

PROGRAMME

NGONG CATHOLIC PARISH MEMBERS WELFARE FUND

21ST ANNUAL GENERAL MEETING HELD ON 16TH JULY 2022

VENUE: ST. JOSEPH NGONG CATHOLIC ACADEMY GROUNDS

MASTER OF CEREMONY: Mr. John Kahiga & Daniel Kipng'etich.

- 7.00 AM:** Registration of members
- 9.30 AM:** Opening Prayers
- 9.40 AM:** Reading of 21st Annual General Meeting Notice - **Mr. Fredrick Kang'ethe** (Secretary)
- 9.50 AM:** Welcome Speech & Introduction of Management team - **Mr. Daniel Kamania** (Chairperson)
- 10.00 AM:** Marketing Team Presentation
- 10.30 AM:** Reading and confirmation of Previous 2019 AGM Minutes and matters arising
Board Secretary - **Mr. Fredrick Kang'ethe** (Secretary)
- 11.00 AM:** Reading, consideration and adoption of Chairman's Report – **Mr. Daniel Kamania**
- 11.15 AM:** Presentation of the Audited Report for the Year ended 31st December 2021
Ronalds & Associates LLP.
- 11.30 AM:** Reading, consideration and adoption of 2022/2023 Budget - **Mrs. Dionisia Githae** (Treasurer)
- 11.50 AM:** Reading of Supervisory Report - **Supervisory Chairperson**
- 12.10 PM:** Declaration of 2021 Dividends - **Mr. Daniel Kamania** (Chairperson)
- 12.20 PM:** Appointment of the Auditor for the year 2022/2023
- 12.30 PM:** Consider Any Other Business - **Mr. Daniel Kamania** (Chairperson)
- 12.50 PM:** Guest of Honor
- 1.20 PM:** Vote of Thanks
- 1.30 PM:** Closing Meeting with prayers and final blessings
Providing Lunch to the Members



NGONG CATHOLIC PARISH MEMBERS WELFARE FUND

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 21st Annual General Meeting of Ngong Catholic Parish Members' Welfare Fund will be held at the St. Joseph Ngong Catholic Academy Grounds, Ngong, on Saturday 16th July 2022 starting at 10.00 a.m.

AGENDA

1. Read and adopt the Notice convening Annual General Meeting (AGM).
2. Read and confirm the minutes of the last Annual General Meeting (AGM).
3. Receive and consider the Chairman's report.
4. Receive and consider audited accounts together with the auditor's report thereon for the year ended December 31, 2021.
5. Receive and consider the Treasurer's report.
6. Presentation of the financial proposal for disposal of net surplus realized during the year ended December 31, 2021.
7. Receive and consider the budget for the financial year 2022.
8. Receive and consider the supervisory committee's report.
9. Appointment of external auditors for the financial year 2022.
10. Receive and consider other resolutions.
11. Speeches from invited guests.
12. Any other business. (These should be forwarded to the Manager, Ngong Catholic Parish Members at least seven (7) days prior to the AGM).
13. Closing Prayer.

Yours Faithfully

Honorary Secretary

**MINUTES OF THE 20TH ANNUAL GENERAL MEETING FOR THE
NGONG CATHOLIC PARISH MEMBERS WELFARE FUND HELD ON 27TH JULY 2019
AT ST JOSEPH NGONG CATHOLIC CHURCH COMPOUND**

MEMBERS PRESENT

There were a total of 1968 members present at the meeting.

AGENDA

- | | |
|---|-----------------------------|
| ○ Opening prayers and reading of notice | ○ Treasurer's report |
| ○ Incoming committee introduction | ○ Declaration of dividends |
| ○ Reading of minutes 2018 | ○ Chief Guest report |
| ○ Matters arising | ○ General Manager's remarks |
| ○ Report by the chairman | ○ Vote of thanks |
| ○ Auditors report | |

Min 1/19: OPENING PRAYER AND READING NOTICE OF CONVENING 20TH A.G.M.

The meeting was opened with a word of prayer by Rev. Fr. Evans Machoka at 11.00am and thereafter the secretary read the notice convening the A.G.M. The chairman thanked all present and highlighted that the incoming committee members should also make sure they do the work well. He added that the team should innovate new products such as mobile banking, e-commerce, agency banking and ATMs.

Rev. Fr. Kariuki thanked the Chief Guest (Rt. Rev. Bishop John Oballa Owaa) and all for attending.

Min 2/19: INCOMING COMMITTEE FROM ALL STATIONS

Rev. Fr. John Kariuki introduced the Ngong Welfare Fund incoming board members as listed below:-

- | | |
|---------------------|-------------------------|
| 1. Daniel Wesonga | 5. Wilberforce Khalwale |
| 2. Daniel Kamania | 6. Francis Kimani Ngugi |
| 3. Dionisia Githae | 7. Anselmina Muriangi |
| 4. Japheth Nyantika | 8. Daniel Kipng'etich |

The supervisory committee was to be composed of:-

1. Wilson Naimasiah
2. George N. Gichia

Mr. Fredrick Kangethe Ndungu was introduced as the new operations manager of the fund.

MIN 3/19: READING MINUTES OF 2018 AGM

Mr. Joseph Karanja read through the minutes of the 2018 A.G.M. and they were proposed as a true record and seconded by acclamation.

MIN 4/19: MATTERS ARISING

SCHOOL MATTERS

Mr. Daniel Kamania, member no. 707 asked why the school was not making any surplus. In response it was stated that in 2017 the school declared 1 million surplus in addition to 1.4 million from boarding. He also sought to find out why the school was banking outside welfare in 3 local other banks. It was clarified that there was nothing unusual about that as the school must have other banks to obtain loans if need arise.

It was emphasized that the school was built to offer effective services to the community thereby bring up disciplined educated pupils with sound moral values and in addition bring something little to the fund.

MIN 5/19: CHAIRMAN'S REPORT 2019

Chairman's report was read in English and proposed for consideration by Mr. Winston Ombongi member no. 7390 and seconded by Mr. Andrew Mandere member no. 3493.

After the chairman's speech Mr. Daniel Kamania, member no. 707 rose to ask the following questions:-

1. Why has dividends declined to 4% despite good performance (26% growth)?

Answer: In 2017 dividends was paid from reserve fund thus depleting it. Therefore it was prudent to create a reserve.

2. Why should we have system upgrade costs?

Answer: The fund has invested in a robust ICT platform in bid to accommodate all members.

3. Why didn't some committee members retire during the last AGM?

Answer: This had been overtaken by events as a new committee had already been introduced.

Ms. Florence Nyambura member no. 3423 pointed out that, of the 13 member committee only 2 were women. She urged that when nominating members to the fund management committee, gender issue must be checked and recommended having about 5 women.

Answer: It will be put into consideration when nominating future board members.

In addition her second question highlighted on why other denominations had no representation in the management.

Answer: According to the Fund's constitution chapter 1, name and membership, "...Catholics not within Ngong parish and non-catholics would not be allowed to hold any elective/executive posts..." It was stated that in future going forward the welfare will look at the percentage of non-catholics and see how to incorporate them in management.

Mr. David Gitau Member no. 4785 sought to understand what the auditor meant by "fund grew in 2018." In addition he sought clarification on administration and staff costs, rent expenses and minimum shares.

Answer: It was stated that the building belongs to restore hope and that is why the fund was paying rent. In further it was clarified that total membership was 12,000 members and only those who attend the AGM get the lunch of Kes.800/-. The issue of Kes.4,000/- minimum shares was introduced to ensure that we avoid giving lunch to dormant members. It had been noted that some of the members remain dormant for so many years, yet they attend the AGM in order to get lunch of ksh.800/-.

Ms. Irene Mwenda Member no.3, stated that those with 4,000/- shares are not referred to as non-members. She also sought clarification on what was to happen to the current members when fund converts to Sacco as if it was really a must.

Answer: It was stated that the government had issued a regulation as long as the institution takes deposits from members, then thus fund must convert under SASRA or banking Act.

Ms. Anastasia Kamau member no.11389 asked a question with regards to account receivable of St. Joseph school dividends. She pointed out that this had been reflected through the years from 2015 as a current asset. She sought to know why the school dividend declared was not being paid

to the Fund. Further she also wanted to understand the term active account and how they are managed. In addition on the issue of succession she proposed that one member of supervisory committee to be elected in the A.G.M.

Answer: It was clarified that dormancy occurs when one does not contribute to shares account for a period of six months. In addition it was stated that election of a supervisory committee member would take place.

MIN 6/19: AUDITORS REPORT

The Audit report for the year ended 31st December 2018 was presented by Mr. Martin Karanja of Ronald LLP. He stated that their mandate was to assess fund and express an opinion if the books kept by the fund give a true and fair view of the fund's performance.

