

**WANANDEGE HOUSING
CO-OPERATIVE SOCIETY LIMITED**
CS/NO: 10997



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017**



Omanwa & Associates
Certified Public Accountants and Secretaries (Kenya)
Commerce House, Moi Avenue
P.o Box 64447-00620
Nairobi

WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED - CS/NO.10997
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REPORT OF THE MANAGEMENT COMMITTEE

The Members of the Management Committee submit their annual report together with the audited Financial Statements for the year that ended 31st December 2017.

INCORPORATION

The Society is incorporated in Kenya under the Co-operative Societies Act, Cap 490 and licensed under the Sacco Societies Act No. 14 of 2008, and is domiciled in Kenya.

PRINCIPAL ACTIVITY

The principle activity of the society is to promote thrift amongst its members by affording them an opportunity for accumulating their savings to create a source of funds from which members can invest in real estate and eventually provide housing to members at fair prices and reasonable rates of interest.

RESULTS

	<u>2017</u> <u>Kshs</u>	<u>2016</u> <u>Kshs</u>
Surplus before tax	1,230,849	5,481,987
Income Tax expense	<u>(292,063)</u>	-
Net surplus after tax (but before donations)	938,786	5,481,987
Donations	-	-
Retained surplus for the year	<u>938,786</u>	<u>2,795,066</u>
Dividends on Members' Share Capital	<u>-</u>	<u>(2,686,921)</u>

DIVIDENDS

The Management Committee does not recommend dividend on share capital

THE MANAGEMENT COMMITTEE

The Members of the Management Committee who served during the year and to the date of this report are as listed on page 2.

INDEPENDENT AUDITORS

Messrs Omanwa & Associates, Certified Public Accountants(K) were appointed during the year and have expressed their willingness to continue in office in accordance with the Co-operative Societies Act (Cap 490), as per Amendment No.2 of 2004.

BY ORDER OF THE MANAGEMENT COMMITTEE



Mr. Benjamin Wagude
HON. SECRETARY

DATE 27/7/2018

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SOCIETY INFORMATION

MANAGEMENT COMMITTEE MEMBERS

Julius Mutia	Chairperson
Nelly Konchella	V/ Chairperson
Caroline Ouma	Treasurer
Benjamin Wagude	Secretary
Stephen Kibuna	Member
Norbert Gongolo	Member
Franciscar Murgor	Member

SUPERVISORY COMMITTEE

Florence Akwera	Chairperson
Eliud Ndege	Secretary
Chadwick Wekesa	Member

EX-OFFICIAL

Maina Kibaki	Ag. Manager
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BANKERS

Co-operative Bank of Kenya Limited
Embakasi II Branch
Nairobi,

HEAD OFFICE

Wanandeg Plaza, 2nd Floor
P.O Box 700-00521
Embakasi Village
Nairobi

AUDITORS

Omanwa & Associates
Certified Public Accountants and Secretaries (
Po Box 64447 -00620
Nairobi
TEL. 315592
info@omanwaassociates.com

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STATISTICAL INFORMATION

	2017	2016	% Change
Membership - Active	900	634	41.96%
-Dormant	900	1,027	-12.37%
Total	1,800	1,661	8.37%
Employees of the Society	5	4	
Total Assets	199,023,610	229,081,324	-13.12%
External Borrowing	49,184,597	65,834,950	-25.29%
Investments	119,451,030	144,886,964	-17.56%
Core Capital	108,232,619	103,136,999	4.94%
Share Capital	93,706,230	89,546,396	4.65%
Institutional Capital	14,526,389	13,590,603	0.07
Total revenue	47,399,577	27,173,122	74.44%
Total Land revenue	43,386,637	23,157,568	87.35%
Total expenses	23,270,834	21,173,122	9.91%
Key ratios:			
Capital Adequacy Ratio			
Core Capital / Total Assets	54.38%	45.02%	9.4%
Institutional Capital / Total assets	7.30%	5.93%	1.4%
Liquidity Ratio			
Liquid Assets / Long term Liab.	2.33%	1.20%	94.4%
Operating Efficiency / quality Ratios			
Total expenses / Total revenue	49.10%	77.92%	-37.0%
Dividend rate on Members Share Capital	0.0%	3.0%	-3.0%


STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITIES

The Co-operative Societies Act No.14 of 2008 requires the Management Committee to prepare Financial Statements for each year which give true and fair view of the state of affairs of the Society as at the end of the Financial year and of its operating results for the year in accordance with IFRS. It also requires the Management Committee to ensure that the Society keeps proper accounting records, which disclose with reasonable accuracy at any time the Financial Position of the Society. It is also responsible for the safe guarding of the assets of the Society and ensuring that the business of the Society has been conducted in accordance with its objectives, by-laws and any other resolutions made at the Society's general meeting.

The Management Committee accepts responsibility for the Annual Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Co-operative Societies Act No.14 of 2008. The Management Committee is of the opinion that the Financial Statements give a true view of the state of the Financial affairs of the Society and of its operating results in accordance with IFRS. The Management Committee further accepts responsibility for the maintenance of sound accounting records which may be relied upon in the preparation of Financial Statements, as well as adequate systems of internal control.

Nothing has come to the attention of the members of the Management Committee to indicate that the Society will not remain a going concern for at least the next twelve months from the date of this Statements.

Approved by the Management Committee on.....19/6/2018.....and signed on its behalf by:

Chairman.....

Treasurer.....

Hon. Secretary.....

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED -CS/NO.10997
FOR THE YEAR ENDED 31ST DECEMBER 2017**

1. Introduction

We have audited the accompanying Financial Statements as set out on pages 6 to 19 of Wanandegge Housing Co-operative Society Ltd which comprise the Statement of Financial Position as 31st December 2017, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended together with a summary of significant accounting policies and other explanatory notes.

2. Management Committee's Responsibility for the Financial Statements.

The Management Committee is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

3. Auditors' Responsibility.

Our responsibility is to express an independent opinion on the 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 that the audit be planned and performed with a view to obtaining reasonable assurance about whether the Financial Statements are free from Material Misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the Financial Statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal controls relevant to the Society's preparation and fair presentation of the Financial Statements in order to design audit procedures that were appropriate in the circumstances, but not for the purposes of expressing an opinion on the Society's internal controls.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management Committee, as well as evaluating the overall presentation of the Financial Statements.

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

4. Opinion

In our opinion, the accompanying Financial Statements give a true and fair view of the state of the society's affairs as at 31st December 2017 and of its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Co-operative Societies Act Cap 490.

5. Report on other Legal Requirements

As required by the Co-operative Society Act Cap.490, we report to you, based on our audit, that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper books of account have been kept by the Society, so far as appears from our examination of those books; and
- iii) The Society's business was conducted in accordance with the provisions of the Co-operative Societies Act Cap 490 and in accordance with the Co-operative Society's objectives, by-laws and any other resolution made by the Society at a general meeting.

6. Engagement Partner

The engagement Partner responsible for the audit resulting in this independent auditor's report is CPA Evans Mokuia Maebe - P/NO.1124.



OMANWA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS & SECRETARIES
PIN NO. P051165248Z

Date:.....

29th July 2018



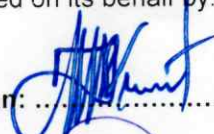
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STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017.

	Note	2017 Kshs	2016 Kshs
ASSETS			
Cash and Cash Equivalents	6	357,155	9,375,920
Receivables & Prepayments	7	3,686,272	1,937,249
Deferred Assets	8	52,416,022	52,416,022
Loans to Members	9	13,938,419	8,815,118
Investment in properties for sale	10	119,451,030	144,306,165
Financial Investments	11	580,800	580,800
Property, Plant and Equipments	12	4,259,623	5,306,174
Intangible Assets	13	4,013,618	5,733,740
Tax Claimable	14	320,670	610,136
TOTAL ASSETS		199,023,610	229,081,324
LIABILITIES AND EQUITY			
LIABILITIES			
Members Deposits		26,297,908	39,140,652
Payables & Accrued expenses	16	15,308,485	18,281,802
Payments to Members	17	-	2,686,921
Long term Loan	18	49,184,597	65,834,950
TOTAL LIABILITIES		90,790,990	125,944,325
EQUITY			
Share Capital	19	93,706,230	89,546,396
Fair Value Reserve		358,300	358,300
Statutory Reserve		5,356,748	5,168,990
Revenue Reserves		8,811,341	8,063,313
TOTAL EQUITY		108,232,619	103,136,999
TOTAL LIABILITIES AND EQUITY		199,023,610	229,081,324



