

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
SOCIETY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

MANAGEMENT COMMITTEE

Mr. Daniel Kamania	Chairman
Mr. Daniel Wesonga	Vice Chairperson
Mr. Daniel Kipng'etich	Minutes-Secretary
Mrs. Dionisia Githae	Treasurer
Mr. Yuvenalis Nyakea	School chairman
Mrs. Anselmina Murianki	Member
Mr. Wiberforce Khalwale	Member

MANAGEMENT COMMITTEE RETIREES WITHIN 2019

Mrs. Aidah Wangui	Member
Mr. Japheth Nyantika	Member
Wilson Naimasiah	Chairman

SENIOR STAFF

Fr. John Kariuki	General Manager
Mr. Fredrick Kang'ethe	Secretary/Operation Manager

SUPERVISORY COMMITTEE

George Gichia	Member
John Mwangi	Member

CREDIT COMMITTEE

Mrs. Anselmina Murianki	Chairperson
Mr. Daniel Kipng'etich	Member
Mr. Wiberforce Khalwale	Member

REGISTERED OFFICE

Ngong Town, Kajiado,
P.O Box 24401-00502 ,
Karen Kenya

PRINCIPAL BANKERS

Absa Bank Kenya Plc,
P.O. BOX 24180-00502,
Karen Branch,
Nairobi, Kenya.

Co-operative Bank of Kenya Limited
P.O BOX 1036-20143
Ngong Branch,
Nairobi, Kenya.

INDEPENDENT AUDITOR

Ronalds LLP,
Certified Public Accountants,
3rd Floor Rhapta Height,s Rhapta Road, Westlands.
P.O. BOX 41331-0100,
Nairobi Kenya.

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2019

The Management Committee submit their annual report together with the audited financial statements for the year ended 31 December 2019.

INCORPORATION

The Welfare was established by the Ngong Catholic Diocese as a welfare group for its members and is domiciled in Kenya.

PRINCIPAL ACTIVITY

The Welfare's principal activity is to receive deposits from members and advance loans on interest to members to promote mutual aid and development within the community.

RESULTS

	2019 Kshs	2018 Kshs
Surplus for the period	1,666,756	2,442,517
Retained surplus for the period	<u>1,666,756</u>	<u>2,442,517</u>

INTEREST ON MEMBERS' DEPOSITS

The Management Committee proposed interest of 5% prorated on members' deposits (2018, 4%) and there was no dividends declared for the year ended 31st December 2019.

INDEPENDENT AUDITOR

The Sacco's auditors, Messrs Ronalds LLP, Certified Public Accountants (K) who were appointed during the year have expressed their willingness to continue in office in accordance with section 717(1&2) of the Companies Act (Cap 486) and under the terms of section 25(4) of the Co-operative

BY ORDER OF THE MANAGEMENT COMMITTEE


.....
SECRETARY

DATE 29/08/2020



NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
STATISTICAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
Membership		
Active members	4,609	3,070
Dormant members	9,832	8,860
	14,441	11,930
	Kshs	Kshs
Core Capital	36,084,429	32,542,990
Institutional Capital	36,084,429	32,542,990
Members' Deposits	408,916,593	341,263,226
Members' savings	102,508,377	66,735,514
Reserves	36,084,429	32,542,989
Loans to Members	286,627,620	204,769,584
Liquid Asset	33,360,709	47,532,961
Total Assets	579,055,420	457,745,853
Total Liabilities	542,970,991	425,202,863
Revenue	43,966,502	36,084,225
Total Expenses	42,114,551	33,414,181
Employees of the welfare	13	13
	STDs	
Key Ratios		
Core Capital/Total Assets	>10%	6%
Core Capital/Total deposits	>8%	9%
Institutional Capital /Total Assets	>8%	6%
Proposed Interest on deposit rate		5%
		4%
Operating efficiency ratios		
Percentage of Total Expenses/Total Revenue	96%	93%
Liquidity Ratio		
Total expenses/ Average assets	<5%	15%
Liquid assets/ Total deposits and long term liability	>15%	7%
		12%

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2019

The Sacco Societies Act, No.14 of 2008 requires the 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 International Financial Reporting Standards (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 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 (IFRS) and in the manner required by the Co-operatives 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 of its operating results in accordance with the International Financial Reporting Standards (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 welfare will not remain a going concern for at least twelve months from the date of this statement.

