

CS/10997 - WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

CS/10997 - WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Contents	Page
Society information	1
Report of the Management Committee	2
Statistical information	3
Statement of Management Committee's responsibilities	4
Report of the Independent Auditor	5a & 5b
Financial statements	
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes	10 - 20

CS/10997 - WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED
SOCIETY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

1

The board and supervisory committee members

Management committee

Eric Mbugua	Chairman	
Nelly Konchella	Vice Chair	
Purity Thogo	Treasurer	Ceased office on 20th February 2016
Victor Moturi	Hon. Secretary	Ceased office on 20th February 2016
Geoffrey Kioko Kilela	Member	Ceased office on 20th February 2016
Antony Yongo	Member	Ceased office on 20th February 2016
Stephen Kibuna	Member	
Benjamin Wagude	Member	Ag. Hon. Secretary
Abraham Maloba	Member	Ag. Treasurer

Supervisory committee

Mrs. Pamela Walinywa	Chairlady	
Mrs. Florence Akwera	Secretary	Ceased office on 20th February 2016
Mr. Joseph Mweri Chege	Member	

Ex - Official

Salesio Njeru Gerrard	CEO
-----------------------	-----

Registered office and Principal place of business

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

Independent auditor

Kreston KM & Co.
Certified Public Accountants (K)
Surveyors Court, Suite B6
Woodvale Grove, Westlands
P.O. Box 66837 - 00800
Nairobi

Principal bankers

Co-operative Bank of Kenya Limited
Housing Finance Corporation of Kenya Limited
Wanandeg Sacco Society Limited - Fosa

CS/10997 - WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2015

2

The directors submit their report and the audited financial statements for the year ended 31 December 2015 which show the state of the society's financial affairs.

1 Incorporation

The Society is incorporated in Kenya under the Co-operative Societies Act, Cap 490 and is domiciled in Kenya. The registration number is CS/10997 and was registered on 10th February, 2006 by the Registrar of Co-operative Societies. The address of the registered office is as set out on page 1.

2 Principal activity

The principal 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.

3 Results for the year

	2015	2014
	Kshs	Kshs
Surplus before tax	10,212,219	8,827,043
Income tax expense	(1,654,126)	(22,000)
Net surplus after tax	<u>8,558,093</u>	<u>8,805,043</u>
Proposed dividends	(6,768,178)	(4,698,465)
Retained Surplus for the year	<u>1,789,915</u>	<u>4,106,578</u>

4 Dividends

A dividend of 8% per share has been proposed subject to approval at the Annual General Meeting.

5 Financial statements

At the date of this report, the Management Committee was not aware of any circumstances which would have rendered the values attributed to the assets in the financial statements misleading.

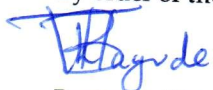
6 Management Committee members

The Management and Supervisory Committee members who served during the year and to the date of this report are shown on page 1.

8 Auditor

The society's auditor, Kreston KM & Co. Certified Public Accountants (K) has indicated willingness to continue in office in accordance with the provisions of the Kenyan Co-operative Societies Act 1997 (Amended 2004).

By order of the Board



Benjamin Wagude

Ag. Honorary Secretary

..... *K. H. Paul* 2016

STATISTICAL INFORMATION

Membership	2015 No.	2014 No.
Active	539	600
Dormant	1,056	919
	<u>1,595</u>	<u>1,519</u>
Financials	Kshs.	Kshs.
Share capital	84,602,229	78,307,749
Members' land deposits	51,810,726	28,825,392
Retained surplus	7,216,258	4,045,485
Property and equipment	4,239,042	5,038,303
Investments	108,722,464	73,523,427
Loans to members	14,210,326	15,442,714
Total liabilities	99,567,911	71,708,494
Total assets	195,733,310	156,683,221
Proposed dividends	6,768,178	4,698,465
Turnover/ income	37,911,623	22,775,454
Employees		
Permanent	4	6
Contract	1	-
Casual	8	3
	<u>13</u>	<u>9</u>
Expressed as percentage of turnover	%	%
Personnel expenses	18	27
Governance expenses	8	13
Administrative expenses	25	17
Financial and professional	8	1
Key ratios		
Liquidity ratios:		
Assets: Liabilities	1.97	2.19
Loans to members: members' shares and deposits	0.10	0.14

STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITY

The Kenyan Co-operative Societies (Amendment) Act, 2004 requires the management committee to prepare financial statements for each financial year that give a 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. It also requires the management committee to ensure that the society keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the society. The management committee is also responsible for safeguarding the assets of the society.