He clarified that responsibility of preparation and presentation of books of accounts lies with the management committee. He stated that audited accounts for the year ended 31st December 2018 presented a true and fair view of the fund's performance.

He however highlighted that it was mandatory that once the Fund converts to a fully functional Sacco, it would have to transfer 20% of net surplus to the Reserve Fund account. He added that upon conversion reporting will change as it will have to conform to the ministry of cooperative regulations provided by SASRA Act.

He further advised that International Financial Reporting Standards (IFRS) will have to be followed and going forward in respect to the fund providing for bad and doubtful Loans.

MIN 7/19: TREASURERS REPORT

It was read by the accountant Mr. Paul Macharia on behalf of the treasurer, Mrs. Irene Mochere who was absent with apology. He highlighted that AGM Expenses were comprised of lunch given, use of chairs, tents, security etc. Further he stated that land development expenses comprised expenses incurred including securing titles for members

MIN 8/19: DECLARATION OF INTEREST ON NON-WITHDRAWABLE DEPOSITS (SHARES)

The chairperson proposed an interest payout of Kes.0.80 per share or 4% of the total share value held as at 31st December 2018 prorated. In addition he proposed all members who had registered and attended the AGM be paid lunch of Kes.800/- each.

MIN 9/19: CHIEF GUEST REPORT

The chief guest said that he was pleased to be present considering it was 20 years since the fund started. He added that he was happy to see the large attendance of the members. In addition thanked the outgoing board members for their selfless service to the fund.

He pointed out that during transition we will be guided by SASRA Act. Further he stated that transition will require active membership and urged members to activate their accounts and in addition welcomed more members to join the Sacco as this would improve the economic welfare of all the members.

He also stated that members must be involved in the transition to Sacco and no one would be barred from joining the Sacco. Additionally he appreciated all who raised questions and those who expressed their views emotionally since we live in a democratic society where people are free to give and express their views freely.

Further he thanked the outgoing operations manager for his contribution towards the fund where he dedicated all his time and wished him well together with his family and in all his future

endeavors. He pointed out that the members had stood with the fund despite the challenges faced as they saved and invested. He pledged to make sure the Operations of the fund would not be affected by the management changes.

In conclusion he thanked all the shareholders and urged the new management committee to take the fund to another level on behalf of all the members and the diocese. It was his hope that the members would appreciate the mode of operations after converting to a Sacco as they would derive advantages. He requested the fund to make sure all members have a bottle of drinking water.

MIN 10/19: GENERAL MANAGER'S REMARKS & VOTE OF THANKS

The general manager requested members to propose one person to join the supervisory committee. The following were proposed among the members:-

- | | |
|---------------------------------|------------------------------|
| 1. John Kahiga Mwangi – No.813 | 4. Francis Ogettoh – No.8207 |
| 2. Irene Mwenda – No.3 | 5. Elizabeth Kaguta – No.403 |
| 3. Anastasia Wanjiru – No.11389 | |

After a series of deliberations and by acclamation Mr. John Kahiga Mwangi was elected.

Fr. John Kariuki thanked the outgoing committee and said that work was not easy. He added that the incoming committee members were to be oriented by some of the outgoing management committee members. They were urged to come up with new ideas. Further he appreciated them for taking up the appointment and urged the outgoing committee to support the new team.

In conclusion he stated that like in any other business, the welfare also faces changes in its operations. He appealed for support of the new operations manager and incoming management in settling down to their duties.

MIN 12/19: ANY OTHER BUSINESS

There being no any other business brought to the operations manager's attention 7 days prior the meeting ended at 2.15 p.m. with closing prayers led by Rev. Fr. John Kariuki and blessing by Rt. Rev. Bishop John Obala Owaa.

Chairman's Sign:

Date:

Secretary's Sign:

Date:

NGONG CATHOLIC PARISH MEMBERS WELFARE FUND

MESSAGE FROM THE CHAIRMAN

It is yet another opportunity for us to gather here and take stock of our funds achievements for the past year 2021. It gives me great joy and pleasure that we are able to gather here after 2 years due to Covid-19 pandemic that made it impossible for such huge gatherings. We are not out of the woods yet, but let us continue praying and adhering to the set guidelines.

Year 2021 the fund recorded positive growth in membership and increased member deposits. The revenue grew from 23 million (2020) to 32 million (2021).

As a fund we were able to undertake a number of programs that are geared towards propelling our **'Sacco'** to even greater heights. Among those programs are:- Training committee members on how to manage a SACCO, developing a strategic plan for the SACCO that is in its final stages, initiating CADON insurance agency, issuance of title deeds to members who had purchased land, and recovery of bad debts (unpaid loans) that were in arrears totaling to Kes.74 million.

As a SACCO we intend to put great emphasis in sound corporate governance by electing 3 individuals in committee of management and one individual in supervisory committee starting next AGM.

CHALLENGES

As a fund we have had challenges in various areas:-

a). Management

There may be issues that you may have come across through social media and word of mouth as members on leadership and management of the fund that affected our customer base. It was rumored that the fund was collapsing yet it wasn't the case. Due to this rumors some members withdrew their membership.

Through strategic marketing we have been able to restore sound management and we are proud that some of the members who had left are back with us. The member's funds are secure and that's why today we pride ourselves with all these achievements.

In Funds dividend (Interest on Members' deposit) grew from 4% to 5% and then to 6% in year 2018, 2019 and 2020 respectively, despite provision for bad and doubtful loans. Today we will be proposing to pay a dividend of 7% (a remarkable growth). If you continue supporting us the way you have been doing, then there is no reason as to why we shall not pay between 8% to 10% dividend next year.

b). Land

There are parcels of land that were bought earlier and had disputes while there were some which couldn't be traced. As a fund we have recovered some of them such as phase 24 (3 acres), phase 22 (5 acres) phase 26 (3 acres) and phase 28 (3 acres) at Oloolokitikoshi. We still have a pending case of phase 8 but I believe we will settle it soon.

c). St. Joseph School

There was a time as the management we had thought of doing away with the school due to mismanagement. However, we restored back the school and we are proud to report to you that our school is in good hands and is performing better. It will be the first time the school is giving us dividend of Kes.3 million. (Remember this is not a payable (debt) as the case used to be.)

d). Ngong Welfare Fund

In general as a Fund we are being faced by the following challenges:-

- i). We are still pursuing part of the loan outstanding of Kes.30 million that has being classified as loss (not paid for over 1 year) but we are doing everything possible to correct this. Various actions have been taken including but not limited to seeking the services of auctioneers, lawyers, investigators and debt collectors to assist us recover those debts. Those debts are depositors' monies and therefore must be paid back to the Fund.
- ii). We are yet to be regulated by the government through the SACCO Societies Regulatory Authority (SASRA). We are addressing this issue where we intend that by early next year we shall have registered and regulated as Catholic Diocese of Ngong D.T. SACCO - Ngong Branch and we shall have the license to operate FOSA. Soon, our officers shall be conducting member education on SACCO operations and changes you should expect when we get registered as a Deposit Taking Sacco. There will be many benefits when we get registered as a SACCO among them that we shall be controlled by SASRA and that any malpractice shall be detected by government agencies and action taken before it gets out of hand.
- iii). Court cases by former staff claiming they were separated un-procedurally.
- iv). Various Land issues of non-allocation of land to deserving members.

Audit

Fund's for the year 2021 was done by Ronalds & associates. This firm Ronalds and associates has been auditing us for the last 3 years and as practice we are required to change audit firms after every 3 years. Given the approval in this A.G.M., the management will be able to advertise soon.

As I wind up, I urge you to continue supporting our fund and the committee members as they continue looking for ways to tackle the challenges in place.

As you go back to your business and places of work, pray for the welfare fund, committee members and staff so that God can give us wisdom and knowledge to run the fund.

Continue supporting the Fund by taking and paying loans in time, buying plots from us, depositing with us, insuring with us and educating your children at our school St Joseph academy.

FUTURE OF THE SACCO

We look forward to:

- a). Regularization of the Front Office Service Activity (FOSA) by SASRA.
- b). Opening branches at St. Barnabas Catholic Church - Matasia, ngong town and kiserian town to bring services close to members.
- c). Establishing a housing and investment co-operative to enable us comply with regulation of buying and selling of land/property to members and non-members.

Lastly, this year being an election year, let us maintain peace and be ambassadors of peace. Let those who are seeking elective posts conduct their campaigns peacefully without insulting or demeaning others. Let us all pray for peaceful elections and pray for our Country.

Thank you for attending 2022 AGM.

God bless us all.

Asanteni.

