

PCEA Regulated Non-WDT Sacco Ltd

CS N0.4483

2021 ANNUAL REPORTS

37th ANNUAL GENERAL MEETING

WHO WE ARE?

PCEA Saving and Credit Co-operative Society Ltd was registered in October 1985 under CS/NO. 4483. Its membership is drawn from church employees, non PCEA employees, church institutions, registered groups and any other organized groups.

WHY CHOOSE US?

We believe in the growth and development of our members and our goal is to empower the members economically by availing affordable credit that will help members address their financial needs. We welcome you on board as we save regularly, borrow wisely, repay promptly.

OUR VISION

A world class SACCO with economically empowered membership.

OUR MISSION

Pooling resources and faithfully managing savings to avail affordable credit.

OUR OBJECTIVES

Our Sacco aims to meet the financial needs of its members by encouraging them to save regularly, borrow wisely, repay promptly

OUR CORE VALUES

Considerate

Integrity

Accountability

Quality services

Customer focused

Faithful

Stewardship

THE ANNUAL GENERAL MEETING OF PCEA REGULATED NON-WDT SACCO LTD. TO BE HELD ON THURSDAY THE 28TH APRIL 2022 AT P.C.E.A. ST ANDREWS CHURCH HALL AT 9.00 AM:

AGENDA


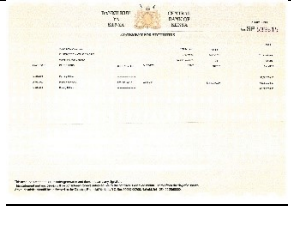

1. Opening and Devotion
2. Apologies
3. Approval of the Agenda
4. Reading and Confirmation of the minutes of the A.G.M. of 29th April, 2021
5. Matters Arising
6. Chairman's Report
7. Guest Speaker
8. Supervisory Committee Report
9. Audited accounts
10. Appointment of Auditors
11. Treasurer's Report
12. Interest on Deposits
13. Honorarium
14. Borrowing Powers
15. Budget 2023
16. Elections
17. A.O.B.
18. Closing
19. Lunch/Departure

Signed

Rev Nellyflossy K Kahura

Hon. Secretary

NOTABLE ACHIEVEMENTS AT A GLANCE IN THE YEAR UNDER REVIEW HAVE BEEN

Developed a new Strategic Plan	Development of strategic plan for the year 2022-2026 was developed.
	<p>Our Sacco complied with the SASRA regulations and registered as a Non- Withdrawable Deposit Taking. We are now fully operating under the SASRA regulations.</p> <p>SASRA KEY HIGHLIGHTS OF OPERATION.</p> <ol style="list-style-type: none"> Loan provision to be strictly adhered to. Nomination and vetting of Board member to be presented to the AGM for elections. Key Financial ratios to be adhered to. All report should be submitted as and when they fall due. Renewal of authorization is done annually after compliance with all regulations. Insider lending must be submitted monthly to SASRA. Complaint by members should be submitted to the regulator.
Office facelift and branding	The first part of the office branding is done which includes the reception area and the exterior painting. This is together with office partitioning.
	Our greatest achievement is the opening of a CDS account with the Central Bank of Kenya
Loan products.	<ol style="list-style-type: none"> Introduction of a Super saver's loan Operationalization of the new product (the mobile loan) Introduction of collateral policy.
Loan debt	Reducing the loan debt from 82 million to 56 million at the close of year 2021
	Our Proposed Logo has been prepared and will be presented to this AGM for adoption.

CHAIRMAN'S REPORT

OPENING REMARKS

The Guest of Honor, 23rd GA Office, Board of Directors (BOD), Co-operative Officers, SASRA officers present, Co-operators, Ladies and Gentlemen It is my singular Honor to submit to you the Chairman's report for Year ended December 2021.

It may interest you to note that Carlos Slim once said "With a good perspective of history we have a better understanding of the past and the present, and thus a clear vision of the future."

In the year under review in the month of September 2021, one of our Board members the Late Rev. Dr. Charles Kibicho passed on, together with other members of the Sacco whom we have lost as recorded in the Treasurer's report. This was not only a big blow to the BOD but to the entire family of PCEA Sacco fraternity.