The Financial Statements were approved by the Management Committee on 19/6/2018 and signed on its behalf by:-

Chairman: 

Treasurer: 

Secretary: 



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STATEMENT OF COMPREHENSIVE INCOME

	Note	2017 Kshs	2016 Kshs
INCOME			
Income from Sale of Land	3(A)	43,386,637	71,865,257
Less: Direct Expenses	4	<u>(24,030,602)</u>	<u>(48,707,689)</u>
Net land income		19,356,035	23,157,568
Other Income			
	3(B)		
Interest Income		4,012,940	2,549,452
Decrease in loan provision			310,787
Other Operating Income		<u>1,132,708</u>	<u>1,155,314</u>
		5,145,648	4,015,553
Total Income		<u>24,501,683</u>	<u>27,173,121</u>
Expenses			
Administration Expenses	5(a)	(4,389,382)	(2,689,316)
Personnel Expenses	5(b)	(5,246,574)	(6,374,834)
Governance Expenses	5 (d)	(1,555,238)	(2,831,228)
Marketing Expenses	5 (e)	(778,685)	(4,217,816)
Professional Fees	5 (f)	(224,484)	(89,800)
Financial Expenses	5 (c)	(11,076,471)	(5,488,231)
Net Operating Surplus/(Deficit) before Tax		1,230,849	5,481,896
Income tax expense -applicable rate 30%		(292,063)	-
Net Surplus for the year		<u>938,786</u>	<u>5,481,896</u>

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STATEMENT OF CHANGES IN EQUITY

	Retained Earnings Kshs	Share Capital Kshs	Statutory Reserve Kshs	Fair Value Kshs	Total Kshs
YEAR 2017					
As at the start of the year	8,063,313	89,546,396	5,168,990	358,300	103,136,999
Years Contribution	-	4,159,834	-	-	4,159,834
Surplus/(deficit) for the year	938,786	-	-	-	938,786
Transfer to Statutory Reserve	(187,758)	-	187,758	-	0
Prior year adjustment	(3,000)	-	-	-	(3,000)
Proposed Dividends	-	-	-	-	-
As at end of Year	8,811,341	93,706,230	5,356,748	358,300	108,232,619
YEAR 2016					
As at the start of the year	6,952,257	84,602,229	4,072,611	358,300	95,985,397
Years Contribution	-	4,944,167	-	-	4,944,167
Surplus/(deficit) for the year	5,481,897	-	-	-	5,481,897
Transfer to Statutory Reserve	(1,096,379)	-	1,096,379	-	-
Pepea Interest	(870,187)	-	-	-	(870,187)
Proposed Dividends	(2,686,921)	-	-	-	(2,686,921)
Prior year adjustment	282,646	-	-	-	282,646
As at end of Year	8,063,313	89,546,396	5,168,990	358,300	103,136,999