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

TREASURER'S REPORT AS AT 31ST DECEMBER 2021

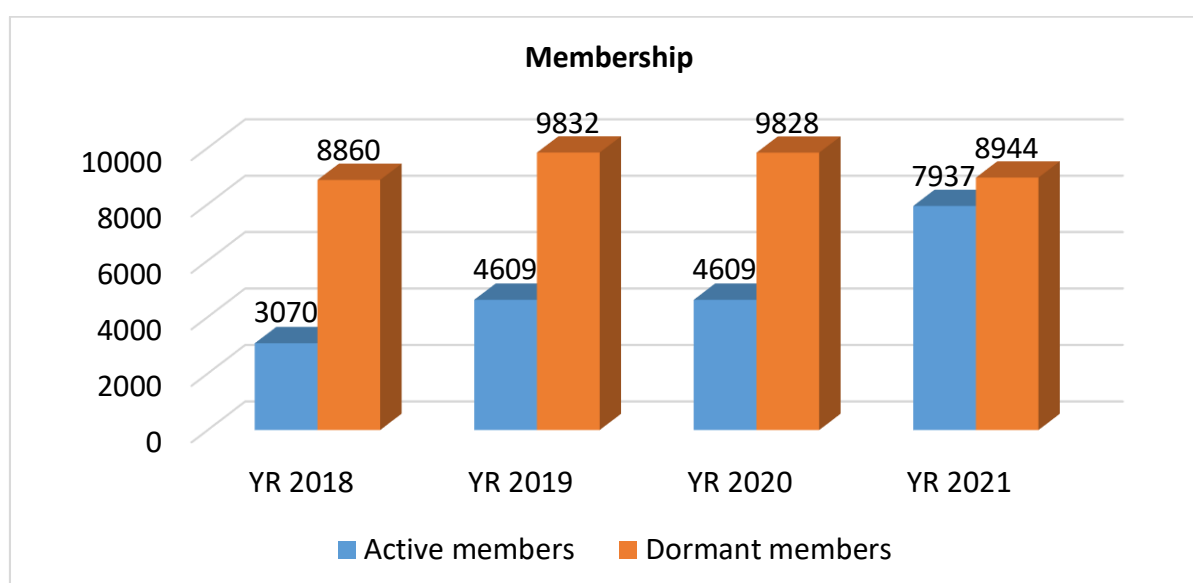
Greetings in the name of our Lord Jesus Christ.

This being the third year in office; we have come a long way to ensure the welfare operates smoothly to the benefit of the members.

We have experienced growth in the period as follows;

1. Membership

The active members have grown by 79% to 7,937. Below is a graphical representation for the last four years.

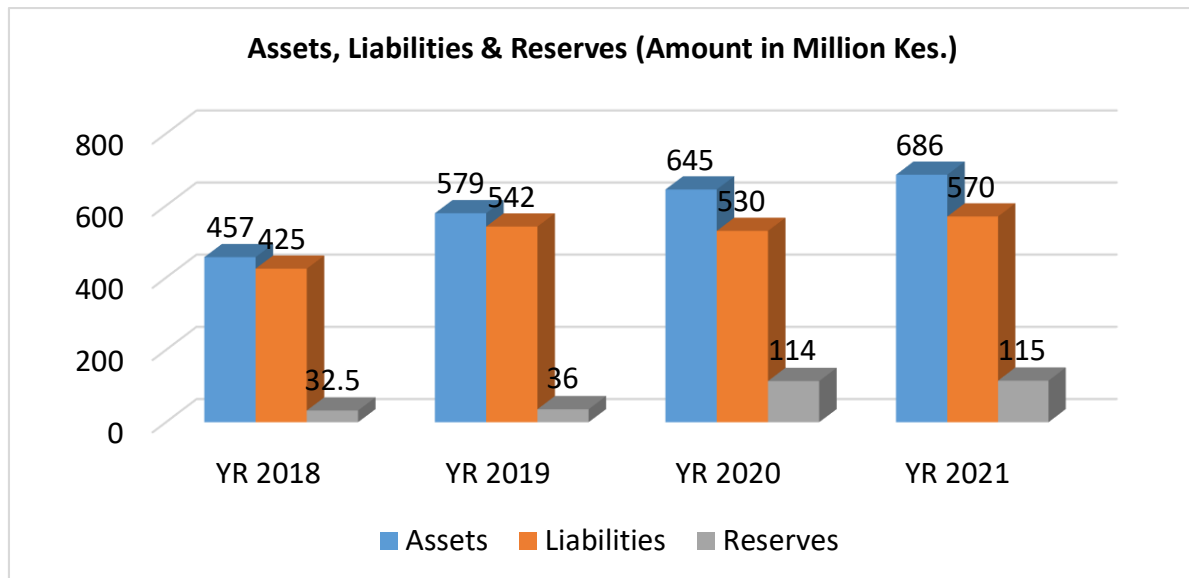


2. Assets, Liabilities and Reserves

Total assets have registered a 6% growth in 2021 with liabilities and reserves growing by 8% and 1% respectively.

Class	YR 2018	YR 2019	YR 2020	YR 2021
Assets	Kes 457M	Kes 579M	Kes 645M	Kes 686M
Liabilities	Kes 425M	Kes 542M	Kes 530M	Kes 570M
Reserves	Kes 32.5M	Kes 36M	Kes 114M	Kes 115M

A graphical representation for the last four years is shown below;

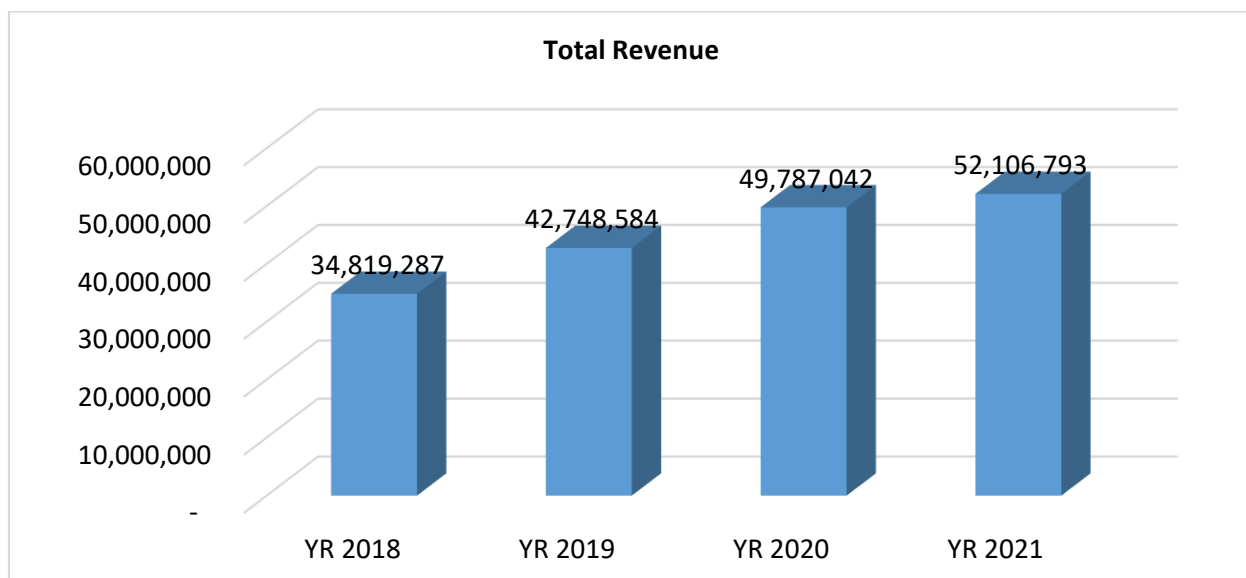


This growth was experienced amid COVID-19 pandemic.

Investment of excess funds in the money market fund where we are receiving returns of between 8-9% p.a. to ensure liquidity whenever the funds are required.