The management committee accepts responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. The management also accepts responsibility for:


- i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.

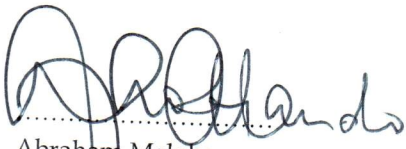
The management committee is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the society as at 31 December, 2015 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Co-operative Societies (Amendment) Act, 2004.

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

Approved by the Management Committee on 14 April2016 and signed on its behalf
by;


Eric Mbugua
Chairman


Benjamin Wagude
Ag. Hon. Secretary


Abraham Maloba
Ag. Treasurer

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
CS/10997 - WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2015**

5a

Report on the financial statements

We have audited the accompanying financial statements of Wanandegge Housing Co-operative Society Limited, set out on pages 6 to 20 which comprise of the Statement of Financial Position as at 31st December 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 and the requirements of the Co-operative Societies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the 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.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free 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 our professional judgments, including the assessment of the risk of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal control relevant to the society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the society's internal control. An Audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management committee, as well as evaluating the overall presentation of the financial statements.

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

Opinion

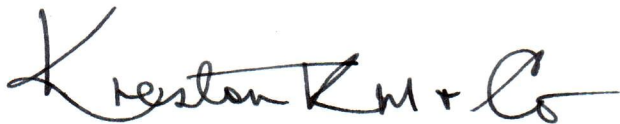
In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the society as at 31st December 2015 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Co-operative Societies Act.

Report on other legal requirement

As required by the Kenyan Co-operative Societies (Amendment) Act, 2004 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 purpose of the audit;
- ii) in our opinion proper books of accounts have been kept by the Society, so far as appears from our examination of those books; and
- iii) the Society's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is FCPA Dr. George Kimeu - P/No. 603.



Certified Public Accountants
Nairobi

..... 15th April 2016

FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF COMPREHENSIVE INCOME


	Notes	2015 Kshs	2014 Kshs
Revenue			
Interest income	2	2,967,532	2,884,624
Income from sale of land	3	33,462,726	18,942,729
Other income	4	1,481,365	948,101
Total income		37,911,623	22,775,454
Expenditure			
Personnel costs	6	6,869,623	6,123,409
Governance expenses	7	3,213,627	2,997,301
Administrative expenses	5	9,607,498	3,774,299
Marketing expenses	8	4,987,517	871,238
Financial and professional costs	9	3,021,139	182,165
Total expenses		27,699,404	13,948,411
Surplus before tax		10,212,219	8,827,043
Income tax		(1,654,126)	(22,000)
Surplus after tax		8,558,093	8,805,043
Other comprehensive income			
Fair value gain	11	13,800	344,500
		8,571,893	9,149,543

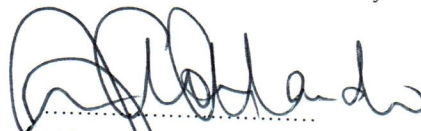
CS/10997 - WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015


STATEMENT OF FINANCIAL POSITION

	Notes	2015 Kshs	2014 Kshs
Assets			
Cash and cash equivalents	10	15,087,284	6,405,121
Receivables and prepayments	12	954,943	3,318,488
Deferred expenses	13	52,416,022	52,416,022
Loans to members	14	14,210,326	15,442,714
Investments	15	108,722,464	73,523,427
Property, plant and equipment	16	4,239,042	5,038,303
Intangible assets	17	103,229	147,469
Tax claimable	18	-	391,677
Total assets		195,733,310	156,683,221
Liabilities			
Members' land deposits	19	51,810,726	28,825,392
Payables and accruals	20	27,688,475	19,543,016
Long term loan	21	18,913,943	23,340,086
Tax payable	18	1,154,767	-
Total liabilities		99,567,911	71,708,494
Equity			
Share capital	22	84,602,229	78,307,749
Reserves		11,563,170	6,666,978
Total equity		96,165,399	84,974,727
Total liabilities and equity		195,733,310	156,683,221