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STATEMENT OF CASH FLOWS

	Note	2017 Kshs	2016 Kshs
Cashflows from Operating Activities			
Revenue Receipts	3	48,532,285	27,173,122
Direct expense		(24,030,602)	
Interest Expense	5c	(8,225,256)	(4,384,462)
Payments to employees and suppliers	5	(12,278,904)	(16,337,938)
		<u>3,997,523</u>	<u>6,450,722</u>
(Increase)/Decrease in Operating Assets			
Receivables and Prepayments	7	(1,749,023)	(982,306)
Loans and advances	9	(5,123,301)	5,395,208
Increase/(Decrease) in Operating Liabilities			
Payables and Accruals	16	(2,973,319)	(3,916,891)
Members Deposit	15	(12,842,744)	(12,670,074)
		<u>(18,690,864)</u>	<u>(5,723,341)</u>
Net Cash From Operating Activities before Tax			
Income Tax paid	14	(2,597)	(1,944,903)
		<u>(18,693,461)</u>	<u>(7,668,244)</u>
Cash flows to Investing Activities			
Purchase of Property, Plant & Equipment	12	-	(7,666,469)
Disposal of Investments	10	24,855,135	(36,164,500)
		<u>24,855,135</u>	<u>(43,830,969)</u>
Cash flows from Financing Activities			
Share Capital Contribution	19	4,159,834	4,944,168
Prior Year Adjustment		(3,001)	-
Borrowings received	18	443,439	50,000,000
Repayment of borrowing	18	(17,093,792)	(3,078,993)
Honorarium paid		-	(600,000)
Dividends Paid	17	(2,686,921)	(5,477,324)
		<u>(15,180,441)</u>	<u>45,787,851</u>
Net Change in Cash and cash equivalents			
		<u>(9,018,767)</u>	<u>(5,711,362)</u>
Cash and Cash Equivalents at the Start of the Year			
		<u>9,375,922</u>	<u>15,087,284</u>
Cash and Cash Equivalents at the End of the Year			
	6	<u>357,155</u>	<u>9,375,922</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of Preparation of Financial Statements

1.1 Basis of Preparation

The Financial Statements have been prepared on an historical cost basis, except for the measurement at revaluation amounts of certain property and equipment, marketable securities and financial instruments at fair value, impaired assets at their recoverable amounts and actuarially determined liabilities at their present value where applicable.

The accounts have been prepared in accordance with and comply with International Financial Reporting Standards which allows management to use estimates, assumptions and judgements in the process of applying the Society's accounting policies.

Statement of Compliance

The financial statements have been prepared in accordance with the Kenya Co-operative Societies Act, and International Financial Reporting Standards (IFRS) and comply in all material respects.

1.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Amendments resulting from improvements to IFRS to the following standards did not have any impact on the accounting policies, financial position or performance of the Society.

Improvements to IFRS

Between 2008 and 2010, the IASB issued amendments to some of its standards, primarily with a view to removing inconsistencies and clarifying wordings. The adoption of the following amendments where relevant, resulted in changes to accounting policies but did not have any impact on the Financial position or performance of the Society.

IAS 7, Statement of Cash Flows: Statement of Cash Flows states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment had no impact on the Financial Statements of the Society.

IAS 36, Impairment of Assets: Although not necessary in the circumstances of this Society, the amendment clarifies that the largest unit permitted for allocating goodwill acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Society as all its assets were in good working condition.

Other amendments resulting from Improvements to IFRS to the following standards did not have any impact on the accounting policies, Financial position or performance of the Society:

FRS 2, Share-based Payment

IAS1, Preparation & Presentation of Financial Statements

IAS 34, Interim Financial Reporting

IAS 39 Financial Instruments: Recognition & Measurement

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments.

The following amendments were effective for annual periods on or after either 1st July 2010 or 1st January 2011.

IFRS 7, Financial Instruments: Disclosure

IAS 1, Presentation of Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

The Society has or will adopt the following standards on their effective dates.

IAS 24, Related Party Disclosures (Amendment)

Effective date, on or after 1st January 2011. It clarifies and simplifies the definition of a related party and its identification as to remove any inconsistencies in its application. The Society is currently assessing the impact of adopting the amendment.

IFRS 9, Financial Instruments: Classification and Measurement

This standard will be adopted in phases the first phase being classification and measurement of the Society's Financial assets. The Society is currently assessing the impact of adopting IFRS 9, however, the impact of adoption depends on the assets held by the Society at the date of adoption, and it is not practical to quantify the effect.

IFRIC 14, Prepayment of a Minimum Funding Requirement

Effective date after 1st January 2011 with retrospective application. The amendment corrects an unintended consequence of IFRIC 14, IAS 19. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. These amendments provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment has no impact on this financial statements of the Society.