Approved by the Management Committee on 29TH AUGUST 2020 and signed on its behalf by:


.....

CHAIRMAN


.....

TREASURER


.....

COMMITTEE MEMBER



REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF NGONG' CATHOLIC PARISH MEMBERS' WELFARE FUND

Report on the financial statements

Opinion

We have audited the accompanying financial statements of Ngong' Catholic Parish Members' Welfare Fund as set out on pages 7 to 17, which comprise the statement of financial position as at 31st December 2019, the profit or loss and other comprehensive incomes, statement of changes in equity and statement of cash flows for the period then ended. A summary of significant accounting policies and other explanatory notes is also included.

In our opinion, the financial statements give a true and fair view of the state of the organizations' financial affairs as at 31st December 2019, the results of its operations and cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS) and the Kenya Co-operative Societies Act.

Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Society in accordance with the International Ethics Standards Board for Accountants (IESBA), Code of Ethics for Professional Accountants. We have fulfilled our other ethical responsibilities in accordance with IESBA code and in accordance with other ethical requirements applicable to performing the audit of financial statements in Kenya.

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

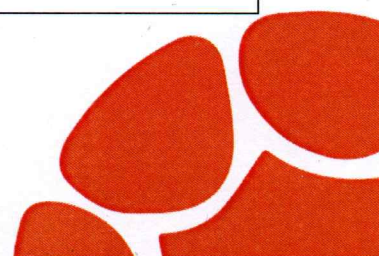
Key audit matters

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 society financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the Key Audit Matters for the current Period

	Key Audit Matter	How the audit matter was addressed
1.	Loan Provisioning The welfare does not provide for any loan loss and uses a management system which has not been configured to generate any loan aging and provisioning summary. Therefore, they are yet to adopt IFRS 9, the credit loss model	Our audit procedure included; i.) Assessing the inherent default risk in the various loan products and evaluation of the alternative measures taken by the management to mitigate the risk

5 (a)



	Key Audit Matter	How the audit matter was addressed
2.	System Balances During our audit, we realized that the welfare recently procured a new system. However, the system general ledger balances has some discrepancies, the account balances provided on the trial balances defer from those of the general ledger	Our audit procedure included; We double-checked the balances on the trial balance worksheet and compared them to the totals from journals and the general ledger. The management resolved to do reconciliations on the same

Other information

The Management Committee is responsible for other information, which, comprises of the budget and the chairman's report included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

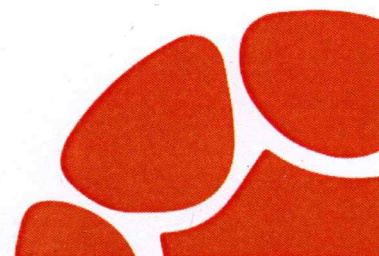
Management Committee Responsibility for the Financial Statements.

The Management Committee are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenya Co-operative Societies Act. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, they are responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis

of accounting unless they either intend to liquidate the Organization's or to cease operations, or have no realistic alternative but to do so. The Kenya Co-operative Societies Act also requires the Management Committee to ensure that the Organization maintains proper books of accounts, which are in agreement with the statement of profit or loss and other comprehensive income and statement of financial position.

5 (b)



Auditors' Responsibility for the audit of the financial statements

Our responsibility is to express an 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 annual report and financial statements are free from material misstatement.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee Members.
- Conclude on the appropriateness of the Management Committee use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

6 (a)

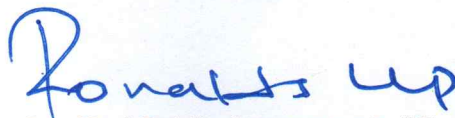


Report on other legal requirements

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

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

The engagement Partner responsible for the audit resulting in this independent auditor's reports is **CPA Ronald N. Bwosi - P/No: - 1865**



Certified Public Accountants (K)

Nairobi, Kenya.