The financial statements on pages 6 to 20 were approved for issue by the Management Committee on 14th April 2016, and were signed on their behalf by:-


 Eric Mbugua
 Chairman


 Abraham Maloba
 Ag. Treasurer


 Benjamin Wagude
 Ag. Hon. Secretary

CS/10997 - WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital Kshs	Fair Value Reserve	Statutory reserves Kshs	Revenue reserves Kshs	Total Kshs
As at 1st January 2014		72,253,961	-	515,984	(4,362,103)	68,407,842
Additions		9,290,666	-	-	-	9,290,666
Surplus for the year		-	-	9,149,543	9,149,543	9,149,543
Transfers during the year		-	344,500	1,761,009	(2,105,509)	-
Proposed dividends		-	-	-	(4,698,465)	(4,698,465)
Transfer to peepa deposits		(3,236,878)	-	-	-	(3,236,878)
Prior year adjustment		-	-	-	6,062,019	6,062,019
As at 31st December 2014		78,307,749	344,500	2,276,993	4,045,485	84,974,727
As at 1st January 2015		78,307,749	344,500	2,276,993	4,045,485	84,974,727
Additions		6,294,480	-	-	-	6,294,480
Surplus for the year		-	-	-	8,571,893	8,571,893
Transfers during the year		-	13,800	1,711,619	(1,711,619)	13,800
Proposed dividends		-	-	-	(6,768,178)	(6,768,178)
Prior year adjustment	23	-	-	-	3,078,677	3,078,677
As at 31st December 2015		84,602,229	358,300	3,988,612	7,216,258	96,165,399

CS/10997 - WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

9

STATEMENT OF CASH FLOWS		
	2015	2014
	Kshs	Kshs
Cash flow from operating activities:		
Sale receipts	33,462,726	18,942,729
Interest receipts	2,967,532	2,884,624
Other operating non-interest receipts	1,481,365	948,101
Depreciation and amortization	843,501	1,059,649
Fair value gain	13,800	-
Payments to employees and suppliers	(27,699,404)	(12,240,356)
Net cash flow from operating activities	11,069,520	11,594,746
(Increase)/Decrease in operating assets:		
Trade and other receivables	2,363,545	2,319,718
Loans to members	1,232,388	6,742,909
Deferred expenses	-	(7,131,332)
Increase/(Decrease) in operating liabilities		
Members' land deposits	22,985,335	(16,825,644)
Payables and accruals	8,145,458	9,681,664
Net cash from operating activities before income tax	45,796,246	6,382,061
Income tax paid	(107,682)	(68,192)
Net cash from operating activities	45,688,564	6,313,869
Cash flow from investing activities:		
Dividends payable	(6,768,178)	-
Fair value additions	13,800	-
Prior year adjustment	3,078,677	-
Changes in investments	(35,199,037)	14,574,883
Net cash from investing activities	(38,874,738)	14,574,883
Cash flow from financing activities:		
Share capital contributions	6,294,480	6,053,788
Long term loan repaid	(4,426,143)	(30,131,175)
Net cash from financing activities	1,868,337	(24,077,387)
Net increase/(decrease) in cash and cash equivalents	8,682,163	(3,188,634)
Cash and cash equivalents at the beginning of the year	6,405,121	9,593,755
Cash and cash equivalents at the end of the year	15,087,284	6,405,121

Notes

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied over the years presented unless otherwise stated.

a) Basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The financial statements are presented in Kenya shillings (Kshs). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

b) Income recognition

- i. Gains on sale of land is recognized at the completion of the process of transfer of title.
- ii. Interest income includes interest on loans and advances to members and is recognized in the period in which it is earned.
- iii. Fees and commissions are recognized at the time of effecting the transaction.

c) Investments

The quoted investments are stated at fair market value (IAS 39). Investment property, after initial recognition is stated at cost less accumulated depreciation/impairment (IAS 40).

d) Property and Equipment

All equipment are stated at historical cost less accumulated depreciation, amortization and impairment losses.

Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates in use are;

Computers	30%
Furniture and Fittings	12.50%

A full year's depreciation is charged in the year of acquisition. No depreciation is charged in the year of disposal. Gains or losses arising from disposal of equipment are computed by reference to the sales proceeds and the net carrying amounts at the date of disposal. The gains or losses are dealt with through the income statement.

e) Intangible assets

The expenditure on acquisition of the computer software is capitalised and amortised over its useful life on a reducing balance basis at a rate of 30%.

f) Taxation

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

Notes (Continued ...)

g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand and term deposits, with maturities of 12 months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise cash and cash equivalents as defined above.

h) Translation of foreign currencies

Monetary assets and monetary liabilities expressed in foreign currencies are translated into Kenya shillings at the rate of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and losses arising from the translation are dealt with in the income statement.

i) Trade receivables

Trade receivables are carried at amortised invoice amount less estimate made for bad and doubtful receivables based on the review of all outstanding amounts, on account by account basis, at the year end. Bad debts are written off in the year in which they are identified as irrecoverable.

j) Trade payables

Trade and other payables are carried at cost, which is measured at the fair or contractual value to be paid in respect of goods or services supplied to the society, whether billed or not.

k) Bank borrowings

Interest bearing bank loans and bank overdrafts are recorded at the proceeds received, net of direct issue cost. Finance charges including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period they arise.

l) Provision for liabilities and charges

Provisions for liabilities are recognised when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation.

Notes (Continued ...)

m) Financial Instruments

Financial assets and liabilities are recognised on the society's statement of financial position when the society has become a party to the contractual provisions of the instruments.

(i) Financial assets

The society classifies its financial assets into the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the appropriate classification of its investments at initial recognition.

(ii) Financial assets at fair value through profit or loss

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains and losses arising from changes in fair value are recognised in the income statement.

(iii) Loans and receivables

Loans and receivables comprise of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and excludes assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss or as available-for-sale financial assets.

(iv) Available-for-sale financial assets

Financial assets that are not (a) loans and receivables originated by the society, (b) held-to-maturity investments, or (c) financial assets held for trading are measured at fair values. Gains and losses arising from changes in fair values are recognised in equity.

n) Employee benefits

Retirement benefit costs

The society and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The society's contributions to the defined contribution scheme are charged to the statement of comprehensive income in the year to which they relate.

The society operates a defined contribution scheme for all employees. A defined contribution plan is a plan under which the society pays fixed contributions into a separate entity. The assets of these schemes are held in a separately administered fund that is funded by the contribution from the society and employees.

Notes (Continued ...)

o) Risk management objectives and policies

(i) Financial risk management

The Society's operations are exposed to financial risks. These risks include market risk (including currency risk, fair value, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Society's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Society's financial performance.

Risk management is carried out by the Management Committee. The management identifies, evaluates and manage financial risks in close co-operation with various departmental heads. The management provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

ii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

iii) Interest rate risk management

The Society is exposed to interest rate risk as it borrows fund at both fixed and floating interest rates. The risk is managed through maintaining an appropriate between fixed and floating rate borrowings. The Society exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

iv) Currency risk

Currency risk arises on financial instruments that are denominated in foreign currency.

v) Other price risk

The Society is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Society does not actively trade these investments.

p) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Society and arises principally from the Society's loans and advances to its members.

q) Liquidity risk

Liquidity risk is the risk that the society will encounter difficulty in meeting obligations associated with financial liabilities. The management committee has developed a risk management framework for the management of the society's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The society manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities and short term investments to cover any shortfalls.