In January 2022, we once again experienced the claws of death when they snatched another committee member, the Chair of the Supervisory committee, the Late Ms Miriam Gacoro

Members of the BOD and supervisory committees are as follows: -

- | | |
|------------------------------------|-----------------------------|
| 1. Rev Alfred Mugendi Kanga | Chairman |
| 2. Rev Nellyflossy Kahura | Secretary |
| 3. Ev. Samuel Gitonga | Vice-chairman |
| 4. Rev Reuben Gitau | Treasurer |
| 5. Rev David Muchangi | Secretary Education comm. |
| 6. The Late Rev Dr Charles Kibicho | Member Education comm. |
| 7. Rev Dr John Gicheru | Chair Credit comm. |
| 8. Rev Jennifer Muchemi | Secretary Credit comm. |
| 9. Ev Peter Kio | Member Credit comm. |
| 10. The Late Ms Miriam Gacoro | Chair Supervisory comm. |
| 11. Rev George Kahuho | Secretary Supervisory comm. |
| 12. Rev Festus Gitonga | Member Supervisory comm. |

Members of staff

1. Mrs. Martha Kinuthia
2. Mrs. Njeri Njagi
3. Ms Martha Mueni
4. Mr. Shadrack Kimani

NUMBER OF MEETINGS

As usual our committees were committed to their responsibilities the executive met 18 times, Credit 12 times, Education 4 times, Investment 4 times, Supervisory 3 times, Management 8 times, Joint management meeting was held 5 times, Strategic planning meeting 3 times, Sasra preparation committees 10 times, Bench marking 1 time and shortlisting and interviews 2 times in the year under review.

NEW PRODUCT

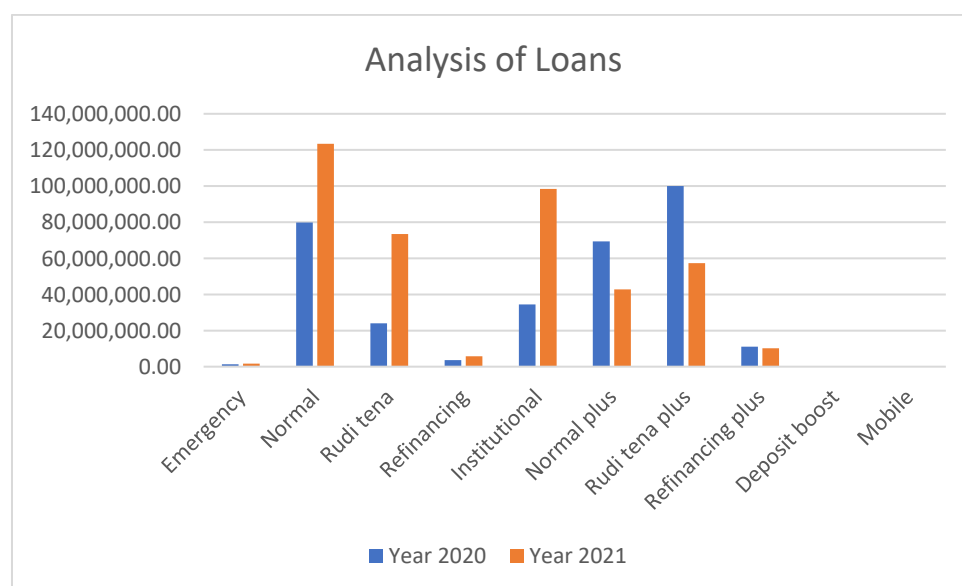
The Board has come up with a product “Super Savers Loan” to encourage people to save more with their Sacco. The details are given below.

1. Available to class A members
2. Savings at 1 million and above
3. Given at six times one's deposits.
4. Repayment period of up-to 72 months
5. Interest rate of 10% pa

A Rudi Tena Super Savers is also available at the usual conditions.

ANALYSIS OF LOANS

The total loans granted during the year amounted to Kshs 456,096,693.00 compared to the year 2020 which was Kshs 250,634,400.00. This is an increase of Kshs 205,462,293.00. The high increase in margin was a result of the effects of Covid 19 in the year 2020 where lending also went down.