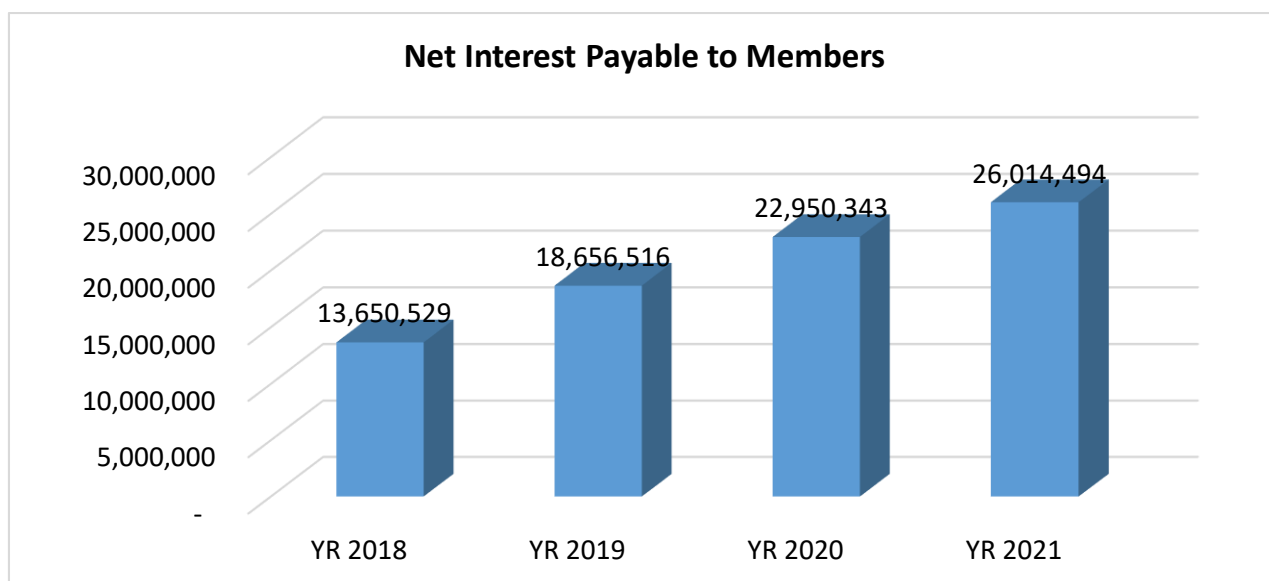
3. Total Revenue

The total revenue has registered a 4% growth during the period to Kes. 52million, a graphical representation of the four year's performance is shown below;



4. Interest to Members

There has been steady growth on the interest payable to members for the four years with 2021 growing by 21%. A graphical representation is shown below;



Key Challenges

1. Shrinking loan book, due to safe lending and economic meltdown
2. Provisioning of bad and doubtful debts – This is supposed to be done 100% as we convert to a SACCO. This is a requirement by SASRA. We encourage our members to service their loans promptly.
3. In a bid to activate the accounts, we have faced difficulties tracing the dormant account holders, especially due to lack of contacts details. We therefore appeal to the members to pass the message to any persons you may know who have not been an active member of the Fund.
4. I urge members to increase the share capital to a minimum of Kes 5,000 as we convert to a SACCO, and encourage you to contribute at least Kes 10 per day translating to Kes 300 per month in order to boost your savings.
5. Land for sale– we inherited some parcels of land whose location was not clearly traceable. We have incurred extra costs in tracing these parcels of land and securing them for the fund. Land disputes have also taken a good share of costs.

Thank You

Mrs. Dionisia Githae

Treasurer

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

PROPOSED BUDGET REPORT 2022/2023

DESCRIPTION	BUDGET 2023	REVISED 2022	PROPOSED 2022	ACTUAL 2021	REVISED 2021
INCOMES					
Interest and late charges on loan	32,150,351	28,705,670	42,635,000	23,921,392	34,108,000
Interest on treasury bond	1,306,368	1,166,400	1,215,000	972,000	972,000
Insurance fee	2,254,217	2,012,694	3,125,000	1,677,245	2,500,000
Negotiation fee	2,488,197	2,221,604	3,125,000	1,851,337	2,500,000
Registration/passbooks	854,246	762,720	400,000	635,600	320,000
Other front office charges	3,580,808	3,197,150	3,000,000	2,664,292	2,400,000
St Joseph Academy dividend	3,000,000	-	-	-	-
Return on investment-Land	13,800,502	12,321,877	6,875,000	10,268,231	5,500,000
Return on investment-CIC	13,781,869	12,305,240	5,500,000	10,254,367	4,400,000
Rent	-	432,000	-	165,000	300,000
Sales proceeds of Kibiko house	-	1,250,000	-	-	-
TOTAL	73,216,560	63,125,357	65,875,000	52,409,464	53,000,000
EXPENSES					
Depreciation	1,147,410	1,024,473	1,637,500	890,846	1,310,000
Fixed deposit interest	1,253,966	1,003,173	1,625,000	872,324	1,300,000
Travelling and subsistence	180,751	144,601	687,500	125,740	550,000
System maintenance	156,250	-	125,000	-	100,000
Gifts and donations	129,375	103,500	125,000	90,000	100,000
Printing and stationery	444,491	355,593	625,000	309,211	500,000
Telephone and postage	351,755	281,404	187,500	244,699	150,000
Management committee and training	2,520,222	2,016,178	1,750,000	1,753,198	1,400,000
Governance expenses	1,387,188	1,109,750	125,000	965,000	100,000
Water and electricity	247,372	197,898	375,000	172,085	300,000
General repairs	90,146	72,117	187,500	62,710	150,000
Motor vehicles	285,164	228,131	312,500	198,375	250,000
Rent	567,000	453,600	375,000	387,000	300,000
Annual General Meeting	5,625,000	4,500,000	3,500,000	-	2,800,000
Marketing	285,004	68,003	500,000	59,133	400,000
Security	706,205	564,964	125,000	491,273	100,000
General insurance	310,990	-	312,500	-	250,000
Life insurance	983,434	786,747	1,000,000	684,128	800,000
Audit fee	201,250	161,000	225,000	140,000	180,000
Salaries and wages	8,637,771	7,198,142	10,250,000	6,259,254	8,200,000
Bank charges	106,497	85,198	100,000	74,085	80,000
Legal fees	858,188	686,550	500,000	597,000	400,000
Computer expenses	300,000	44,850	250,000	39,000	200,000
General office expenses	391,055	312,844	687,500	272,038	550,000
Staff medical expenses	734,062	587,250	2,000,000	510,652	1,600,000
Land development costs	2,134,558	1,707,647	1,500,000	1,484,910	1,200,000
Licenses	200,000	35,000	-	-	-
TOTAL	30,235,102	23,693,610	29,087,500	16,682,661	23,270,000
NET INCOME	42,981,458	39,431,747	36,787,500	35,726,803	29,730,000

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

PROPOSED CAPITAL BUGDET REPORT 2022/2023

CAPITAL BUDGET					
St Joseph Academy Boarding Facility	-	-	-	-	-
Computer hardware and software	850,000	750,000	750,000		600,000
Office equipment	540,989	450,824	625,000	360,659	500,000
Land for Sale	-	-	-	-	-
House for sale	-	-	-	-	-
Loan advances	293,982,655	262,484,514	437,500,000	209,987,611	350,000,000
Investments/Placements	172,122,353	153,680,673	250,000,000	122,944,538	200,000,000
TOTAL	467,495,997	417,366,010	688,875,000	333,292,808	551,100,000
Sources of funds					
Member Deposit(Non -Withdrawable)	510,999,000	464,544,545	600,000,000	371,635,636	480,000,000
TOTAL	510,999,000	464,544,545	600,000,000	371,635,636	480,000,000

ST. JOSEPH ACADEMY EXECUTIVE SUMMARY

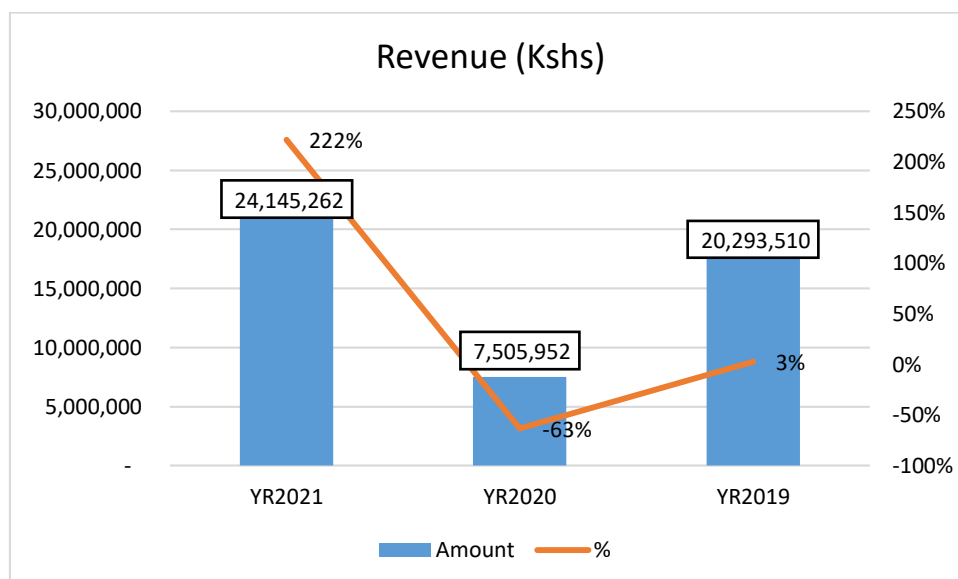
Introduction

St Joseph Ngong Catholic Academy is a mixed private day and boarding located in Ngong town Kajiado County. The academy is a project of Ngong Catholic Parish Members Welfare Fund. The academy offers pre-school and primary streams focusing on 8-4-4 and Competence based curriculum (CBC). The school educates a wholesome child spiritually, intellectually, physically and emotionally to give a sense of moral, professional and social responsibility, empowering children for the future.