C.P.A Ronald N. Bwosi
Practising No. P/1865

6 (b)



NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Kshs	2018 Kshs
Revenue			
Interest on loans and advances	2	28,648,739	22,432,123
Other income	3	10,305,116	8,291,210
Total interest income		38,953,855	30,723,333
Interest expense	4	(19,874,434)	(14,915,467)
Net interest income		19,079,421	15,807,866
Income from non core business	5	5,012,647	5,360,892
		24,092,068	21,168,758
Expenditure			
Administrative expenses	6	(4,542,098)	(3,533,480)
Personnel expenses	7	(10,741,412)	(9,942,784)
Marketing and public relations expenses	8	(21,455)	(437,275)
Governance expenses	9	(5,238,111)	(4,295,655)
Legal and professional expenses	10	(147,000)	(254,020)
Other operating expenses	11	(1,550,041)	(35,500)
Total expenses		(22,240,117)	(18,498,714)
Surplus for the year		1,851,951	2,670,044
Church tithe		(185,195)	(227,527)
Net surplus for the year		1,666,756	2,442,517
Total Comprehensive Income		1,666,756	2,442,517

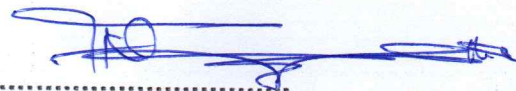
NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 Kshs	2018 Kshs
ASSETS			
Cash and cash equivalents	12	33,360,709	47,532,961
Trade and other receivables	13	64,890,863	55,591,052
Loans and advances to members	14	286,627,620	204,769,584
Land held for sale	15	35,550,000	48,903,834
Financial Assets	16	113,059,934	97,011,964
Property and equipment	22	45,566,294	3,936,457
TOTAL ASSETS		<u>579,055,420</u>	<u>457,745,852</u>
LIABILITIES			
Members' deposits	17	408,916,593	341,263,226
Members' savings	18	102,508,377	66,735,514
Trade payables	19	12,889,506	3,553,594
Dividend payable	20	18,656,516	13,650,529
TOTAL LIABILITIES		<u>542,970,991</u>	<u>425,202,863</u>
SHARE HOLDERS FUNDS			
Reserves(Page 10)		36,084,429	32,542,989
TOTAL SHAREHOLDERS FUNDS		<u>36,084,429</u>	<u>32,542,989</u>
TOTAL EQUITY AND LIABILITIES		<u>579,055,420</u>	<u>457,745,852</u>

The financial statements were approved and authorised for issue by the Board of Directors on 29th August 2020 and signed on its behalf by:


 CHAIRMAN


 TREASURER


 COMMITTEE MEMBER

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2019

	REVENUE RESERVE Kshs	RESERVE FUND Kshs	REVALUATION RESERVE Kshs	TOTAL Kshs
Balance as at 01.01.2018	9,031,602	-	21,068,870	30,100,472
Net surplus for the period	2,442,517	-	-	2,442,517
Balance as at 31.12.2018	<u>11,474,119</u>	<u>-</u>	<u>21,068,870</u>	<u>32,542,989</u>
Balance as at 01.01.2019	11,474,119	-	21,068,870	32,542,989
Prior year adjustment (Note 21)	1,874,684	-	-	1,874,684
Net Surplus for the year	1,666,756	-	-	1,666,756
Transfer to statutory reserve	(333,351)	333,351	-	-
Balance as at 30.12.2019	<u>14,682,208</u>	<u>333,351</u>	<u>21,068,870</u>	<u>36,084,429</u>