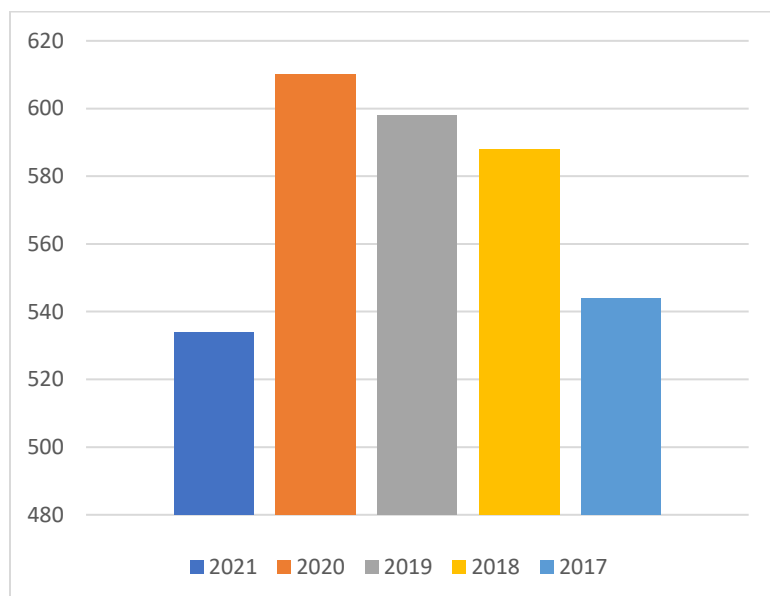
EDUCATION COMMITTEE ACTIVITIES FOR THE YEAR 2021

In the year under review, the committee held four meetings and a number of activities as indicated hereunder;

- In January 21st-23rd 2021 the joint management committee and staff held a team building at Tumaini Conference Center Nakuru
- In June 7th 2021 the joint management committee and staff attended a Management and Staff training on SASRA regulations at PCEA Lay Training Center.
- On 15th July 2021 Joint Management conducted a virtual training on SASRA regulations to all Sacco members.
- On 29th July 2021 the joint management and staff attended a workshop to review the Strategic plan document at PCEA Lay Training.
- On 5th November 2021 PCEA Sacco Staff attended a training at Milele Guest House Nairobi.
- On 9th September 2021 member's education day was held in 8 centers attended by 534 members.

Below is a graph tabulating the attendance.

Members Education Day Comparison Table over the past 5 years



MARKETING STRATEGY

Going forward, we will be marketing through the online platforms. We aim to attend and popularize our Sacco in Church functions

BYLAWS

The Bylaws have been registered in line with the SASRA regulations standards. Members are encouraged to familiarize themselves with the same in our social platforms

THE DIGITAL OUTLOOK

Our Sacco has now adopted new technological approaches and this will be our new normal in communication and trading. Members can get information and feedback on our social media platforms. We look forward to digitalization of all operations.

RETIRING BOARD MEMBERS AND OTHER MEMBER'S CERTIFICATES

The certificates for the members who have retired and withdrawn from the Sacco in the past 5 years are ready and will be presented in this AGM.

INVESTMENT COMMITTEE REPORT FOR THE YEAR 2021

The core business of a Sacco is mobilizing savings from members, and then providing them with credit at affordable interest rates. Saccos though, they enjoy dividend and interest on deposits and this makes Sacco's an attractive investment destination.

While searching for the right place for investment, we consider the following

- How fast you can access the funds
- The risk involved
- The returns on investment.

The society has invested such money in the following areas (which generate money and can be turned into liquid cash).

i) Shares

We have invested in shares with the following organizations

	No. of shares	Value
KUSCCO	22	22.000.00
CO-OPERATIVE BANK OF KENYA	124,131	249,400.00
SAFARICOM	4,300	21,530.00
SMEP	7,000	66.000
CIC	568,500	614,250.00

ii) Treasury Bonds

Our greatest achievement is the opening of a CDS account with the Central Bank of Kenya. Here we have Invested funds at high interests, and more or less risk free. At the close of 2021, we had invested 55,000,000. At an average net interest of 12% which is paid half yearly. We hope to earn close to eight million.