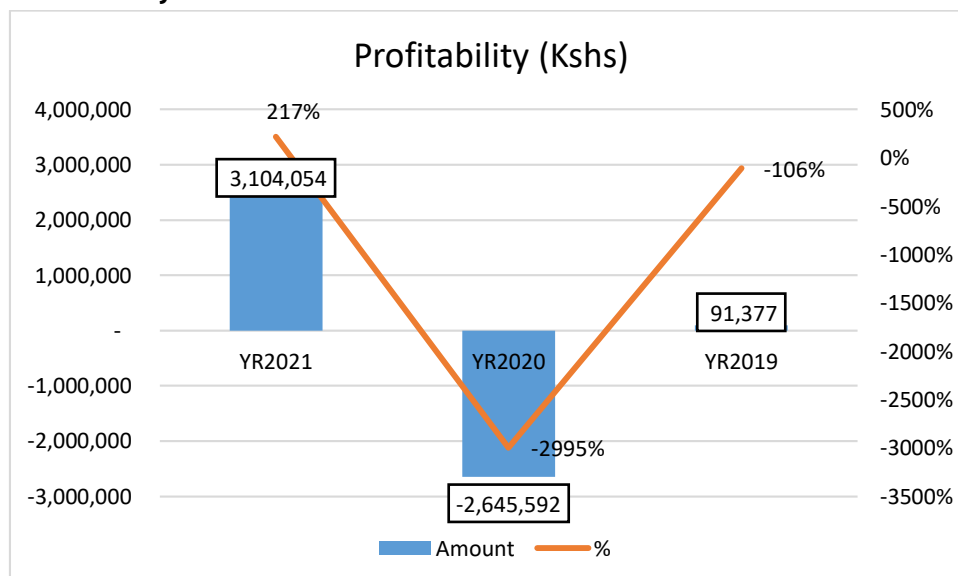
During the period the academy has increased revenue collection translating into a surplus of three million shillings having come from a deficit the previous year due to closure of the schools by the Covid-19 pandemic. In addition, the school has adequate academic materials and physical structures such as classes, library, computer rooms, boarding facility and buses which aid in transportation. The school currently has 251 students.

Performance

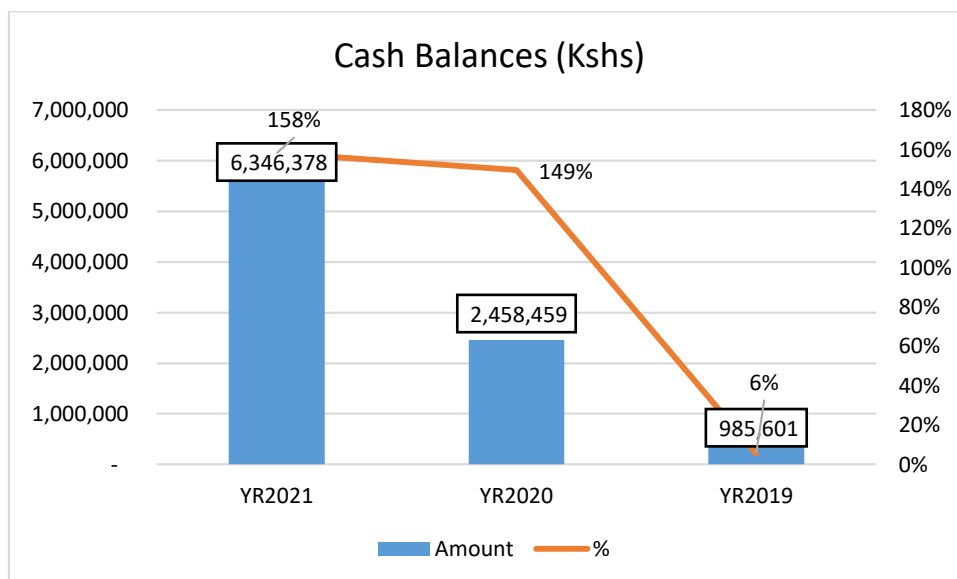
Revenue



Profitability



Cash Balances



Conclusion

In conclusion, the school has improved its operations by putting in place internal controls system and ensuring that there is timely coordination and communication with the Welfare and this has helped in safeguarding of finances and assets.

The academy leadership is in its top gear in preparation for enrolment of junior secondary students at St. Joseph in 2023.

We take this opportunity to invite our members to give us their kids to learn with us as an investment for better returns and results.

NGONG CATHOLIC PARISH MEMBERS WELFARE FUND

SUPERVISORY COMMITTEE REPORT as at 31ST DECEMBER 2021

In line with Ngong Catholic Parish Members Welfare Fund, the 'Welfare Fund' By-Laws and the Cooperative Society Act, the Supervisory Committee conducted a review of the affairs of the Fund as at 31 December 2021. We reviewed the affairs of the Fund including compliance with various requirements as well internal controls procedures and hereby present our report.

1. Membership

The following are the current members of the Supervisory Committee;

Mr. John Mwangi	-	Chairman
Mr. George Gichia	-	Member
Ms. Elizabeth Muthoni	-	Member

2. Introduction

The findings in the report were discussed with the Management Committee and most of the concerns are being addressed. As our responsibility to the AGM, we have highlighted the key matters that we deem necessary to bring to the attention of the members. The report is in two parts;

- A. Matters relating directly to the Welfare Fund
- B. Matters relating to the Investment at St. Joseph Academy

A. Matters relating directly to the Welfare Fund

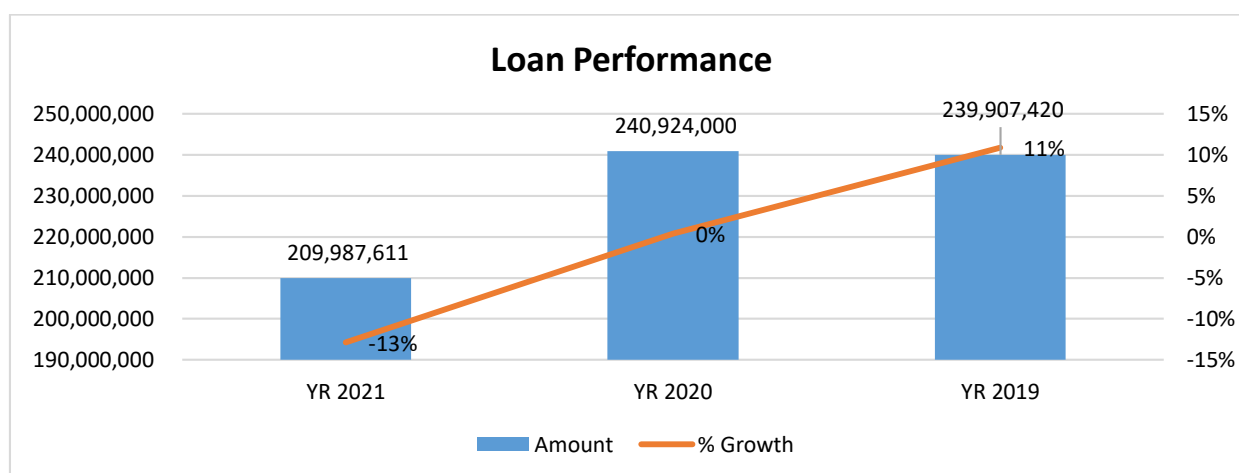
1.1 Management of the Fund

a) Welfare Fund Member Growth

The Committee has observed that the active members during the period grew by 79% in 2021 to 7,937 from 4,609 in the previous period ending 31 December 2020. The dormant members also declined by 9% during the period. This was commendable to the Management Committee and the Management Team, we urge the leadership team to ensure that the trend is sustained.

b) Loans to Members

The Welfare Fund issued loans amounting to Kes. 209, 987,611 in the year 2021 compared to Kes. 240,924,000 a 13% decline amounting to Kes. 30,936,389 compared to the same period in 2020. This was widely attributed to the effect of Covid-19 pandemic on the income of the members.



We urge the Management Committee and the Management Team to formulate strategic initiatives that shall drive loan uptake to members.

c) Loans Default

We have observed the Loan Portfolio at Risk (PAR) stood at Kes. 36,350,897 representing 18% of the total loan portfolio as at 31 December 2021 which was higher than the allowed 5% or below. The provision provided during the period was not sufficient to cover the loan portfolio at risk with an inadequacy of Kes. 22m, it was however an improvement from Kes. 74m from the previous year representing 31% of the total loan portfolio as at 31 December 2020. We urge the Management Committee and the Management team to ensure that the recovery drive is maintained and in line with the laid down procedure. We encourage the members to support the Fund by honouring their obligations promptly.

