2019</u></b> | <b><u>2020</u></b> | <b><u>% GROWTH</u></b> |
|-------------------------|--------------------|--------------------|--------------------|------------------------|
| Membership              | 4209               | 4737               | 5274               | 11.34%                 |
| Members Deposits (ksh)  | 285,646,270        | 339,481,559        | 398,024,783        | 17.24%                 |
| Members Loans ( ksh)    | 274,776,567        | 312,693,106        | 382,654,145        | 22.37%                 |
| Growth of revenue (ksh) | 34,770,492         | 41,143,959         | 52,771,126         | 28.26%                 |

This could only be achieved through hard work from the staff and the dedicated vigilance from the Board.

Despite the general and emerging challenges in the financial sector, inflation and COVID-19 Pandemic, our society has not been adversely affected.

## **HIGHLIGHTS OF THE YEAR 2020**

### **1. MEMBERSHIP GROWTH**

Membership grew substantially despite the pandemic and economic hardships faced in the country from **4737** members in 2019 to **5274** members. This was made possible by teamwork within the leadership of the Sacco and Trust emanating from continuous and sustained growth

### **2. DEFAULTERSHIP**

The issue has been handled by the management with sobriety and a milestone achieved. However, as supervisory members, we encourage you to kindly pay up your loans promptly to avoid penalties and other legal options like the tribunal court. We also encourage cooperators to form strong cell groups and become accountable to each other. With the introduction of debt collectors, the progress is still tedious. We recommend that the Board re-examines this to improve on the situation.

### **3. LOANS**

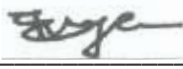

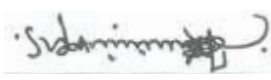
We noted that loan application has gone up with a 22.37 % increase despite the fact that the country has had a devastating pandemic. We are commending you members for patronizing the Sacco products. We also pray that members should be prudent enough to use loans taken well for they will still pay the money eventually.

**4. SASRA REGULATIONS**

The government, through the SACCO SOCIETY REGULATORY AUTHORITY (SASRA), has come up with new regulations which will be governing Non- deposit taking Sacco's with deposits of over ksh 100 million. This is to cushion members' money from being mismanaged. With our Sacco being in this category we have noted that the Management committee acted very fast and come up with all the Sasra requirements. This includes a new SASRA compliant By- law, over 14 policies that will be guiding on how the Sacco business will be conducted, business plan and feasibility study on the Sacco continuity.

**5. NEW PRODUCTS**

We have new products despite the pandemic and these include Asset financing, car loan, insurance and mobile loan. We encourage you to patronize these products. The supervisory Committee would like to express its unwavering gratitude to ALL cooperators and our committed board of directors for their cooperation and commitment. Challenges will never lack but endurance and commitment to prevail makes all the difference  
Thanks for entrusting us with this noble role

- 1. Esther Ndichu                      Chairperson 
  
- 2. Victor Mwangi                      Secretary 
  
- 3. Christopher Wainaina              Member 

MINISTRY OF INDUSTRY  
TRADE AND COOPERATIVES  
*State Department for Cooperative*  
REGISTRY

02 MAR 2021

P.O. BOX 30547 - 00100  
NAIROBI, KENYA

**CS/10410  
P.C.E.A. RUIRU  
SAVINGS & CREDIT  
CO-OPERATIVE SOCIETY LTD**



**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020**

**MINISTRY OF TRADE, INDUSTRIALIZATION, TOURISM,  
INVESTMENT & CO-OPERATIVE DEVELOPMENT  
KIAMBU COUNTY,  
P.O. BOX 2344-00900,  
KIAMBU.**

**CS/10410 - PCEA RUIRU SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31ST DECEMBER, 2020**

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**CS/10410 - PCEA RUIRU SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD  
SOCIETY INFORMATION FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**BOARD OF DIRECTORS**

|                        |                |
|------------------------|----------------|
| Bernard M. Maina       | Chairman       |
| Zachary Gichiri Kibera | Vice Chairman  |
| Edward Ngarega Gacheru | Treasurer      |
| Lydia Njeri Mucheru    | Hon. Secretary |
| Winnie Ndung'u         | Member         |
| Isaac Miring'u         | Member         |
| Alice Wahu             | Member         |
| Elizabeth Kiongo       | Member         |
| Daniel Gachoka         | Member         |

**SUPERVISORY COMMITTEE**

|                      |           |
|----------------------|-----------|
| Esther Nduta Ndichu  | Chairman  |
| Victor Mwangi        | Secretary |
| Christopher Wainaina | Member    |

**REGISTERED OFFICE:**

PCEA RUIRU SACCO OFFICES  
P.O. Box 1497-00232  
RUIRU

**PRINCIPAL BANKERS:**

Co-operative Bank of Kenya Limited,  
National Bank  
Equity Bank  
KCB

**AUDITORS**

Department of Trade, Industrialization, Tourism, Investment and Co-operatives Development and have expressed their willingness to continue in office in accordance with the Co-operative Societies Act.