T-BOND/YEAR	2022	2023	2024	2025	2026	TOTAL
15,000,000.00	1,782,000	1,782,000	1,782,000	1,782,000	1,782,000	8,910,000.00
20,000,000.00	2,547,400	2,547,400	2,547,400	2,547,400	2,547,400	12,737,000.00
20,000,000.00	3,629,880	3,629,880	3,629,880	3,629,880	3,629,880	18,149,400.00
55,000,000.00	7,959,280	7,959,280	7,959,280	7,959,280	7,959,280	39,796,400.00

iii) CIC Money Market fund

The advantage of a money market account, is that the money is available within 24 hours, yet gives a higher interest rate than a commercial bank account, but far less than the CBK bonds about 7.4 %.

At the close of the year, we had Ksh **104,266,707/=** earning **Kshs 7, 161,433/=**.

iv) Fixed deposits

We hold deposits with Wana-Anga Sacco who are our longest investment partner and they give good interest at compound interest.

At the close of 2021, we had Kshs. 3,996,020/= earning Kshs 158,595/=

CHALLENGES

We however have had the following challenges:

1. The Covid 19 pandemic rendered many institutions and individuals unable to service their loans; most members have since resumed paying their loans though some institutions are yet to resume payment fully.
2. Compliance with the new SASRA regulations especially on liquidity ratios and defaulted loans provisioning.
3. Non remittance of Saccos monies by some paying points thus affecting issuance of loans to the affected applicants.
4. Some employers have breached the agreement by stopping the monthly loan deductions from the employee's payslips leading to default.
5. Late remittance of loan application forms. Please note that all loans forms should reach the office by 24th of every month for them to be processed that every month.
6. Applicants submission of incomplete forms.

7. Un-updated nominee forms.
8. Unspecified banking's – We are developing a system where money has to be specified when banked.
9. Updating of Share capital to the minimum of Kshs 15,000/-; where only 10% of members have obliged.

WAY FORWARD/RECOMMEDATION

1. We continue encouraging the institutions, church groups, parishes and individuals to join Sacco for affordable credit.
2. Introduce new loan products to address our customer needs.
3. We also encourage our members to boost their deposits by taking the deposit boost loan which does not require guarantors.
4. Members should resume payment of their loans for the stability of the Sacco to continue.

CONCLUSION

We are grateful to the members for the opportunity granted to serve in the year ended 31st December 2021. We thank God for His guidance and we trust our Sacco will grow to the next level especially as we operate under the new SASRA regulations. We wish to thank all members and particularly those who take loans and pay on time. I also thank the BOD, Supervisory committee and staff for their support and the goodwill of the entire Presbyterian Church of East Africa. We thank God and trust Him to continually bless our Sacco.

“The blessing of the Lord brings wealth and He add no trouble to it.....” Proverbs 10:22

As I end my report allow me to borrow the mind of Robert G Allen who posed this question; ***“How many millionaires do you know that have become wealthy by investing in savings accounts”***

I ALSO ASK!

Thank you!

RESOLUTIONS

1. That this AGM passes the LOGO presented here
2. That this AGM accepts the Super Saver's Loan product
3. That this AGM accepts the Strategic Plan for the period 2022-2026

PCEA SACCO SUPERVISORY REPORT FOR THE YEAR ENDED 2021

1. PCEA SACCO LTD OPERATIONAL FRAMEWORK

SACCO's in our country operate in a legal framework that is pyramidal in conception, with the apex being the constitution of Kenya, below which are the Acts of Parliament that allowed the formation of SACCOS in our country, followed by Government policies, cooperative by laws, AGM resolutions, where our AGM mandate is, and Board resolutions at the base of the Pyramid.

As PCEA SACCO LTD we are in the category of Non-Deposit taking SACCOS with total non- withdrawable

deposit liabilities from members that are in excess of Kshs. 100 million. The level of acceptance and implementation of the new regulatory framework for SACCO'S of our kind is depictable in terms of the perception of change curve that describes how organizations adapt to change. In the opinion of the Supervisory committee, our SACCO is adapting well to the new regulatory framework brought to bear on it by SASRA as it moves towards full integration and commitment.