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Kshs	2018 Kshs
Cashflow from operating activities			
Interest receipts		28,648,739	22,432,123
Other interest income		10,305,116	8,291,210
Other operating income		5,012,647	5,360,892
Interest expense		(1,217,918)	(1,264,938)
Payment to employees and suppliers		(21,533,755)	(18,012,194)
		<u>21,214,829</u>	<u>16,807,093</u>
(Increase) decrease in operating assets			
Trade and other receivables		(9,299,811)	(19,212,200)
Loans to members		(81,858,036)	(59,741,061)
Land held for sale		13,353,834	(953,030)
		<u>(77,804,013)</u>	<u>(79,906,291)</u>
(Decrease)/ Increase in operating liabilities			
Deposits from members		103,426,230	89,308,802
Trade payables		9,150,716	1,601,950
Interest to Members			
Net Cash from operating activities before tax		<u>55,987,762</u>	<u>27,811,554</u>
Net cash (used in) operations		<u>55,987,762</u>	<u>27,811,554</u>
Cashflow from investing activities			
Purchase of property and equipment		(42,637,925)	(455,830)
Financial assets movement		(16,047,970)	(2,220,746)
Dividends paid		(11,474,119)	(12,395,608)
Net cash (used in) from investing activities		<u>(70,160,014)</u>	<u>(15,072,184)</u>
Cash and Cash equivalents at the start of the year.		47,532,961	34,793,591
Net cash increase/ (decrease) during the period		(14,172,252)	12,739,370
Cash and Cash equivalents at the end of the period	12	<u>33,360,709</u>	<u>47,532,961</u>

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2019

1 Summary of Significant accounting Policies

The principal accounting policies adopted in the preparation of these Financial Statements are set out

Statement of Compliance and Basis of Preparation

- a) The financial statements are prepared and comply with International Financial Reporting Standards and are prepared under the historical cost convention basis

In the current year, the society has adopted the amendments to IAS 1 Presentation of Financial Statements, Comprehensive revision including requiring a statement of comprehensive income IAS 1 on 'Presentation of financial statements' (effective on or after 1 January 2010, applicable and mandatory for the society's accounting periods beginning on or after 1 January 2010 but the society has not adopted them in advance of the effective date:

IAS 1 on 'Presentation of financial statements' (effective on or after 1 January 2010). IAS 7 on 'Cashflow Statement' (effective on or after 1 January 2010). IFRS 7 on 'Financial Instruments: Disclosures' (effective on or after 1 January 2010). IFRS 9 Financial Instruments (effective on or after 1 January 2013).

b) IAS 18: Revenue Recognition

Interest income and expense

Interest on members loans and any other income is recognized on the year it is earned by the Society. Revenue shall be measured at the fair value of the consideration received or receivable. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Other income

- i) Entrance fee is recognised when a new member joins the society;
- ii) Dividend is recognised when the right to receive income is established. Dividend are reflected as a component of other operating income based on the underlying classification of the equity instrument;
- iii) Commission income is recognised upon successful completion of the transaction;
- iv) Miscellaneous income is recognised upon performance of the services agreed on.

Interest income is recognised on an accruals basis in the profit or loss for the year using the effective yield on the asset. Interest income includes income from loans and advances. When financial assets become impaired, interest income is thereafter not recognised until such time that recoverability is assured.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. Interest expense on members' deposits is recognised on a pro-rata basis using the interest rate determined by the directors under the by-laws of the society.

c) IAS 7: Statement of Cashflows

Statement of cash flows states that only expenditure that results in recognizing an asset can be

d) IAS 12: Income Taxes

According to IAS 12, current tax for current and prior periods shall, to the extent unpaid, be recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset. Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

ACCOUNTING POLICIES (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

e) IFRS 9 Financial instrument

Issued on 24th July 2014, this standard replaces earlier version of IFRS 9 and replaced IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model. The standard is effective for annual period beginning on or after 1 January 2018 with retrospective application, early adoption permitted. The Welfare Fund is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

f) IFRS 13: Fair value measurement

Effective 1st January 2013, this new standard provides guidance on how to measure fair value of financial and non-financial assets and liabilities when fair value measurement is required or permitted by IFRS. Because of its effective date, the Welfare Fund is not intending to adopt the amendment on its financial position or performance.

g) Property and Equipment

Property is recognized at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is calculated using the reducing balance method to write off the cost of each asset to its residual value over its estimated useful life using the following rates;

	Rates
Motor vehicles	25.0%
Computers & Accessories	30.0%
Office equipment	12.5%
Building	0.0%