**CS/10410 - PCEA RUIRU SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD  
STATISTICAL INFORMATION AS AT 31ST DECEMBER, 2020**

|  | <b>12/31/2020</b> | <b>12/31/2019</b> |
|--|-------------------|-------------------|
| Membership                                       | 4739              | 4209              |
| <b><u>Financial</u></b>                          | <b>KSHS</b>       | <b>KSHS</b>       |
| Total Assets                                     | 493,616,571.00    | 414,351,084.00    |
| Members' Deposits                                | 398,024,783.00    | 339,481,559.00    |
| Loans to members                                 | 382,654,145.00    | 312,693,106.00    |
| Share Capital                                    | 11,553,628.00     | 9,332,745.00      |
| Total Revenue                                    | 52,771,126.00     | 41,143,959.00     |
| Total Expenses                                   | 33,397,068.00     | 11,458,110.00     |
| Net surplus                                      | 1,337,008.00      | 1,490,203.00      |
| Current Assets                                   | 403,365,473.00    | 333,958,574.00    |
| Current Liabilities                              | 78,976,137.00     | 61,079,064.00     |
| Working Capital                                  | 324,389,336.00    | 272,879,510.00    |
| Net Assets = Capital Employed                    | 414,640,434.00    | 353,272,020.00    |
| Interest on Members' Deposits                    | 18,037,050.00     | 28,195,646.00     |
| Dividends  | 462,145.00        | 746,620.00        |
| <b><u>KEY RATIOS</u></b>                         |                   |                   |
| Liquid Assets/Total Deposits & L. T. Liabilities | 1.01              | 0.98              |
| Current Ratio                                    | 5.11              | 5.47              |
| <b><u>OPERATING EFFICIENCY</u></b>               |                   |                   |
| Total Expenses/Total Revenue                     | 63.29%            | 27.85%            |
| Interest on members deposits/Total Revenue       | 34.18%            | 68.53%            |
| Interest (rate) on members deposits              | 4.6%              | 8.8%              |
| Dividend (rate) on share capital                 | 4.0%              | 8.0%              |

**CS/10410 - PCEA RUIRU SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD  
REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**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 December, 2020.

**Incorporation**

The society is incorporated in Kenya under the Co-operative 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.

| <b>Results</b>                  | <b>12/31/2020<br/>KSHS.</b> | <b>12/31/2019<br/>KSHS.</b> |
|---------------------------------|-----------------------------|-----------------------------|
| Surplus/(deficit) before tax    | 1,337,008.00                | 1,490,203.00                |
| Income tax expense              | -                           | -                           |
| Net surplus/(deficit) after tax | <b>1,337,008.00</b>         | <b>1,490,203.00</b>         |
| Interest on Members Deposits    | 18,037,050.00               | 28,195,646.00               |

**Dividend/Interest on members' deposits**

The Management Committee recommend payment of interest on members deposits at a rate of 4.6% (2019, 8.8%) and dividend on share capital at a rate of 4% (2019, 8%).

**The Committee**

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

**Auditors**

The society's auditors have expressed their willingness to continue in office in accordance with the co-operative societies Act.

**By order of the Committee**

Signature.....  
**Hon. Secretary**

23/02/2021  
Date.....

**CS/NO. 10410- P.C.E.A. RUIRU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD**

**STATEMENT OF THE MANAGEMENT COMMITTEE RESPONSIBILITIES**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020.**

The Co-operative Societies Act requires Management Committee to prepare financial statements for each year, which give a true and fair view of the state of affairs of the society as at the end of the financial year and 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 of the society has been conducted in accordance with its objectives, by-laws and any other resolutions made at the society's general meeting.

The Management Committee accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards.

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 of its operating results in accordance with IFRS. The Management Committee further accepts responsibility for the maintenance of accounting records that 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:** ..... 

**Committee Member:** ..... 

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF P.C.E.A. RUIRU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD CS/NO 10410**

We have audited the accompanying financial statements set out on pages ...6... to 9 which comprise the statement of financial position, and the 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 set out on page 10 and other explanatory notes.

**THE MANAGEMENT COMMITTEE'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS.**

As stated on page .....4..., 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 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.

**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 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 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, but not for the purpose of expressing an opinion on the effectiveness of society's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Committee, as well as evaluating the overall presentation of the financial statements.

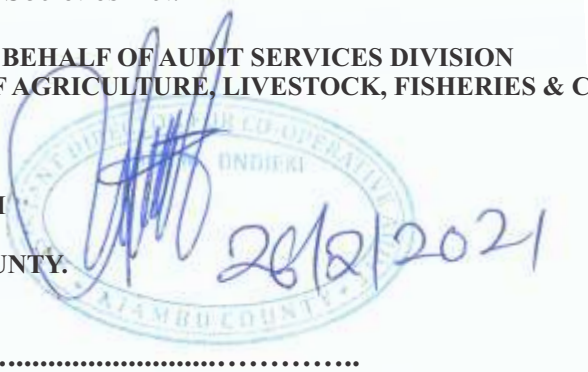
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION**

In our opinion, the financial statements give a true and fair view of the Society's financial affairs at 31/12/2020 and of the results of its operation and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Co-operative Societies Act.