2. ROADMAP TO AUTHORIZATION BY SASRA

The promulgation of SASRA (SACCO SOCIETIES REGULATORY AUTHORITY) regulations affecting non-deposit taking SACCO'S with members deposits above Kshs 100,000,000/- in December 2020 via a gazette notice, heralded a new phase for our SACCO. A deadline of June 2021 was given for all SACCO'S of our nature to be compliant in order to receive authorization by the authority, to continue to operations. In view of the foregoing, the following policies and documents had to be in place and approved by the ministry of cooperatives and the authority, before the above-mentioned date namely:

- 1) 1. Credit policy, 2) Human resource policy, 3) Investment Policy, 4) Dividend policy, 5) Risk management policy, 6) Liquidity policy, 7) Finance and accounting policy, 8) Information preservation policy, 9) Savings Policy, 10) Board Charter, 11) Elections and vetting policy, 12) ICT policy, 13) Communication Policy, 14) Disaster preparedness and business continuity plan.
- 2) Amended bylaws, compliant with the new SASRA regulatory framework.
- 3) Fit and proper test forms for Board of Directors, supervisory committees and SACCO Staff.

The supervisory committee commends the Board of Directors for their robust efforts in seeking to comply with the above requirements leading to our authorization by the Authority in July last year.

3. REALIGNMENT FOR GROWTH

The supervisory committee would want to bring to the attention of the AGM a number of issues that need to be addressed by us, in order to ensure stable and sustained growth of our SACCO in the coming years.

A) INCREASE OF OUR SHARE CAPITAL

It is imperative that all our members increase their individual shares to the minimum, Kshs 15,000/- passed in last year's AGM. The reason for this is that, the maximum amount that can be lent out to any individual is capped by SASRA, at 10% of our core capital of which members share capital is a significant component. In line with this we advise that the Board of Directors and the supervisory committee members should show leadership in this area by being far above the minimum requirement set by our SACCO.

B) LOAN RISK CLASSIFICATION AND PROVISION

A key requirement by SASRA is that of Loan risk classification, which refers to an analysis of the potential risk that the SACCO is exposed to from loans that are in default. At the end of the financial year the SACCO must provide (set aside) money from its earnings to cushion the SACCO in case these amounts in default are not paid. The impact of the amounts provided for is a direct deduction from the money that can be paid out to members as interest on deposits or dividends. Our position as a SACCO in loan risk classification and provision as at December 31 2021 was as tabulated below:

- a. Performing loans> Kshs 503,615,147.00/- provision of 1% Kshs 5,036,151.47/-
- b. Loans to watch> Kshs 66,900,240.00/- 1-30 5% Kshs 3,345,012.65/-
- c. Substandard> Kshs 30,084,539.44/-31-180 days 25% Kshs 7,521,134.86/-
- d. Doubtful loans> Kshs 11,334,551.98/- 181-360 days 50% Kshs 5,667,275.99/-
- e. Loss > Kshs 31,363,292.76/- 360 days and over 100% Kshs 31,363,292.76/-

The total of the above amounts is **Kshs 52,932,867.72/-**

RESCHEDULED/RENEGOTIATED LOANS:

- 1. Performing loans Kshs/-54,504,320.00/- 1% Provision Kshs 545,043.20/-
- 2. loans to watch Kshs /- 5,698,980.00/- 5% Provision Kshs 284,949.31/-
- 3. Substandard Loans Kshs 3,613,899.60 /- 25% provision Kshs 903,474.90 /-
- 4. Doubtful Loans Kshs 1,596,819.34/- 50% Provision Kshs 798,409.67/-
- 5. Loss Kshs 547,070.00 /- 100% Provision Kshs 547,070.00

Total Kshs 56,011,814.80/- total provision of rescheduled Loans Kshs 3,078,947.08/-

Total provision Kshs 56,011,814.80/-

This should have been the total amount provided for, but we commend the Board of Directors for their robust effort in engaging SASRA for permission to spread this provision in six years. We are thankful to God that this permission was granted to us by the authority. In view of this permission Kshs 9,335,302.46/-, (Kshs 56,011,814.08 Divided by 6) has been provided by the Sacco for the year ended 2021, significantly less than what would have had to be provided for prior to the engagement with SASRA. The other scenario would have impacted negatively on amounts available for payment of dividends and interest on deposits to members. This means that we must seriously work at reducing and ultimately eliminating these amounts in default given their negative Impact on returns on interest on deposits and dividends to our members.

C) INSTITUTIONAL LOANS

The proposal by the Board of Directors to have all institutional loans going forward, be secured via collateral will significantly reduce the exposure that previous institutional loans have given to the SACCO. Letters of introduction by various courts does not translate into money in the event of default. There is therefore need for our SACCO to engage institutions that are currently in default prior to this arrangement.