Intangible Assets

Intangible assets include computer software recognised in the books at cost and amortised over an estimated useful life based on the circumstances at an annual rate of 20% per annum based on reducing balance method.

h) Financial and Business Risk Management

The Welfare Fund's activities expose it to a variety of financial risk including credit, liquidity and market risk. The risk limits are regularly assessed to ensure alignment with the Welfare Fund.

i) Credit Risk

Credit risk is the risk that some members may not repay loans when due and in full.

ii) Liquidity Risk

Liquidity risk is the risk that the Welfare Fund will encounter difficulty in meeting members' loan obligations.

iii) Interest rate Risk

The Welfare Fund is exposed to cash flow interest risk on its borrowings because of changes in the market interest rate. The Welfare Fund manages this exposure by maintaining a high interest cover which is the extent to which profit are available to service borrowing costs.

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
ACCOUNTING POLICIES (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

i) Statutory Reserve Fund

Transfers are made to Statutory Reserve Fund account at a rate of 20% on net operating surplus after taxation in compliance with the provisions of the Co-operative Societies Act.

j) Trade and Other Payables

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

k) Loan and receivable

Loans and receivables are financial assets with fixed or determined payment and fixed maturities that are not quoted in an active market. They arise when the Welfare Fund provide money directly to borrowers, other than those created with the intention of short term profit making. They are recognized at the date money is disbursed to the borrower or when they are transferred to the Welfare Fund from third party. Subsequently to initial recognition, these are carried at amortized cost. Loan origination fees together with related direct costs are treated as part of the cost of transaction.

l) Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash in hand and demand deposits and other short term highly liquid investments that are readily convertible to cash and subject to insignificant risk of changes in value.

m) Impairment losses on loans to members

The Welfare Fund regularly reviews its loans to members to assess impairment. In determining whether an impairment loss should be recorded in the statement of financial income, the society makes judgements as to whether there is any observable data that there is measurable decrease in the estimated future cash flows of any loans.

n) Functional and representation currency

The consolidated financial statement are presented in Kenya Shillings, which is also the Welfare Fund's functional currency. Except as otherwise indicated, financial information presented in Kenya Shillings (Kshs) has been rounded to the nearest Shilling.

o) Use of estimates and judgements

The preparation of financial statement is in conformity with international Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and expenses during the reported period. Although these estimates are based on Director's best knowledge of current events and actions, actual results ultimately may differ from estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates revised if the revision and future periods if the revision affects both current and future periods.

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Kshs	2018 Kshs
2 Interest Income		
Members interest income		
Interest on loan to members	28,648,739	22,432,123
	<u>28,648,739</u>	<u>22,432,123</u>
3 Other income		
Insurance fee	2,385,010	1,970,563
Negotiation fee	2,446,483	1,956,510
Other income from front office	3,267,212	1,928,137
St Joseph Academy income	1,155,000	1,464,000
Interest Income from CIC Money Market	79,411	-
Interest from treasury bonds	972,000	972,000
	<u>10,305,116</u>	<u>8,291,210</u>
4 Interest Expenses		
Interest on members fixed deposits	1,217,918	1,264,938
Interest on members savings	18,656,516	13,650,529
	<u>19,874,434</u>	<u>14,915,467</u>
5 Income from non-core activities		
Gain on sale of land	4,888,693	4,289,374
Dividend from St. Joseph School	-	1,000,000
Dividend Income	21,858	-
Mpesa commission	75,020	47,038
Tents and chairs hire	27,076	24,480
	<u>5,012,647</u>	<u>5,360,892</u>
6 Administrative expenses		
Travelling and subsistence	408,700	289,390
General and office utilities	516,902	282,605
Printing and stationery	300,672	279,063
Computer expenses	115,680	176,330
Security expense	605,268	625,845
Insurance	710,878	491,626
Depreciation and amortization	1,008,088	486,520
Water, fuel and electricity	357,424	230,397
Rent expense	252,000	228,000
Motor vehicle expense	35,550	212,425
Repairs and maintenance	121,120	45,150
License fee	-	85,000
Bank charges	51,931	69,693
Telephone and postage	57,885	31,436
	<u>4,542,098</u>	<u>3,533,480</u>