**FOR AND ON BEHALF OF AUDIT SERVICES DIVISION  
MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES & CO-OPERATIVES**

**J.M. ONDIEKI  
C.A.D.C.A.  
KIAMBU COUNTY.**



**DATE:.....**

**CS/10410 - PCEA RUIRU SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2020**

|   |   | 12/31/2020                  | 12/31/2019                  |
|---|---|-----------------------------|-----------------------------|
|   |   | KSHS.                       | KSHS.                       |
| <b><u>REVENUE</u></b>                               |   |                             |                             |
| Interest on members loans                           |   | 40,533,599.00               | 33,169,769.00               |
| Interest from Bank                                  |   | -                           | -                           |
| <b>Total Interest Income</b>                        |   | <b>40,533,599.00</b>        | <b>33,169,769.00</b>        |
| Less: Interest on members deposits@4.6% (2019,8.8%) |   | (18,037,050.00)             | (28,195,646.00)             |
| <b>Net interest income</b>                          |   | <b>22,496,549.00</b>        | <b>4,974,123.00</b>         |
| Other operating incomes                             | 2 | 12,237,527.00               | 7,974,190.00                |
|   |   | <u><b>34,734,076.00</b></u> | <u><b>12,948,313.00</b></u> |
| <b><u>EXPENSES</u></b>                              |   |                             |                             |
| Administration expenses                             | 3 | 26,327,358.00               | 5,034,574.00                |
| Committee expenses                                  | 4 | 361,960.00                  | 250,988.00                  |
| Finance costs                                       | 5 | 579,096.00                  | 610,411.00                  |
| Governance/ (Member related) expenses               | 6 | 2,799,990.00                | 2,214,021.00                |
| Personnel expenses                                  | 7 | 3,328,664.00                | 3,348,116.00                |
|   |   | <u><b>33,397,068.00</b></u> | <u><b>11,458,110.00</b></u> |
| <b>Surplus before tax</b>                           |   | 1,337,008.00                | 1,490,203.00                |
| Income tax expense                                  |   | -                           | -                           |
| <b>Net surplus after tax</b>                        |   | <u><b>1,337,008.00</b></u>  | <u><b>1,490,203.00</b></u>  |

**CS/10410 - PCEA RUIRU SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**  
**STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020**

|                                       |    | <u>12/31/2020</u>            | <u>12/31/2019</u>            |
|---------------------------------------|----|------------------------------|------------------------------|
|                                       |    | <u>KSHS.</u>                 | <u>KSHS.</u>                 |
| <b><u>ASSETS</u></b>                  |    |                              |                              |
| Cash & Cash Equivalents               | 8  | 18,828,316.00                | 18,637,278.00                |
| Loans to members                      | 9  | 382,654,145.00               | 312,693,106.00               |
| Trade & Other Receivables             | 10 | 1,883,012.00                 | 2,628,190.00                 |
| Investments                           | 11 | 88,691,459.00                | 78,764,877.00                |
| Property, plant and equipment         | 22 | 1,174,399.00                 | 1,049,803.00                 |
| Intangible asset - software           | 22 | 385,240.00                   | 577,830.00                   |
| <b>Total Assets</b>                   |    | <b><u>493,616,571.00</u></b> | <b><u>414,351,084.00</u></b> |
| <br>                                  |    |                              |                              |
| <b><u>LIABILITIES</u></b>             |    |                              |                              |
| Members deposits                      | 12 | 398,024,783.00               | 339,481,559.00               |
| Withdrawable savings                  | 13 | 14,413,913.00                | 11,190,332.00                |
| Benevolent fund                       | 14 | 8,736,711.00                 | 7,736,135.00                 |
| Trade payables & accrued expenses     | 15 | 55,825,513.00                | 42,152,597.00                |
| <b>Total liabilities</b>              |    | <b><u>477,000,920.00</u></b> | <b><u>400,560,623.00</u></b> |
| <br>                                  |    |                              |                              |
| <b><u>EQUITY</u></b>                  |    |                              |                              |
| Share Capital                         | 18 | 11,553,628.00                | 9,332,745.00                 |
| Reserves                              | 19 | 5,062,023.00                 | 4,457,716.00                 |
| <b>Total Equity</b>                   |    | <b><u>16,615,651.00</u></b>  | <b><u>13,790,461.00</u></b>  |
| <br>                                  |    |                              |                              |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> |    | <b><u>493,616,571.00</u></b> | <b><u>414,351,084.00</u></b> |



**"AUDITORS REPORT ATTACHED"**

The financial statements on pages **19 to 28** were authorised for issue by the Management Committee on **23/02/2021** and signed on its behalf by:

Chairman: .....  
 Member: .....  
 Member: .....