IAS 40, Investment property

Effective 1st January, 2012. The amendment introduces a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefit embodied in the investment property over time, rather than through sale. The standard is not application in the operations of the Society.

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 Society is not intending to adopt the amendment on its Financial Position or performance

Pension and Other Post Employment Benefits

The cost of defined benefit pension plans and other post employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The net employee liability was nil as all liabilities were settled by 31st Dec 2015

Fair Value of Unquoted Equity Instruments (Note 7 a)

The unquoted equity instruments have been quoted based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. This valuation requires the Society to makes estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty. Further details are given in Note 7a

Use of Estimates in the Preparation of the Financial Statements & Assumptions Made

In preparing the financial statements, the directors are required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosures of contingent assets and liabilities. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in future could differ from these estimates which may be material to the Financial Statements.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2017	2016
	Kshs	Kshs
3 (A) INCOME		
Proceeds from sale of Land	43,386,637	71,865,257
Less: Direct Expenses-below	<u>(24,030,602)</u>	<u>(48,707,689)</u>
	<u>19,356,035</u>	<u>23,157,568</u>
(B) OTHER INCOME		
Entrance Fees	25,000	66,000
Interest income	4,012,940	2,549,453
Share Transfer fees	43,950	34,870
Application Fees	225,000	522,000
Penalties	805,188	354,444
Site visit Fee	31,570	178,000
Miscellaneous Income	<u>2,000</u>	<u>-</u>
	<u>5,145,648</u>	<u>3,704,767</u>
4 Direct Expenses		
Purchase of land	24,030,602	39,473,270
Subdivision	-	2,085,946
Legal fees	-	947,355
Title processing Fees	-	4,895,782
Marketing & Miscellaneous expenses	<u>-</u>	<u>1,305,336</u>
	<u>24,030,602</u>	<u>48,707,689</u>
5 EXPENSES		
a) Administration Expenses		
Telephone and Postage	102,060	124,155
Internet & Email	130,100	162,400
Water & Electricity	245,354	187,437
Office Rent & Rates	703,043	1,141,805
Entertainment	-	8,617
Printing & Stationery	68,463	376,292
Repairs and maintenance	2,090	84,542
Office Expenses	151,885	293,608
Cleaning Expenses	-	3,410
General Advertisement	-	69,155
Supervision Fees	-	7,200
Travel & Subsistence allowance	131,615	107,695
Sytem Maintenance fee	344,772	120,000
Subscriptions & Licences	10,000	3,000
Land Accrued expenses	<u>2,500,000</u>	<u>-</u>
	<u>4,389,382</u>	<u>2,689,316</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)	2017 Kshs	2016 Kshs
b) Personnel Expenses		
Salaries & Wages (Permanent Staff)	2,678,384	4,458,112
Wages to Casual labour	60,500	73,900
House Allowance	840,954	630,986
Staff Transport & Allowance	469,440	203,235
Provident Fund	239,802	352,861
NSSF	10,400	11,200
Staff Medical Insurance	917,516	624,419
Staff Leave Allowance	29,578	20,121
	<u>5,246,574</u>	<u>6,374,834</u>
c) Financial Expenses		
Interest on external borrowings	8,225,256	4,384,462
Depreciation	1,046,551	667,049
Amortisation	1,720,122	301,776
Bank Charges	84,542	134,944
	<u>11,076,471</u>	<u>5,488,231</u>
d) Governance Expenses		
Annual General Meeting	182,212	335,525
Committee Sitting Allowance	1,009,806	1,742,866
Committee Travelling Allowance	201,930	183,615