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Kshs	2018 Kshs
7 Personnel expenses		
Salaries and wages	7,849,678	6,778,162
Medical insurance	1,570,199	2,006,096
Pension fund	712,139	830,159
Casual wages	572,596	276,767
NSSF-contribution	25,600	51,600
Staff welfare	11,200	-
	<u>10,741,412</u>	<u>9,942,784</u>
8 Marketing and public relations expenses		
Sacco marketing	21,455	437,275
	<u>21,455</u>	<u>437,275</u>
9 Governance expenses		
AGM expenses	2,730,771	2,955,000
Board meetings and training	2,507,340	1,340,655
	<u>5,238,111</u>	<u>4,295,655</u>
10 Legal and professional expenses		
Audit fees	140,000	140,000
Recruitment fees	-	90,020
Legal fees and stamp duty	7,000	24,000
	<u>147,000</u>	<u>254,020</u>
11 Other Operating Expenses		
Land development costs	1,017,400	-
Sales discounts	450,000	-
Loss in fair Value Quoted Shares	31,441	-
Internet	6,200	-
Gifts and donation	45,000	35,500
	<u>1,550,041</u>	<u>35,500</u>
12 Cash and Cash Equivalents		
Barclays bank fixed deposit	25,000,000	25,000,000
Cooperative bank	902,910	9,423,287
Absa Bank Savings	5,189,523	6,182,804
Operating fund	1,524,124	2,600,069
Mpesa account	116,863	2,097,426
Absa bank uwezo	506,756	1,925,237
National bank account	120,533	286,093
Barclays current account	-	18,045
	<u>33,360,709</u>	<u>47,532,961</u>

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Kshs	2018 Kshs
13 Trade and other receivables		
Shamba loan receivable(Note 26)	56,925,000	46,770,717
Dividend from St Joseph school	5,143,113	4,758,113
Promic shamba	1,623,230	2,755,171
Prepaid insurance	1,038,982	1,038,992
Promic medical	160,538	268,059
	64,890,863	55,591,052
14 Loans to Members		
Balance brought forward	204,769,584	145,028,523
Advances during period	239,907,420	216,444,800
Repayment during the period	(158,049,384)	(156,703,739)
	286,627,620	204,769,584
15 Assets held for sale		
Land held for sale(Note 25)	29,200,000	42,553,834
House held for sale	6,350,000	6,350,000
	35,550,000	48,903,834
16 Financial Assets		
Investment in St. Joseph Ngong Catholic academy	65,689,377	60,000,000
New school boarding facility- St Joseph	22,683,656	28,373,033
Treasury bonds	8,000,000	8,000,000
CIC money market fund	16,079,411	-
Investment in listed securities(Note 24)	357,490	388,931
Shares in Pacis insurance Co. ltd	250,000	250,000
	113,059,934	97,011,964
17 Members deposits		
As at the start of the year	341,263,226	247,912,158
Contributions during the year	67,653,367	93,351,068
At the end of the year	408,916,593	341,263,226
18 Members savings		
Members savings	85,476,335	50,208,077
Members fixed deposits	17,032,042	16,527,437
	102,508,377	66,735,514
19 Trade payables		
Survey fees payable	-	3,186,067
Church tithe	185,195	227,527
Pension Payable	87,276	-
Shamba loan deposits	11,419,457	-
Audit fee	140,000	140,000
Computer software	800,000	-
PAYE payable	257,577	-
	12,889,506	3,553,594

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Kshs	2018 Kshs
20 Interest payable		
Balance b/f	13,650,529	-
Proposed interest for the year	18,656,516	13,650,529
Interest paid during the year	(11,755,845)	-
Transfer to revenue reserve	(1,894,684)	-
	<u>18,656,516</u>	<u>13,650,529</u>
21 Prior year adjustment relates to dividend Overprovisioning for the year 2018		