**CS/10410 - PCEA RUIRU SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2020**

|  | Share Capital<br>Kshs. | Statutory Reserve Fund<br>Kshs. | Retained Earnings<br>Kshs. | Capital & Revaluation Reserve | Total<br>Kshs.       |
|--|------------------------|---------------------------------|----------------------------|-------------------------------|----------------------|
| <b>As at 1.1.2020</b>  | 9,332,745.00           | 1,733,750.00                    | 523,966.00                 | 2,200,000.00                  | 13,790,461.00        |
| <b>Changes in equity</b>   |                        |                                 |                            |                               |                      |
| Surplus for the year   | -                      | -                               | 1,337,008.00               |                               | -                    |
| Transfer to S.R.F.   | -                      | 267,401.60                      | (267,401.60)               |                               | 1,337,008.00         |
| <b>Transactions with owners:</b>   |                        |                                 |                            |                               |                      |
| Shares contributions   | 2,220,883.00           | -                               | -                          |                               | 2,220,883.00         |
| Proposed dividends@ 4%   |                        |                                 | (462,145.00)               |                               | (462,145.00)         |
| Proposed honoraria @1.5%   |                        |                                 | (270,556.00)               |                               | (270,556.00)         |
| <b>As at 31.12.2020</b>  | <b>11,553,628.00</b>   | <b>2,001,151.60</b>             | <b>860,871.40</b>          | <b>2,200,000.00</b>           | <b>16,615,651.00</b> |
| <b>STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2019</b> |                        |                                 |                            |                               |                      |
|  | Share Capital<br>Kshs. | Statutory Reserve Fund<br>Kshs. | Retained Earnings<br>Kshs. | Capital & Revaluation Reserve | Total<br>Kshs.       |
| <b>As at 1.1.2019</b>  | 7,735,754.00           | 1,435,709.40                    | 501,358.60                 | 2,200,000.00                  | 11,872,822.00        |
| <b>Changes in equity</b>   |                        |                                 |                            |                               |                      |
| Surplus for the year   | -                      | -                               | 1,490,203.00               |                               | -                    |
| Transfer to S.R.F.   | -                      | 298,040.60                      | (298,040.60)               |                               | 1,490,203.00         |
| <b>Transactions with owners:</b>   |                        |                                 |                            |                               |                      |
| Shares contributions   | 1,596,991.00           | -                               | -                          |                               | 1,596,991.00         |
| Proposed dividends@8%  |                        |                                 | (746,620.00)               |                               | (746,620.00)         |
| Proposed honoraria @ 1.5%  |                        |                                 | (422,935.00)               |                               | (422,935.00)         |
| <b>As at 31.12.2019</b>  | <b>9,332,745.00</b>    | <b>1,733,750.00</b>             | <b>523,966.00</b>          | <b>2,200,000.00</b>           | <b>13,790,461.00</b> |

**CS/10410 - PCEA RUIRU SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2020**

|   | <u>12/31/2020</u>             | <u>12/31/2019</u>           |
|---|-------------------------------|-----------------------------|
|   | <u>KSHS.</u>                  | <u>KSHS.</u>                |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>  |                               |                             |
| Interest Receipts                                   | 40,533,599.00                 | 33,169,769.00               |
| Interest Payments                                   | 16b (25,076,224.00)           | (24,072,825.00)             |
| Other receipts                                      | 2 12,237,527.00               | 7,974,190.00                |
| Payments to suppliers & other charges               | 20 (12,093,895.00)            | (10,945,065.00)             |
|   | <u>15,601,007.00</u>          | <u>6,126,069.00</u>         |
| <u>(Increase)/decrease in operating assets</u>      |                               |                             |
| Net loans to members                                | (69,961,039.00)               | (37,916,539.00)             |
| Change in trade receivables                         | 745,178.00                    | 517,670.00                  |
| <u>Increase/(decrease) in operating liabilities</u> |                               |                             |
| Deposits from members                               | 58,543,224.00                 | 53,835,289.00               |
| Withdrawable savings from members                   | 3,223,581.00                  | 7,676,533.00                |
| Benevolent fund                                     | 1,000,576.00                  | 913,300.00                  |
| Change in trade payables & accrued expenses         | 21 (149,834.00)               | 2,435,807.00                |
|   | <u>9,002,693.00</u>           | <u>33,588,129.00</u>        |
| Cash from operating activities before taxes         | 9,002,693.00                  | 33,588,129.00               |
| Income tax paid                                     | -                             | -                           |
| <b>Net cash from operating activities</b>           | <b><u>9,002,693.00</u></b>    | <b><u>33,588,129.00</u></b> |
| <b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>   |                               |                             |
| Purchase of Investment Securities                   | (9,926,582.00)                | (28,632,886.00)             |
| Purchase of non-current assets                      | 22 (359,336.00)               | (85,525.00)                 |
| Purchase of software                                | 22 -                          | (200,000.00)                |
| Dividends paid                                      | 17b (746,620.00)              | (541,503.00)                |
|   | <u>(11,032,538.00)</u>        | <u>(29,459,914.00)</u>      |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>  |                               |                             |
| Share capital contributions                         | 2,220,883.00                  | 1,596,991.00                |
| <b>CHANGE IN CASH &amp; CASH EQUIVALENTS</b>        | 191,038.00                    | 5,725,206.00                |
| <b>OPENING CASH &amp; CASH EQUIVALENTS</b>          | <u>18,637,278.00</u>          | <u>12,912,072.00</u>        |
| <b>CLOSING CASH &amp; CASH EQUIVALENTS</b>          | <b>8 <u>18,828,316.00</u></b> | <b><u>18,637,278.00</u></b> |
|   | -                             | -                           |