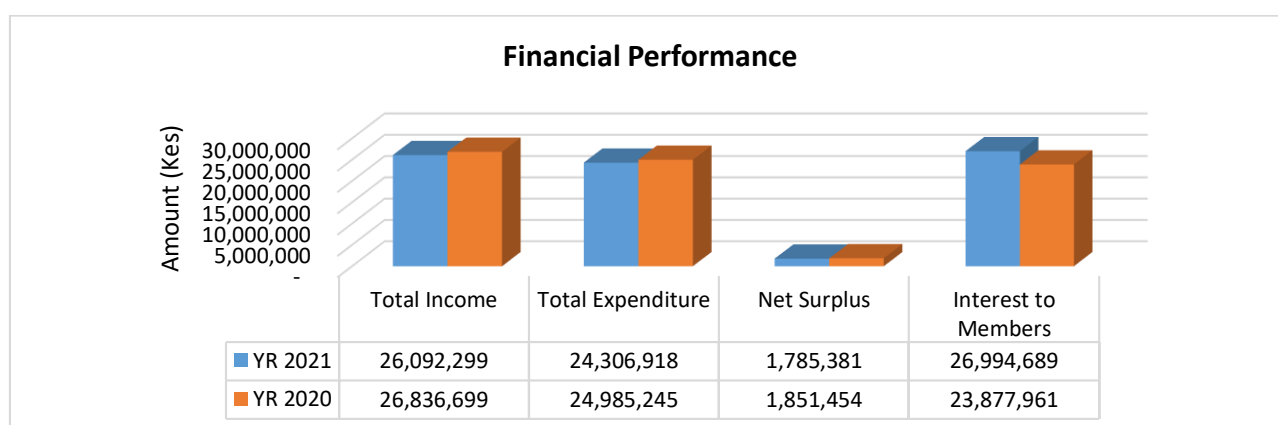
d) Registration with SASRA

We observed that during the year, the Welfare Fund had not concluded registration with the Sacco Societies Regulatory Authority (**SASRA**). It was however noted that the Fund is already registered as a Sacco and the completion of the registration with SASRA was expected to be completed by the end 2022.

1.2 Audited Accounts

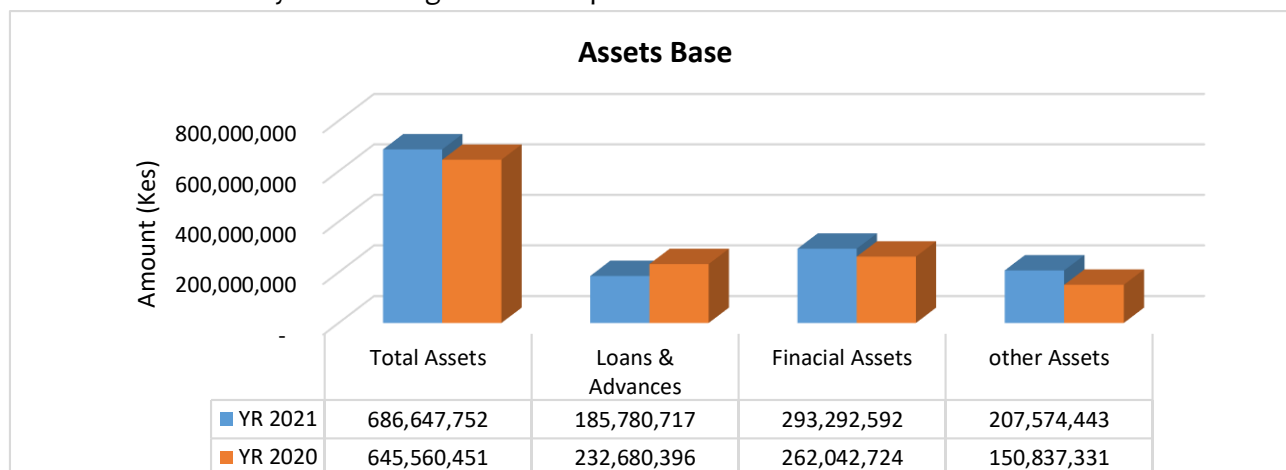
a) Financial Performance

We noted that despite the continued effect of Covid-19 Pandemic, the Fund continued with a stable performance notwithstanding low uptake of the loans during the period. It is worthwhile to note that the interest payable to members has grown by 13% to Kes. 27m from Kes. 24m in the previous period. The comparative income and expenditure are as shown below;



b) Fund Assets Base

Total assets during the period grew by 6% to Kes. 687m from Kes 646m in the year 2020. The loans and advances declined by 20% during the same period. Other assets movement are as shown below;



The Management Committee and the Management Team to put in place strategies to enhance loans uptake.

B. Matters relating to The Investment at St. Joseph Academy

a) Performance

i. Revenue Growth

The Academy registered an impressive growth during the year coming backdrop of the Covid-19 pandemic. The revenue grew by 222% to Kes. 24m from Kes. 7.5m registered the previous year. This was a commendable growth that the leadership team should ensure it is upheld.

ii. Profitability

The profit during the year grew by 217% to Kes.3.1m from a loss in the previous year of Kes. 2.6m., this was commendable to the Management Committee and the Management Team at the Academy together with other key stakeholders. We urge the leadership to ensure that the trend is maintained and there is trickle down to the investors.

iii. Cash and Bank Balances

There was a significant growth of the cash and bank balances during the period having come from Kes. 985,601 in 2019, Kes. 2,458,459 in 2020 and Kes. 6,346,378 in 2021. This was commendable to management Committee and the management team. We urge the team to ensure that the good work is sustained.

b) Students Enrollment

The Committee has observed that the student count as at 31 December 2021 stood at 250. This in our view was low considering the capacity that the Academy has which implies that the facility has been operating below its capacity. The leadership is urged to put in strategies that ensure there is higher student enrollment and retention which will guarantee that the full potential of the facility is exhausted.

3. CONCLUSION

We take this opportunity to thank all the stakeholders; the Welfare Fund Management Committee and the members of the staff for both Fund and the Academy for the great support during our review. More importantly we take the opportunity to thank the Welfare Fund Members for the opportunity to serve.

In conclusion, we encourage all to observe peace during the upcoming August 2022 general elections.

God bless you all.

Asanteni Sana.

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

**NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

CONTENTS

Page

Welfare Information	1
Report of Management Committee	2
Statistical Information	3
Statement of Management Committee's Responsibilities	4
Report of Independent Auditor	5-8
Financial Statements	
Statement of Profit or Loss & other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cashflows	12
Accounting Policies	13-15
Notes to the Financial Statements	16-20

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

SOCIETY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2021

MANAGEMENT COMMITTEE

Mr. Daniel Kamania	Chairperson
Mr. Daniel Wesonga	Vice Chairperson
Mr. Daniel Kipng'etich	Minutes-Secretary
Mrs. Dionisia Githae	Treasurer
Fr. John Kariuki	General Manager
Mr. Fredrick Kang'ethe	Secretary/Operation Manager
Mr. Wiberforce Khalwale	School Chairman
Mrs. Anselmina Muriangi	Member
Ms. Evelyne Kyungu	Member
Mr. Japheth Nyantika	Member

SUPERVISORY COMMITTEE

Mr. John Mwangi	Chairperson
Mr. George Gichia	Member
Ms. Elizabeth Muthoni	Member

CREDIT COMMITTEE

Mr. Japheth Nyantika	Chair
Mr. Daniel Kipng'etich	Member
Mr. Wiberforce Khalwale	Member

REGISTERED OFFICE

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

PRINCIPAL BANKERS

ABSA Bank of Kenya Limited
P.O. BOX 24180-00502
Karen Branch
Nairobi, Kenya.

INDEPENDENT AUDITOR

Ronalds LLP
Certified Public Accountants
136 Manyani East Road, Off Waiyaki Way,
P.O. BOX 41331-0100
Nairobi, Kenya.

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2021

The Management Committee submit their annual report together with the audited financial statements for the year ended 31 December 2021.

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

	2021 Kshs	2020 Kshs
Surplus for the period	1,637,083	1,697,380
Retained surplus for the period	<u>1,637,083</u>	<u>1,697,380</u>
Interest on members deposits	<u>26,014,494</u>	<u>22,950,343</u>

INTEREST ON MEMBERS DEPOSITS

The management committee recommend payment of interest on members deposits at 7% (2020, 6.0%)

INDEPENDENT AUDITOR

The Sacco's auditors, Messrs Ronalds LLP, Certified Public Accountants (K), 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 Societies (Amendment) Act No.2 of 2004.