Committee Education	37,700	246,200
Other Committee Expenses	38,590	140,732
Members Education	-	26,600
Ushirika Expenses	85,000	155,690
	<u>1,555,238</u>	<u>2,831,228</u>
e) Marketing Expenses		
Marketing Expenses & Promotion	774,885	3,917,816
Public Relations and Advertisement	3,800	300,000
	<u>778,685</u>	<u>4,217,816</u>
f) Professional Fees		
Audit & Supervisory fees	93,700	81,200
Legal Fees	118,784	8,600
Consultancy	12,000	-
	<u>224,484</u>	<u>89,800</u>
Total Expenses	<u>23,270,834</u>	<u>21,691,225</u>
6 CASH AND CASH EQUIVALENTS		
Co-op Bank Current	-	1,816,932
Current Account Fosa (WAN 05)	-	3,738,214
Mpesa Paybill Account	265,076	3,718,257
Housing Finance Savings Acc	92,079	92,078
Petty Cash	-	10,439
	<u>357,155</u>	<u>9,375,920</u>
7 RECEIVABLES AND PRE- PAYMENTS		
Katani Professional Due from members	153,940	153,940
Prepayments- Rent Deposit	102,735	102,735
Payroll Control Acc	3,160,397	1,873,901
Salary Advances	-	6,673
Katani Prepaid professional fees	269,200	-
	<u>3,686,272</u>	<u>1,937,249</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2017 Kshs	2016 Kshs	
8 Deferred Expenses			
Interest on Loan -2014	4,785,976	4,785,976	
Interest on Loan -2013	11,035,761	11,035,761	
Interest on Loan-2012	15,593,516	15,593,516	
Interest on Loan-2011	7,992,808	7,992,808	
Stamp Duty	1,002,000	1,002,000	
Legal Fees	5,741,583	5,741,583	
Kisaju 1 Expenses	1,638,422	1,638,422	
Committee Expenses	2,800,000	2,800,000	
Projects Marketing Costs	919,200	919,200	
Staff Salaries-(Embakasi & Oletepesi II Project)	906,756	906,756	
	52,416,022	52,416,022	
These are costs incurred on acquisition of land for sale and will form part of computation on completion of the project			
9 Loans to Members			
Balance brought Forward	9,087,751	14,210,326	
Add Loans Issued	11,529,310	259,179	
Accrued interest on Loans	1,966,946	8,828,572	
Less Loan for repossed plots	-	(6,810,626)	
Loan Repayment	(8,372,955)	(7,399,700)	
	14,211,052	9,087,751	
Less provision for loan loss	(272,633)	(272,633)	
	13,938,419	8,815,118	
Balance carried forward	14,248,200	8,542,485	
Members' personal Accounts listings	(37,148)	545,266	
10 Investments Property			
Land			
Kisaju II	5,605,346	6,188,293	
Embakasi Apartments	29,824,502	29,824,502	
Kisaju Block 4722-8.8 Accre Land	5,968,131	1,477,797	
Kinanie	6,217,715	6,217,715	
Tinga-Oletepesi	5,261,838	10,267,206	
Kangundo road	64,962,406	89,302,772	
Investment in Katani I	1,611,092	1,027,880	
	119,451,030	144,306,165	
11 Financial Investments			
Quoted			
Co-operative Bank of Kenya Ltd 12,000@ Kshs. 18	216,000	216,000	
Safaricom Shares 21,000 @ Khs. 16.3	342,300	342,300	
	558,300	558,300	
The quoted investments are stated at the current market value. The investment costs were Kshs. 5 21,000 Safaricom Limited Shares and Kshs.12 for 12,000 Co-operative Bank of Kenya Limited shares			
Unquoted			
Nachu	12,500	12,500	
Codic	10,000	10,000	
	22,500	22,500	
Total Financial Investments	580,800	580,800	
12 PROPERTY, PLANT AND EQUIPMENTS			
	Computers & Accessories 30.0%	Furniture & Fittings 12.5%	Total
Rate			
COST / VALUATION			
As at 1.1.2017	4,438,112	6,700,546	11,138,658
Additions	-	-	-
Disposals	-	-	-
As at 31.12.2017	4,438,112	6,700,546	11,138,658
DEPRECIATION			
As at 1.1.2017	2,247,946	3,584,538	5,832,484
Charge for the year	657,050	389,501	1,046,551
Disposals	-	-	-
As at 31.12.2017	2,904,995	3,974,039	6,879,035
NET BOOK VALUE			
As at 31.12.2017	1,533,116	2,726,507	4,259,623
As at 31.12.2016	2,190,166	3,116,008	5,306,174