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December, 2020**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these accounts are set out below:-

**(a) Basis of preparation**

The financial statements are prepared in accordance and comply with International Financial Reporting Standards (IFRS) and are presented in Kenya Shillings and in accordance with measurement prescribed by IFRS.

**(b) Revenue and expenditure recognition.**

All revenues and expenditures are recognized on accrual basis.

New members are required to pay an entrance fee on application to the society. The fees are recognized in the income statement in accordance with IAS 1

**(c) Cash and Bank Balances.**

Comprise cash on hand and demand deposits and other highly liquid investments that are easily convertible to known amount of cash subject to an insignificant changes in value.

**(d) Statutory Reserves.**

Transfers are made to the statutory reserve fund at a rate of 20% of net operating surplus after taxation in accordance with Section 47 (1&2) of the Co-operative Societies Act of 1997, as amended 2004.

**(e) Property, Plant and Equipment**

All Property, Plant and Equipment are stated at historical cost less depreciation.

Full year depreciation is charged in the year of acquisition but no depreciation is charged in the year of disposal.

**(f) Borrowing Costs**

Interest and other finance charges incurred in the financing of fixed assets and working capital are recognized as an expense in the period in which they are incurred. Interest bearing loans are recorded at the proceeds received net of direct costs.

**(g) Investments**

These are recorded at cost.

**(h) Tax**

Current tax has not been provided on the basis of the results for the year, as shown in the financial statements, tax computations will done later as per tax legislation.

**CS/10410 - PCEA RUIRU SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020-CONTD.**

|  | <b><u>12/31/2020</u></b>    | <b><u>12/31/2019</u></b>   |
|--|-----------------------------|----------------------------|
|  | <b><u>KSHS.</u></b>         | <b><u>KSHS.</u></b>        |
| <b><u>2. OTHER OPERATING INCOME</u></b>  |                             |                            |
| Registration fee                         | 374,600.00                  | 340,650.00                 |
| Processing fee                           | 2,264,296.00                | 539,883.00                 |
| Withdrawal charges                       | 160,050.00                  | 169,500.00                 |
| Top up fee                               | 544,310.00                  | 347,455.00                 |
| Transfer fee                             | 6,000.00                    | 4,500.00                   |
| CIC rebates                              | -                           | 17,512.00                  |
| Interest from money markets              | 7,926,582.00                | 5,809,823.00               |
| Lumpsum fee                              | 16,800.00                   | -                          |
| Customers statement fee                  | 2,800.00                    | 4,300.00                   |
| Fines on deposits                        | 740,363.00                  | 618,392.00                 |
| Fines on loan repayment                  | 181,064.00                  | 106,263.00                 |
| Passbook                                 | 9,500.00                    | 9,500.00                   |
| Kuscco Rebates                           | 11,162.00                   | 6,412.00                   |
|  | <b><u>12,237,527.00</u></b> | <b><u>7,974,190.00</u></b> |
| <b><u>3. ADMINISTRATION EXPENSES</u></b> |                             |                            |
| Rent                                     | 400,000.00                  | 400,000.00                 |
| Audit fee & Supervision                  | 30,000.00                   | 30,000.00                  |
| Travelling & subsistence                 | 474,000.00                  | 387,410.00                 |
| Legal fee                                | 82,500.00                   | 110,850.00                 |
| Sundry expenses                          | 48,150.00                   | -                          |
| Repairs and maintenance                  | 200,405.00                  | 147,842.00                 |
| Provisions for bad debts                 | 20,845,843.00               | -                          |
| Utility (water & electricity)            | 199,700.00                  | 484,030.00                 |
| Printing & stationery                    | 194,065.00                  | 191,160.00                 |
| Telephone & postage                      | 198,000.00                  | 138,750.00                 |
| License and subscription                 | 424,731.00                  | 484,101.00                 |
| Professional                             | 51,100.00                   | 68,150.00                  |
| Security                                 | 764,940.00                  | 870,385.00                 |
| Excise duty                              | -                           | 12,965.00                  |
| Income Tax                               | 1,933,129.00                | 1,243,512.00               |
| Hospitality                              | 397,945.00                  | 323,469.00                 |
| Internet subscription                    | 82,850.00                   | 141,950.00                 |
|  | <b><u>26,327,358.00</u></b> | <b><u>5,034,574.00</u></b> |
| <b><u>4. COMMITTEE EXPENSES</u></b>      |                             |                            |
| Management meetings                      | 318,600.00                  | 128,760.00                 |
| B.O.M. PAYE                              | -                           | 53,928.00                  |
| Seminars and workshop                    | 43,360.00                   | 68,300.00                  |
|  | <b><u>361,960.00</u></b>    | <b><u>250,988.00</u></b>   |