Notes (Continued ...)

r) Accounting estimates and judgements

Estimates are based on factors, including experience of future events that are believed to be reasonable under the circumstances.

s) Collateral

The society discloses:

- (i) the carrying amount of the financial assets it has pledged as collateral for liabilities or contingent liabilities including amounts that have been classified in accordance with paragraph 37(a) of IAS 39; and
- (ii) the terms and conditions relating to its pledge.

When the society holds collateral (of financial or non-financial assets) and is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, it shall disclose:

- (i) the fair value of the collateral
- (ii) the fair value of any such collateral sold or repledged, and whether the entity has an obligation to return it; and
- (iii) the terms and conditions associated with its use of collateral.

t) New and revised standards

New IFRS that became effective for annual periods beginning on **1st January 2015**

New IFRS 9: Financial Instruments- The objective of this IFRS is to establish principles for financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their statements of the amounts timing and uncertainty of an entity's future cash flows.

The IASB intends to ultimately replace IAS 39 (Financial Instruments: Recognition and measurement) in its entirety. It has divided its project to replace IAS 39 into phases.

In November 2009, IASB issued the chapters of IFRS 9 relating to the classification and measurement of financial assets. In October 2010, it added the requirements related to the classification and measurement of financial liabilities to IFRS 9. In October 2010, the IASB restructured IFRS 9 and its basis for conclusions. In December 2011, the IASB deferred the effective date to January 2015.

The Society has assessed the impact of IFRS 9 to its financial statements and has determined there is no significant impact on financial statements. The Management Committee has assessed the potential impact of the above and expect that they will not have a significant impact on the Society's financial statements for 2015

Notes (Continued ...)

	2015	2014
	Kshs	Kshs
2 Interest on loans and advances		
Interest from bank	881,829	209,000
Interest from loans	2,085,703	2,675,624
	<u>2,967,532</u>	<u>2,884,624</u>
Interest on members' loans is calculated at a rate ranging from 1.4% to 2% per month based on the management committee's decision.		
3 Income from sale of land		
Proceeds from sale of plots	80,205,000	72,078,000
Less costs		
Purchase of land	31,901,980	40,472,994
Subdivision	5,461,192	6,625,743
Beacon pointing	-	350,000
Legal fees	2,696,102	-
Green card, title deed, Reg of consent & stamp duty	4,625,000	5,232,500
Marketing & miscellaneous expenses	504,000	454,034
	<u>45,188,274</u>	<u>53,135,271</u>
	<u>33,462,726</u>	<u>18,942,729</u>
4 Other income		
Entrance fees	69,000	86,000
Commission from share transfer	82,950	56,218
Application form fees	327,000	45,000
Tinga application fees	664,000	503,000
Penalties	177,522	67,300
Dividend income	6,650	14,583
Site visit fees	145,043	-
Miscellaneous income - tender fees	9,200	176,000
	<u>1,481,365</u>	<u>948,101</u>
5 Administrative expenses		
Telephone and postage	137,600	107,930
Website development	-	454,980
Internet and email	164,900	170,570
Water and electricity	116,400	200,514
Office rent and rates	841,270	565,765
Entertainment	86,324	87,697
Printing and stationery	619,954	416,946
Repairs and maintenance	101,785	3,615
Office expenses	198,649	106,719
Provision for Kisaju 1 expenses	6,223,160	-
Cleaning expenses	10,957	9,743
Travel and subsistence allowance	116,998	80,769
Depreciation	843,501	1,059,649
System licence	120,000	120,000
Subscriptions	6,000	23,524
Legal fees	20,000	-
Tender advertisements	-	365,878
	<u>9,607,498</u>	<u>3,774,299</u>

Notes (Continued ...)