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2017 Kshs	2016 Kshs
13 INTANGIBLE ASSETS- SOFTWARE		
Cost /Valuation		
As at Start of the year	7,210,032	1,277,744
Additions	-	5,932,288
	<u>7,210,032</u>	<u>7,210,032</u>
Amortization		
As at start of the year	1,476,292	1,174,516
Charge for the year	1,720,122	301,776
As at 31st December 2017	<u>3,196,414</u>	<u>1,476,292</u>
N.B.V. As at 31st December 2017	<u>4,013,618</u>	<u>5,733,740</u>
14 TAXATION		
Balance Brought forward	(610,136)	1,334,767
Provision for the year	292,063	-
Less: Tax Paid	(2,597)	(1,944,903)
	<u>(320,670)</u>	<u>(610,136)</u>
15 MEMBERS DEPOSITS		
Kisaju 1 professional fee	-	1,346,672
Kisaju Annex Member Deposits	-	365,000
Kisaju II Members Deposits	-	4,198,580
Pepea Deposits	20,290,300	17,381,270
Tinga Phase II- Members Deposits	-	5,275,720
Plots deposits	6,007,608	10,573,410
	<u>26,297,908</u>	<u>39,140,652</u>
16 PAYABLES AND ACCRUALS		
Statutory deductions	152,140	98,036
Sacco Staff payroll deductions	-	34,688
Loan Insurance	-	58,612
Audit Fees	79,700	81,200
Supervision fees	8,700	7,200
Unidentified receipts	-	749,920
Rent	-	285,452
Pepea Interest	-	870,186
Uncollected Dividends- Housing	1,398,036	1,290,854
Accruals - Project	12,486,510	13,622,257
Software final	1,183,397	1,183,397
	<u>15,308,483</u>	<u>18,281,802</u>

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	2017 Shs	2016 Shs
17 PAYMENTS TO MEMBERS		
ii). DIVIDENDS PAYABLE		
Balance Brought forward	2,686,921	6,768,178
paid during the year	<u>(2,686,921)</u>	<u>(6,768,178)</u>
provision for the year	<u>-</u>	<u>2,686,921</u>
	<u>-</u>	<u>2,686,921</u>
18 LONG TERM LOAN		
Co-operative Bank		
Balance Brought forward	65,834,950	18,913,943
Addition in the year	-	50,000,000
Repayment during the year	<u>(17,093,792)</u>	<u>(3,078,993)</u>
	<u>48,741,158</u>	<u>65,834,950</u>
Bank Overdrafts		
Savings Account	285,797	-
Current Acc	157,277	-
Petty Cash	365	-
	<u>443,439</u>	<u>-</u>
Total	<u>49,184,597</u>	<u>65,834,950</u>
19 SHARE CAPITAL		
At 1st January	89,546,396	84,602,229
Issued during the year	<u>4,159,834</u>	<u>4,944,167</u>
	<u>93,706,230</u>	<u>89,546,396</u>
20 PRIOR YEAR ADJUSTMENTS		
Honaria & Bonus	-	271,738
Depreciation Over/ under charge	<u>-</u>	<u>10,908</u>
	<u>-</u>	<u>282,646</u>

21 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Placings are made in the Society by Management Committee and staff. Land as sold to members at 31st December 2017 include the ones sold to Management Committee Members. All transactions with related parties are at arm's length in the normal course of business, and on terms and conditions similar to those applicable to other Members.

Management Committes' Remunerations:

As Allowances	1,009,806	1,742,866
As expenses	<u>201,930</u>	<u>183,615</u>
	<u>1,211,736</u>	<u>1,926,481</u>

22 EVENTS AFTER REPORTING PERIOD

There are no significant events after the reporting period which have been reported in these Financial Statements.

23 CONTIGENT LIABILITIES

The Society has a court case on Embakasi plot which is yet to be resolved. However, no contingent liability has been provided in the books.

24 COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in the presentations in the current year.

25 CURRENCY

The Financial Statements are presented in Kenya Shillings (Kshs)