BY ORDER OF THE MANAGEMENT COMMITTEE



.....
SECRETARY



DATE 04/07/2022

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
STATISTICAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
Membership		
Active members	7,937	4,609
Dormant members	8,944	9,828
	16,881	14,437

	Kshs	Kshs
Core Capital	115,852,397	114,595,206
Institutional Capital	115,852,397	114,595,206
Members' Deposits	371,635,636	382,505,711
Members' savings	145,083,687	124,494,192
Reserves	115,852,397	114,595,206
Loans to Members	185,780,717	232,680,396
Liquid Assets	16,448,566	18,099,480
Total Assets	666,825,766	645,560,452
Total Liabilities	550,973,369	530,965,246
Total Revenue	53,086,988	50,714,660
Total Expenses	24,273,318	24,985,245
Interest on member Depsoits	26,014,494	22,950,343

STDs

Key Ratios

Core Capital/Total Assets	>8%	17%	18%
Core Capital/Total deposits	>5%	31%	30%
Institutional Capital /Total Assets	>8%	17%	18%
Net Loans / Total assets	70-80%	28%	36%
Savings/ Total assets	70-80%	22%	19%

Liquidity ratio

Liquid assets/ Total deposits and long term liability	>10%	4%	5%
Delinquency Ratio	<5%	19%	0%

Operating efficiency ratios

Total Expenses/ Total Revenue	46%	49%
Interest rate on deposits	7.0%	6%

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2021

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 4th July2022 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 9 to 20, which comprise the statement of financial position as at 31st December 2021, 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 31 December 2021, 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.

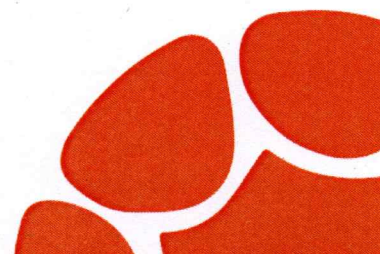
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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
Recovery of Loans The organizations' Portfolio at Risk during the year is Ksh 56,526,993, which represents 19.39% of the total loan book. Of this amount, a total of Ksh 22,350,897 are under the loan loss category (greater than 360 days).	Our audit procedure Included: Assessment and verification of the defaulted accounts and measures taken by the management in recovery of the loans.



REPORT CONT'D

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.

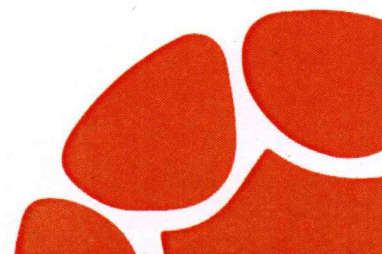
In preparing the financial statements, they are responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis

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.

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.

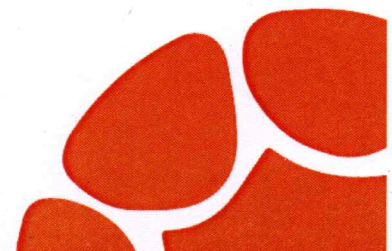
As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:



Auditors' Responsibility Cont'd

- 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.




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:

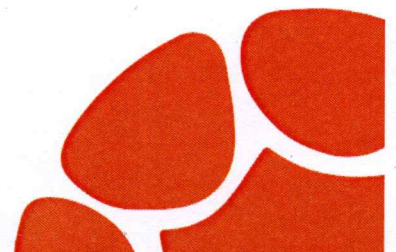
- (i) In accordance with the provisions of The Kenya Co-operatives Societies Act.
- (ii) In accordance with The Kenya Co-operatives Societies Act objectives, by-laws and any other resolutions made by the Society at a general meeting.

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



NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021


	Notes	2021 Kshs	2020 Kshs
Revenue			
Interest on loans and advances	2	23,921,392	33,865,331
Other income	3	18,467,889	13,654,000
Total interest income		42,389,281	47,519,331
Interest expense	4	(26,994,689)	(23,877,961)
Net interest income		15,394,592	23,641,370
Income from non core business	5	10,697,707	3,195,329
		26,092,299	26,836,699
Expenditure			
Administrative expenses	6	(4,545,469)	(4,282,412)
Personnel expenses	7	(6,803,970)	(8,193,536)
Marketing and public relations expenses	8	(59,133)	(73,620)
Governance expenses	9	(2,718,198)	(2,092,973)
Legal and professional expenses	10	(507,000)	(491,000)
Other operating expenses	11	(9,639,548)	(9,851,704)
Total expenses		(24,273,318)	(24,985,245)
Surplus for the year		1,818,981	1,851,454
Church tithe		(181,898)	(154,074)
Net surplus for the year		1,637,083	1,697,380

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 Kshs	2020 Kshs
ASSETS			
Cash and cash equivalents	12	16,448,566	18,099,480
Trade and other receivables	13	48,839,367	30,980,842
Property and equipment	14	69,888,903	38,479,010
Intangible Assets	15	896,000	1,328,000
Net Loans and advances to members	16	185,780,717	232,680,396
Land held for sale	17	51,479,621	61,950,000
Financial Assets	18	293,492,592	262,042,724
TOTAL ASSETS		666,825,766	645,560,452
LIABILITIES			
Members' deposits	19	371,635,636	382,505,711
Members' savings	20	145,083,687	124,494,192
Trade payables	21	8,771,741	1,015,000
Interest and Dividend Payable	22	25,482,305	22,950,343
TOTAL LIABILITIES		550,973,369	530,965,246
SHARE HOLDERS FUNDS			
Revenue Reserve (Pg 11)		20,366,316	19,436,542
Reserve Fund (Pg 11)		1,000,244	672,827
Revaluation Reserve (Pg 11)		94,485,837	94,485,837
TOTAL SHAREHOLDERS FUNDS		115,852,397	114,595,206
TOTAL EQUITY AND LIABILITIES		666,825,766	645,560,452

The financial statements were approved and authorised for issue by the Board of Directors on
 4th July 2022 and signed on its behalf by:


 CHAIRMAN


 COMMITTEE MEMBER




 TREASURER

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

	REVENUE RESERVE Kshs	STATUTORY RESERVE FUND Kshs	REVALUATION RESERVE Kshs	TOTAL Kshs
Balance as at 01.01.2020	14,682,208	333,351	21,068,870	36,084,429
Net Surplus for the period	1,697,380	-	-	1,697,380
Transfer to statutory reserve	(339,476)	339,476	-	-
Revaluation Surplus for the year	-	-	73,416,967	73,416,967
Prior year adjustment (Note 23)	3,396,430	-	-	3,396,430
Balance as at 30.12.2020	<u>19,436,542</u>	<u>672,827</u>	<u>94,485,837</u>	<u>114,595,206</u>
Balance as at 01.01.2021	19,436,542	672,827	94,485,837	114,595,206
Net surplus for the period	1,637,083	-	-	1,637,083
Transfer to statutory reserve	(327,417)	327,417	-	-
Prior year adjustments (Note 23)	(379,892)	-	-	(379,892)
Balance as at 31.12.2021	<u>20,366,316</u>	<u>1,000,244</u>	<u>94,485,837</u>	<u>115,852,397</u>

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 Kshs	2020 Kshs
Cashflow from operating activities			
Interest receipts		23,921,392	33,865,331
Other interest income		18,467,889	13,654,000
Other operating income		10,697,707	3,195,329
Interest expense		(26,994,689)	(23,877,961)
Payment to employees and suppliers		(21,826,543)	(18,133,426)
		<u>4,265,756</u>	<u>8,703,273</u>
(Increase) decrease in operating assets			
Trade and other receivables		(17,858,525)	33,910,021
Loans to members		46,899,679	53,947,224
Land held for sale		10,470,379	(26,400,000)
		<u>39,511,533</u>	<u>61,457,245</u>
(Decrease)/ Increase in operating liabilities			
Deposits from members		9,719,419	(4,425,067)
Trade payables		7,756,740	(11,874,505)
		<u>17,476,159</u>	<u>(16,299,572)</u>
Net Cash from operating activities before tax		<u>61,253,448</u>	<u>53,860,946</u>
Net cash (used in)operations		<u>61,253,448</u>	<u>53,860,946</u>
Cashflow from investing activities			
Purchase of property and equipment		(31,454,494)	5,400,000
Financial assets movement		(31,449,868)	(74,522,175)
Dividends paid		-	-
Net cash (used in) from investing activities		<u>(62,904,362)</u>	<u>(69,122,175)</u>
Cash and Cash equivalents at the start of the year.		18,099,480	33,360,709
Net cash increase/ (decrease) during the period		(1,650,914)	(15,261,229)
Cash and Cash equivalents at the end of the period	12	<u><u>16,448,566</u></u>	<u><u>18,099,480</u></u>

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Summary of Significant accounting Policies

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

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 cash 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 classified as a cash flow from investing activities. This amendment had no impact on the Financial Statements of the Sacco.