	2015	2014
	Kshs	Kshs
6 Personnel costs		
Salaries and wages	4,609,756	4,212,875
Casual wages	90,400	202,099
House allowance	750,396	749,996
NSSF	14,500	21,000
Provident fund	484,115	417,050
Transport allowance	243,660	204,742
Overtime	22,360	2,900
Medical insurance	615,733	234,083
Staff recruitment	11,600	51,000
Leave allowance	27,104	27,664
	<u>6,869,623</u>	<u>6,123,409</u>
7 Governance expenses		
AGM expenses	463,479	372,327
Committee sitting allowance	1,485,260	1,155,527
Committee travelling allowance	95,630	277,890
Committee education	175,367	382,186
Committee expense	113,891	-
Members education	64,000	-
Training and seminar	216,000	-
Honararia & bonus	600,000	-
Team building and strategic plan	-	809,371
	<u>3,213,627</u>	<u>2,997,301</u>
8 Marketing expenses		
Marketing expenses and promotion	4,815,984	476,346
Public relations and advertisement	99,528	227,592
Ushirika expenses	72,005	167,300
	<u>4,987,517</u>	<u>871,238</u>
9 Finance and professional costs		
Loan interest	2,127,951	-
Bank charges	97,388	106,365
Audit fees	75,800	75,800
Consultancy fees	720,000	-
	<u>3,021,139</u>	<u>182,165</u>
10 Cash and bank balances		
Co-operative Bank of Kenya Ltd	1,587,805	3,263,118
Current Account FOSA (WAN 05)	3,961,850	2,664,012
Jamii Bora Bank	4,000,000	-
Consolidated Bank	5,000,000	-
Housing Finance Savings	92,079	96,369
Mpesa Paybill Account	441,361	379,691
Petty cash	4,189	1,931
	<u>15,087,284</u>	<u>6,405,121</u>

CS/10997 - WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

17

Notes (Continued ...)

	2015	2014
	Kshs	Kshs
11 Fair value changes		
Safaricom Limited shares	37,800	199,500
Co-operative Bank of Kenya shares	(24,000)	145,000
	<u>13,800</u>	<u>344,500</u>
12 Receivables and prepayments		
Katani professional due from membes	1,252,274	1,556,644
Prepayments - Rent deposit	102,735	521,282
Unremitted deductions	(539,233)	1,206,562
Interest from FOSA	-	-
Salary advances	57,916	34,000
Accrued income	81,250	-
	<u>954,943</u>	<u>3,318,488</u>
13 Deferred expenses		
Interest on loans - 2014	4,785,976	4,785,976
Interest on loans - 2013	11,035,761	11,035,761
Interest on loans - 2012	15,593,516	15,593,516
Interest on loans - 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
	<u>52,416,022</u>	<u>52,416,022</u>
14 Loans to members		
As at 1st January	15,442,714	22,185,623
Accrued interest	199,251	174,579
Loans issued during the year	4,303,124	3,003,500
Loan repayments during the year	(5,151,344)	(9,920,988)
	<u>14,793,746</u>	<u>15,442,714</u>
Less provision for loan loss	(583,420)	-
As at 31st December	<u>14,210,326</u>	<u>15,442,714</u>
15 Investments		
Land		
Kisaju 11	10,296,758	25,161,732
Embakasi Apartments	29,824,502	25,212,833
Kisaju Block 4722- 8.8 Acre Land	1,477,797	1,477,797
Kinanie	6,217,715	6,217,715
Tinga - Oletepesi	19,248,339	14,886,350
Kangundo road	41,076,554	-
	<u>108,141,664</u>	<u>72,956,427</u>

CS/10997 - WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

18

Notes (Continued ...)

Quoted	2015	2014
	Kshs	Kshs
Co-operative Bank of Kenya Ltd	216,000	240,000
Safaricom shares	342,300	304,500
	<u>558,300</u>	<u>544,500</u>

The quoted investments are stated at the current market value. The investment costs were Kshs 5 for 21,000 Safaricom limited shares and Kshs 12 for 12,000 Co-operative Bank of Kenya Limited shares.