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

22 Property and Equipment

	LAND 0.0% KSHS	BUILDING 0.0% KSHS	OFFICE EQUIPMENT 12.5% KSHS	COMPUTER ACCESSORIES 30% KSHS	MOTOR VEHICLES 25% KSHS	COMPUTER SOFTWARE 20% KSHS	TOTAL KSHS
Cost or Valuation							
As at 1 January 2018	-	2,099,748	1,173,262	2,994,046	1,900,000	-	8,167,056
Additions	-	-	369,830	86,000	-	-	455,830
As at 31 December 2018	-	<u>2,099,748</u>	<u>1,543,092</u>	<u>3,080,046</u>	<u>1,900,000</u>	-	<u>8,622,886</u>
Depreciation							
As at 1 January 2018	-	-	645,879	2,722,780	831,250	-	4,199,909
Charge for the period	-	-	112,152	107,180	267,188	-	486,520
As at 31 December 2018	-	-	<u>758,031</u>	<u>2,829,960</u>	<u>1,098,438</u>	-	<u>4,686,429</u>
Net book value							
As at 31 December 2018	-	<u>2,099,748</u>	<u>785,061</u>	<u>250,086</u>	<u>801,563</u>	-	<u>3,936,458</u>
Cost or Valuation							
As at 1 January 2019	-	2,099,748	1,543,092	3,080,046	1,900,000	-	8,622,886
Additions	39,660,000	-	336,225	641,700	-	2,000,000	42,637,925
As at 31 December 2019	<u>39,660,000</u>	<u>2,099,748</u>	<u>1,879,317</u>	<u>3,721,746</u>	<u>1,900,000</u>	<u>2,000,000</u>	<u>51,260,811</u>
Depreciation							
As at 1 January 2019	-	-	758,031	2,829,960	1,098,438	-	4,686,428
Charge for the period	-	-	140,161	267,536	200,391	400,000	1,008,088
As at 31 December 2019	-	-	<u>898,192</u>	<u>3,097,496</u>	<u>1,298,829</u>	<u>400,000</u>	<u>5,694,516</u>
Net book value							
As at 31 December 2019	<u>39,660,000</u>	<u>2,099,748</u>	<u>981,125</u>	<u>624,250</u>	<u>601,171</u>	<u>1,600,000</u>	<u>45,566,294</u>

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

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Listed Securities Portfolio

Security names	Security Code	Quantity	Market Price (Kshs.)	Market Value
E.A.Cables Ltd.	CABL	3500	3	8,750
Kenya Commercial Bank Ltd. Ord. 1	KCB	3158	54	170,532
KenGen Ltd.	KEGN	2000	5.72	11,440
Kenya Reinsurance Corporation Ltd Ord. 2.50	KNRE	6148	3.03	18,628
Mumias Sugar Company	MSC	12,000	0.27	3,240
Safaricom	SCOM	4,600	31.5	144,900
Totals				357,490

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Land held for sale

	Total Plots	Remaining Plots	Price (Kshs.)	Total Amount(Kshs.)
Kipeto Phase 19	56	1	250,000	250,000
Kipeto Phase 22	140	7	250,000	1,750,000
Kiserian Oletapes phase 25	42	23	1,000,000	23,000,000
Birika Oloolotikoshi Phase 26	21	14	300,000	4,200,000
Total				29,200,000

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

25

Shamba loans

PHASE	LOAN PRICE-Ksh.	REPAYMENTS	LOAN BALANCE Ksh.
Shamba loan	2,135,000	338,300	1,796,700
Shamba loan Interest	200,000	-	200,000
Phase 14	800,000	281,000	519,000
Phase 15	1,520,000	780,000	740,000
Phase 16	1,100,000	578,000	522,000
Phase 17	1,750,000	1,518,100	231,900
Phase 18	2,500,000	715,000	1,785,000
Phase 19	3,870,000	1,093,000	2,777,000
Phase 20	1,250,000	460,000	790,000
Phase 22	10,350,000	5,058,575	5,291,425
Phase 23	3,050,000	1,292,000	1,758,000
Phase 24	14,400,000	7,609,000	6,791,000
Phase 25	12,000,000	3,811,100	8,188,900
Phase 26	1,800,000	741,230	1,058,770
TOTAL	56,725,000	24,275,305	32,449,695