**CS/10410 - PCEA RUIRU SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020-CONTD.**

|   | <u>12/31/2020</u>            | <u>12/31/2019</u>            |
|---|------------------------------|------------------------------|
|   | <u>KSHS.</u>                 | <u>KSHS.</u>                 |
| <b><u>5. FINANCE COSTS</u></b>                        |                              |                              |
| Bank charges  | 102,426.00                   | 93,566.00                    |
| Interest on holiday/education a/cs                    | 49,340.00                    | 33,800.00                    |
| Depreciation  | 22 234,740.00                | 194,175.00                   |
| Amortization  | 22 192,590.00                | 288,870.00                   |
|   | <u><b>579,096.00</b></u>     | <u><b>610,411.00</b></u>     |
| <b><u>6. GOVERNANCE/(MEMBER RELATED) EXPENSES</u></b> |                              |                              |
| AGM   | 1,405,190.00                 | 1,249,538.00                 |
| Members Education                                     | 914,400.00                   | 409,983.00                   |
| Marketing & publicity                                 | 480,400.00                   | 554,500.00                   |
|   | <u><b>2,799,990.00</b></u>   | <u><b>2,214,021.00</b></u>   |
| <b><u>7. PERSONNEL EXPENSES</u></b>                   |                              |                              |
| NSSF  | 155,520.00                   | 162,000.00                   |
| Salary and wages                                      | 1,944,353.00                 | 1,832,704.00                 |
| NHIF  | 174,700.00                   | 211,050.00                   |
| House allowance                                       | 304,340.00                   | 304,399.00                   |
| PAYE  | 198,484.00                   | 314,746.00                   |
| Office maintenance                                    | 90,244.00                    | 90,037.00                    |
| Travelling allowance                                  | 304,341.00                   | 304,398.00                   |
| Pension   | 156,682.00                   | 128,782.00                   |
|   | <u><b>3,328,664.00</b></u>   | <u><b>3,348,116.00</b></u>   |
| <b><u>8. CASH &amp; CASH EQUIVALENTS</u></b>          |                              |                              |
| Unpresented receipts                                  | 828,826.00                   | 4,543,305.00                 |
| Family bank   | 531,555.00                   | 2,852,326.00                 |
| National bank - savings                               | 561,972.00                   | 342,148.00                   |
| Co-operative bank - savings                           | 5,903,623.00                 | 688,161.00                   |
| Equity bank   | 3,400,974.00                 | 4,444,575.00                 |
| KCB bank  | 584,404.00                   | 509,233.00                   |
| Co-operative bank - current                           | 5,311,594.00                 | 3,917,155.00                 |
| Paybill   | 1,705,368.00                 | 1,340,375.00                 |
|   | <u><b>18,828,316.00</b></u>  | <u><b>18,637,278.00</b></u>  |
| <b><u>9. LOANS TO MEMBERS</u></b>                     |                              |                              |
| Balance b/f   | 312,693,106.00               | 274,776,567.00               |
| Granted during the year                               | 290,083,268.00               | 236,545,810.00               |
| Paid during the year                                  | (220,122,229.00)             | (198,629,271.00)             |
| Balance c/d   | <u><b>382,654,145.00</b></u> | <u><b>312,693,106.00</b></u> |
| <b><u>10. TRADE &amp; OTHER RECEIVABLES</u></b>       |                              |                              |
| Prepaid tax   | -                            | 293,288.00                   |
| Legal fee   | 283,012.00                   | 334,902.00                   |
| Prepaid Rent  | 1,600,000.00                 | 2,000,000.00                 |
|   | <u><b>1,883,012.00</b></u>   | <u><b>2,628,190.00</b></u>   |