Unquoted	2015	2014
Nachu share	12,500	12,500
Codic shares	10,000	10,000
	<u>22,500</u>	<u>22,500</u>
Total investments	<u>108,722,464</u>	<u>73,523,427</u>

16 Property, plant and equipment

	Computers & Accessories	Furniture & Fittings	Total
Cost	Kshs	Kshs	Kshs
1st January 2015	30%	12.50%	
31st December 2015	2,703,931	6,700,546	9,404,477
	<u>2,703,931</u>	<u>6,700,546</u>	<u>9,404,477</u>
Accumulated depreciation			
1st January 2015	1,735,516	2,630,658	4,366,174
Charge for the year	290,524	508,736	799,260
31st December 2015	<u>2,026,040</u>	<u>3,139,394</u>	<u>5,165,434</u>
Net Book Value			
31st December 2015	<u>677,890</u>	<u>3,561,152</u>	<u>4,239,042</u>
31st December 2014	<u>968,415</u>	<u>4,069,888</u>	<u>5,038,303</u>

17 Intangible Assets

	2015	2014
	Kshs	Kshs
Computer software		
Cost as at 1st January	1,277,744	1,277,744
Armortisation as at 1st January	(1,130,275)	(1,067,074)
Charge for the year	(44,241)	(63,201)
Net Book Value	<u>103,229</u>	<u>147,469</u>

CS/10997 - WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

19

Notes (Continued ...)

	2015 Kshs	2014 Kshs
18 Taxation		
Balance at start of the year	(391,677)	(345,485)
Provision for the year	1,654,126	22,000
Less: Installment tax paid	(107,682)	(68,192)
Balance at end of the year	<u>1,154,767</u>	<u>(391,677)</u>
19 Members' land deposits		
Kisaju 1 members' deposits (partial payers)	5,301,640	3,556,439
Kisaju Annex members' deposits	280,000	622,000
Kisaju 11 members' deposits	6,200,991	9,085,034
Pepea development savings	14,285,691	9,594,938
Tinga - members' deposits	7,995,696	5,016,980
Kangundo loan plots	17,546,709	-
Embakasi Flat Deposits	200,000	950,000
	<u>51,810,726</u>	<u>28,825,392</u>
20 Payables and accruals		
Statutory deductions due	164,141	128,632
Sacco staff payroll deductions	7,172	3,446
Provident fund	(0)	148,958
Audit fees	75,800	69,600
Honoraria & Bonus	600,000	-
Registration fees	-	6,200
Uncollected dividends - Housing	-	597,129
Wanandegge Sacco Div - FOSA	-	1,284,046
Provision for dividends	6,768,178	4,698,465
Unidentified receipts	749,920	596,000
Subdivision - Kisaju 1	13,061,000	6,837,840
Accruals - Project	6,262,264	5,172,699
	<u>27,688,475</u>	<u>19,543,016</u>
21 Long term loan		
Co-operative Bank of Kenya Limited		
Balance B/F	23,340,086	53,471,261
Repayment during the year	(4,426,143)	(30,131,175)
	<u>18,913,943</u>	<u>23,340,086</u>
Secured against L.R.No.KJD/Kisaju/3956/3958 and Society's checkoff deductions.		

CS/10997 - WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

20

Notes (Continued ...)

	2015	2014
	Kshs	Kshs
22 Share capital:		
At 1st January 2015	78,307,749	72,253,961
Issued during the year	6,294,480	6,053,788
At 31 December 2015	<u>84,602,229</u>	<u>78,307,749</u>
23 Prior year adjustments		
Uncollected Dividends	537,226	
Wanandegge Sacco - Div. 2008/2009	1,284,046	
Un-known deposits (Creditors)	596,000	
System errors and omissions	661,405	
	<u>3,078,677</u>	
24 Contingent asset / liability		

There is a pending court case regarding the disputed ownership of a property L.R No. 9042/699 between Wanandegge Housing Co-operative Society Limited and the Kenya Airports Authority.

CS/10997 - WANANDEGE HOUSING CO-OPERATIVE SOCIETY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Tax Provision 2015		2015
Income		Kshs.
Total income		<u>37,911,623</u>
Less:		
Dividends paid	(4,698,465)	
Operating expenses	<u>(27,699,404)</u>	(32,397,869)
Taxable income		5,513,754
Tax @ 30%		1,654,126
Less withholding tax paid		-
Tax charge for the year		<u><u>1,654,126</u></u>