- 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 2021

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 needs to assess the potential impact on its financial statements resulting from 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 assessing the adoption of this 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 straight line 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 2021

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 2021

	2021 Kshs	2020 Kshs
2 Interest Income		
Members interest income		
Interest on loan to members	23,921,392	33,865,331
	23,921,392	33,865,331
3 Other income		
Insurance fee	1,677,245	2,869,467
Negotiation fee	1,851,337	1,854,942
Other income from front office	2,664,292	1,901,640
Other Income	119,590	21,004
Interest Income from CIC Money Market	11,183,425	4,945,259
Interest from treasury bonds	972,000	972,000
Interest income Absa fixed deposit	-	1,089,688
	18,467,889	13,654,000
4 Interest Expenses		
Interest on members fixed deposits	980,195	927,618
Interest on members deposits	26,014,494	22,950,343
	26,994,689	23,877,961
5 Income from non-core activities		
Gain on sale of land	10,268,043	2,857,572
Rental Income - Kibiko	225,000	225,000
Dividend Income	11,214	13,618
Mpesa commission	193,450	99,139
	10,697,707	3,195,329
6 Administrative expenses		
Travelling and subsistence	124,240	181,312
General and office utilities	272,038	332,621
Printing and stationery	309,211	545,276
Computer expenses	39,000	119,350
License fee	35,000	-
Bank charges	85,613	131,611
Telephone and postage	244,699	140,930
Insurance	749,403	971,484
Depreciation	890,846	927,429
Consultancy fee	657,800	-
Water, fuel and electricity	305,185	299,174
Rental house expense	577,226	329,990
Motor vehicle expense	192,498	112,900
Repairs and maintenance	62,710	190,335
	4,545,469	4,282,412

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	Kshs	Kshs
7 Personnel expenses		
Salaries and wages	5,831,993	6,314,880
Medical insurance	510,653	1,221,957
Pension fund	184,434	294,753
Casual wages	57,300	235,340
NSSF-contribution	26,400	30,000
Staff welfare	193,190	96,606
	6,803,970	8,193,536
8 Marketing and public relations expenses		
Education and Promotion	59,133	73,620
	59,133	73,620
9 Governance expenses		
Board meetings and training	2,718,198	2,092,973
	2,718,198	2,092,973
10 Legal and professional expenses		
Audit fees	140,000	140,000
Legal fees and stamp duty	367,000	351,000
	507,000	491,000
11 Other Operating Expenses		
Security expense	491,273	348,695
Land development costs	1,092,910	2,159,158
Sales discounts	579,970	-
Other Utilities	-	163,911
Loss in fair Value Quoted Shares	-	49,436
Loans written off	224,515	-
Allowance for loan loss	7,000,000	7,000,000
Internet	160,880	54,222
Gifts and donation	90,000	76,282
	9,639,548	9,851,704
12 Cash and Cash Equivalents		
Absa bank fixed deposit	10,000,000	10,000,000
Cash Treasury	2,469,631	1,263,254
Cheque settlement	2,011,000	-
Absa bank uwezo	953,093	2,232,477
Cooperative bank	506,402	1,947,200
Absa Bank Savings	291,827	2,194,562
Mpesa account	197,213	435,437
Mpesa USSD	19,400	26,550
	16,448,566	18,099,480
13 Trade and other receivables		
Land loan Receivable	43,103,726	22,888,365
Accounts receivable St. Joseph	4,758,113	6,658,594
Promic shamba	823,230	923,230
Prepaid rent	126,000	-
Accounts receivable Cadons	27,798	-
Mpesa receivable	500	-
Prepaid insurance	-	510,653
	48,839,367	30,980,842

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Property and Equipment

	LAND 0.0% KSHS	BUILDING 0.0% KSHS	OFFICE EQUIPMENT 12.5% KSHS	COMPUTER ACCESSORIES 30% KSHS	MOTOR VEHICLES 25% KSHS	TOTAL KSHS
Cost or Valuation						
As at 1 January 2020	39,660,000	2,099,748	1,879,317	3,721,746	1,900,000	49,260,811
Additions	-	-	322,200	130,000	-	452,200
Disposal	(5,400,000)	-	-	-	-	(5,400,000)
As at 31 December 2020	34,260,000	2,099,748	2,201,517	3,851,746	1,900,000	44,313,011
Depreciation						
As at 1 January 2020	-	-	898,193	3,097,496	1,298,829	5,294,518
Charge for the period	-	-	162,915	226,275	150,293	539,483
As at 31 December 2020			1,061,108	3,323,771	1,449,122	5,834,001
Net book value						
As at 31 December 2020	34,260,000	2,099,748	1,140,409	527,975	450,878	38,479,010
Cost or Valuation						
As at 1 January 2021	34,260,000	2,099,748	2,201,517	3,851,746	1,900,000	44,313,011
Additions	30,571,260	522,575	360,659	-	-	31,454,494
As at 31 December 2021	64,831,260	2,622,505	2,562,176	3,851,746	1,900,400	75,768,087
Depreciation						
As at 1 January 2021	-	-	898,193	3,097,496	1,298,829	5,294,518
Charge for the period	-	-	207,998	226,275	150,393	584,666
As at 31 December 2021			1,106,191	3,323,771	1,449,222	5,879,184
Net book value						
As at 31 December 2021	64,831,260	2,622,505	1,455,985	527,975	451,178	69,888,903

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 Kshs	2020 Kshs
15 Intangible Asset (Software)		
At the beginning of the year	2,160,000	2,000,000
Additions	-	160,000
At the end of the year	2,160,000	2,160,000
Amortization		
Accumulated depreciation	832,000	400,000
Charge for the year	432,000	432,000
	1,264,000	832,000
Net Book Value	896,000	1,328,000
16 Loans to Members		
Balance brought forward	239,680,396	286,627,620
Advances during period	209,987,611	240,924,000
Repayment during the period	(249,662,775)	(287,871,224)
Loans Written Off*	(224,515)	-
As at the end of the year	199,780,717	239,680,396
*NB: Deceased member loans amounting to Ksh 224,515 were written off during the year		
Provision for loan loss	14,000,000	7,000,000
Net Loan	185,780,717	232,680,396
Loan provisioning at the start of the year	7,000,000	-
Allowance for loan loss	7,000,000	7,000,000
Accumulated	14,000,000	7,000,000
Loan Provisioning Categories	Loan Balance	Rate
0 days -Performing	130,960,966	1%
1-30 Days -Watch	16,044,646	5%
31-180 Days - Substandard	5,316,036	25%
181-360 Days - Doubtful	4,512,529	50%
>360 Days - Loss	30,653,782	100%
	187,487,959	
		Provision
		1,309,610
		802,232
		1,329,009
		2,256,265
		30,653,782
		36,350,897
17 Assets held for sale		
Land held for sale	45,129,621	55,600,000
House held for sale	6,350,000	6,350,000
	51,479,621	61,950,000
18 Financial Assets		
Investment in St. Joseph Ngong Catholic academy	161,790,000	161,790,000
CIC money market fund	122,944,538	91,694,670
Treasury bonds	8,000,000	8,000,000
Investment in listed securities	308,054	308,054
Shares in Pacis insurance Co. Ltd	250,000	250,000
Investment in Ngong' Branch	200,000	-
	293,492,592	262,042,724

NGONG CATHOLIC PARISH MEMBERS' WELFARE FUND
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 Kshs	2020 Kshs
19 Members deposits		
As at the start of the year	382,505,711	408,916,593
Movement during the year	<u>(10,870,075)</u>	<u>(26,410,882)</u>
At the end of the year	<u>371,635,636</u>	<u>382,505,711</u>
20 Members savings		
Members savings	121,168,062	105,833,106
Members fixed deposits	<u>23,915,625</u>	<u>18,661,086</u>
	<u>145,083,687</u>	<u>124,494,192</u>
21 Trade payables		
Land Deposits Held(Payable)	8,000,000	-
Unidentified Deposits	388,549	-
Church tithe	181,898	154,074
Rent payable	-	252,000
Audit fee	140,000	140,000
Accrued expense	53,000	-
Cashier overages	8,294	-
Pension Payable	-	15,206
Computer software	-	300,000
PAYE payable	-	153,720
	<u>8,771,741</u>	<u>1,015,000</u>
22 Interest payable		
At the start of the year	22,950,343	18,656,516
Proposed interests to members	26,014,494	22,950,343
Dividends Paid out to members	<u>(23,482,532)</u>	<u>(18,656,516)</u>
	<u>25,482,305</u>	<u>22,950,343</u>
23 Prior year Adjustments		
Prior year adjustments relate to underprovisioning of Interest Payout and expenditures for the year 2020 not recorded i. e. church tithe		
Dividends Under provisioning	(532,189)	(3,396,430)
Prepaid expenses	<u>152,297</u>	<u>-</u>
	<u>(379,892)</u>	<u>(3,396,430)</u>
24 Comparatives		
Where necessary comparatives have been adjusted to confirm with changes in presentation in the current year		