**CS/10410 - PCEA RUIRU SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020-CONTD.**

|   | <u>12/31/2020</u><br><u>KSHS.</u> | <u>12/31/2019</u><br><u>KSHS.</u> |
|---|-----------------------------------|-----------------------------------|
| <b>11. <u>INVESTMENTS</u></b>                           |                                   |                                   |
| Money market  | 88,177,459.00                     | 78,350,877.00                     |
| CODIC shares  | 10,000.00                         | 10,000.00                         |
| CIC shares  | 54,000.00                         | 54,000.00                         |
| Kuscoco shares  | 400,000.00                        | 300,000.00                        |
| Mpesa   | 50,000.00                         | 50,000.00                         |
|   | <b><u>88,691,459.00</u></b>       | <b><u>78,764,877.00</u></b>       |
| <b>12. <u>MEMBERS DEPOSITS</u></b>                      |                                   |                                   |
| Balance b/f   | 339,481,559.00                    | 285,646,270.00                    |
| Contributions   | 59,489,538.00                     | 57,770,815.00                     |
| Refunds   | (946,314.00)                      | (3,935,526.00)                    |
| Balance c/d   | <b><u>398,024,783.00</u></b>      | <b><u>339,481,559.00</u></b>      |
| <b>13. <u>WITHDRAWABLE SAVINGS</u></b>                  |                                   |                                   |
| Balance b/f   | 11,190,332.00                     | 3,513,799.00                      |
| Savings   | 47,679,281.00                     | 35,586,759.00                     |
| Withdrawals   | (44,455,700.00)                   | (27,910,226.00)                   |
| Balance c/d   | <b><u>14,413,913.00</u></b>       | <b><u>11,190,332.00</u></b>       |
| <b>14. <u>BENEVOLENT FUND</u></b>                       |                                   |                                   |
| Balance b/f   | 7,736,135.00                      | 6,822,835.00                      |
| Addition  | 1,120,576.00                      | 993,300.00                        |
| Reduction   | (120,000.00)                      | (80,000.00)                       |
| Balance c/d   | <b><u>8,736,711.00</u></b>        | <b><u>7,736,135.00</u></b>        |
| <b>15. <u>TRADE PAYABLES &amp; ACCRUED EXPENSES</u></b> |                                   |                                   |
| CRB management  | 35,361.00                         | 14,861.00                         |
| Insurance premium                                       | 9,765,126.00                      | 9,591,310.00                      |
| Audit & supervision fees                                | 30,000.00                         | 30,000.00                         |
| Holiday savings account                                 | 251,318.00                        | 200,858.00                        |
| Education account                                       | 733,101.00                        | 509,642.00                        |
| Accrued interest  | 2,275,591.00                      | 2,440,725.00                      |
| Interest on members deposits                            | <b>16</b> 21,156,472.00           | 28,195,646.00                     |
| Provision for bad debts                                 | 20,845,843.00                     | -                                 |
| Proposed dividends                                      | <b>17</b> 462,145.00              | 746,620.00                        |
| Provision for honoraria                                 | 270,556.00                        | 422,935.00                        |
|   | <b><u>55,825,513.00</u></b>       | <b><u>42,152,597.00</u></b>       |

**CS/10410 - PCEA RUIRU SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020-CONTD.**

|  | <u>12/31/2020</u><br><u>KSHS.</u> | <u>12/31/2019</u><br><u>KSHS.</u> |
|--|-----------------------------------|-----------------------------------|
| <b>16. <u>INTEREST ON MEMBERS DEPOSITS</u></b>   |                                   |                                   |
| Balance b/f  | 28,195,646.00                     | 24,072,825.00                     |
| Paid during the year   | (25,076,224.00)                   | (24,072,825.00)                   |
| Proposed for the year  | 18,037,050.00                     | 28,195,646.00                     |
| Balance c/d  | <u><b>21,156,472.00</b></u>       | <u><b>28,195,646.00</b></u>       |
| <br><b>NOTE:</b> Members with loan arrears for three or more months do not qualify for interest on members deposits as per the society's by-law. Thus; kshs 398,024,783 - kshs 5,915,028 = kshs 392,109,755. Honoraria is provided at a rate of 1.5% of proposed interest on members deposits. |                                   |                                   |
| <b>17. <u>PROPOSED DIVIDENDS</u></b>   |                                   |                                   |
| Balance b/f  | 746,620.00                        | 746,620.00                        |
| Paid during the year   | (746,620.00)                      | (746,620.00)                      |
| Proposed for the year  | 462,145.00                        | 746,620.00                        |
| Balance c/d  | <u><b>462,145.00</b></u>          | <u><b>746,620.00</b></u>          |
| <b>18. <u>SHARE CAPITAL</u></b>  |                                   |                                   |
| Balance b/f  | 9,332,745.00                      | 7,735,754.00                      |
| Contributions  | 2,220,883.00                      | 1,596,991.00                      |
| Balance c/d  | <u><b>11,553,628.00</b></u>       | <u><b>9,332,745.00</b></u>        |
| <b>19. <u>RESERVES</u></b>   |                                   |                                   |
| Statutory Reserve Fund   | 2,001,151.60                      | 1,733,750.00                      |
| Retained Earnings  | 860,871.40                        | 523,966.00                        |
| Capital & Revaluation reserve  | 2,200,000.00                      | 2,200,000.00                      |
|  | <u><b>5,062,023.00</b></u>        | <u><b>4,457,716.00</b></u>        |
| <b>20. <u>PAYMENTS TO SUPPLIERS &amp; OTHER CHARGES</u></b>  |                                   |                                   |
| Total expenses   | 33,397,068.00                     | 11,458,110.00                     |
| Less: Audit & supervision fees   | (30,000.00)                       | (30,000.00)                       |
| Provision for bad debts  | (20,845,843.00)                   | -                                 |
| Depreciation   | (234,740.00)                      | (194,175.00)                      |
| Amortization   | (192,590.00)                      | (288,870.00)                      |
|  | <u><b>12,093,895.00</b></u>       | <u><b>10,945,065.00</b></u>       |
| <b>21. <u>CHANGE IN TRADE PAYABLES</u></b>   |                                   |                                   |
| CRB management   | 20,500.00                         | (8,800.00)                        |
| Insurance premium  | 173,816.00                        | 2,752,592.00                      |
| Accrued interest   | (165,134.00)                      | 1,165,068.00                      |
| Unreceipted Deposit  | -                                 | (1,513,976.00)                    |
| Audit & supervision fees paid  | (30,000.00)                       | (30,000.00)                       |
| Holiday savings account  | 50,460.00                         | 90,374.00                         |
| Education account  | 223,459.00                        | 341,642.00                        |
| Honoraria paid   | (422,935.00)                      | (361,093.00)                      |
|  | <u><b>- 149,834.00</b></u>        | <u><b>2,435,807.00</b></u>        |

**CS/10410 - PCEA RUIRU SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 2020**

**22. PROPERTY AND EQUIPMENT**

|   | <b>COMPUTER &amp;<br/>ACCESSORIES<br/>KSHS.</b> | <b>FURNITURE &amp;<br/>EQUIPMENT<br/>KSHS.</b> | <b>FIXTURE &amp;<br/>FITTINGS<br/>KSHS.</b> | <b>GENERATOR<br/>KSHS.</b> | <b>TOTAL<br/>KSHS.</b> | <b>SOFTWARE<br/>KSHS.</b> |
|---|---|--|---|----------------------------|------------------------|---------------------------|
| WDV balance as at 1st January 2019          | 203,016.00                                      | 397,782.00                                     | 245,316.00                                  | 312,339.00                 | 1,158,453.00           | 666,700.00                |
| Valuation                                   | -   | -  | -   | -                          | -                      | -                         |
| Additions                                   | 18,000.00                                       | -  | 67,525.00                                   | -                          | 85,525.00              | 200,000.00                |
| Disposals                                   | -   | -  | -   | -                          | -                      | -                         |
| <b>Totals</b>                               | <b>221,016.00</b>                               | <b>397,782.00</b>                              | <b>312,841.00</b>                           | <b>312,339.00</b>          | <b>1,243,978.00</b>    | <b>866,700.00</b>         |
| Depreciation charge                         | 66,305.00                                       | 49,723.00                                      | 39,105.00                                   | 39,042.00                  | 194,175.00             | 288,870.00                |
| <b>WDV Balance as at 31st December 2019</b> | <b>154,711.00</b>                               | <b>348,059.00</b>                              | <b>273,736.00</b>                           | <b>273,297.00</b>          | <b>1,049,803.00</b>    | <b>577,830.00</b>         |
| WDV balance as at 1st January 2020          | 154,711.00                                      | 348,059.00                                     | 273,736.00                                  | 273,297.00                 | 1,049,803.00           | 577,830.00                |
| Valuation                                   | -   | -  | -   | -                          | -                      | -                         |
| Additions                                   | 180,136.00                                      | 159,200.00                                     | 20,000.00                                   | -                          | 359,336.00             | -                         |
| Disposals                                   | -   | -  | -   | -                          | -                      | -                         |
| <b>Totals</b>                               | <b>334,847.00</b>                               | <b>507,259.00</b>                              | <b>293,736.00</b>                           | <b>273,297.00</b>          | <b>1,409,139.00</b>    | <b>577,830.00</b>         |
| Depreciation charge                         | 100,454.00                                      | 63,407.00                                      | 36,717.00                                   | 34,162.00                  | 234,740.00             | 192,590.00                |
| <b>WDV Balance as at 31st December 2020</b> | <b>234,393.00</b>                               | <b>443,852.00</b>                              | <b>257,019.00</b>                           | <b>239,135.00</b>          | <b>1,174,399.00</b>    | <b>385,240.00</b>         |
| <b>Depreciation rate</b>                    | <b>30%</b>                                      | <b>12.50%</b>                                  | <b>12.50%</b>                               | <b>12.50%</b>              |                        | <b>33.33%</b>             |