D) DEFAULTED LOANS AND INSURANCE COVER

It is important for SACCO members to know that if a member passes on while having a loan that was in default, the amount of money in default is not covered by the SACCO insurance, thereby adversely affecting the amount that finally reaches the next of kin of the deceased member.

E) INVESTMENTS

The supervisory committee advises that the SACCO continue to diversify our investment portfolio given the backdrop of unforeseen circumstances such as the COVID-19 pandemic that adversely affected our SACCO operations. The recent decision by management to mop up excess liquidity via purchase of government bonds (CBK) was timely and prudent.

F) FINANCIAL RATIOS

We take this opportunity to thank the Board of Directors for steering the SACCO well in the new regulatory environment, the supervisory committee would want the AGM to be aware of a number of financial ratios that our SACCO must comply with:

1. LIQUIDITY RATIO

The liquidity ratio is the financial ratio used to determine a SACCO'S ability to pay its short term debt obligations. Our liquidity ratio at the close of the year was 22.23% vis a vis the SASRA minimum of 10%. This would mean that our position is safe as per the standards set by the regulator. This liquidity ratio is significantly lower than that reported in the previous quarter of 43%, arising in our analysis from the robust efforts by the Board of Directors of investing the excess liquidity in financial instruments such as bonds.

2. CAPITAL ADEQUACY

This refers to the measurement of how much capital a SACCO has available as a percentage of a SACCO'S risk-weighted credit exposure. The Sacco Core capital to assets Ratio, (Core capital Kshs 60,301,618/- Divided by Total assets Kshs 891,693,407/-) was 6.7% against a recommended SASRA minimum of 8%. This points for the need for sustained effort at encouraging our members to increase their share capital to the required minimum level of Kshs 15,000/- per member.

G) CAPITAL EXPENDITURE

The supervisory committee while noting the good idea of the SACCO buying land to build offices, advises that there is need to weigh the pros and cons of this infrastructural cost vis a vis the current corporate trend of 'lease' as opposed to 'buy and build.'

4. CONCLUSION

Given the negative impact of the COVID-19 Pandemic upon the economy of the country and the domino effect on employee income and remissions to our SACCO. Analysis of our financial performance as SACCO shows that we have rebounded and emerged resilient and therefore have a real reason to be thankful to God. It is therefore the considered opinion of the supervisory committee that if the areas pointed out earlier in the report are addressed courageously and pragmatically, our SACCO has the potential of continuing to provide access to affordable credit and income growth to our members in the years ahead, to the glory of God.

PREPARED BY



REV GEORGE KAHUHO

CONFIRMED BY



REV FESTUS GITONGA

THE TREASURER'S REPORT AS AT 31st Dec. 2021

To the 37th Annual General Meeting of P.C.E.A Regulated Non-WDT Sacco

28TH April 2022

The guest of honor, the chairman P.C.E.A Regulated Non-WDT Sacco, Board of Directors co-op officers present and fellow co-operators. It is my great pleasure to have and to see you physically in our 37th Annual General meeting.

We thank God to whom we owe all we have, may our faith in Him grow ever stronger as we continue living in the difficult and challenging times set off by covid19.

We meet in the absence of the following 15 members who were promoted to higher glory: Ev. David Chege Mwaura- Muguga Presbytery, Rev. Elias Richard Maguhu – Ngong Hills Presbytery, Ev. David Njanjo Kingori- Nyeri Presbytery, Rev. Charles Maina Ndungu- Kajiado Presbytery, Rev. Paul Ndungu Gatuku- Gatundu Presbytery, Rev. Patrick Kirima Kibunja- Kirimara West Presbytery, Rev. Geoffrey Gathuku Nyaga- Diaspora, Rev. Patrick Rukenya- PUEA, Ev. Harun Kamitha- Elburgon Presbytery, our former chairman Rev. Dr. Charles Kibicho- PUEA, Rev. Nahashon Mwaura- Thiririka Presbytery, Ev. Peter Maina Ngari- Ndaragwa Presbytery, Rev. Samuel Mwihi Gichuru- Kirimara West Presbytery, Ev. Gideon Kamuri- Milimani North Presbytery, and Ev. Francis Baragu Githua- Kieni West Presbytery. This is the highest number in our history. On behalf of the co-operators, the board sent condolences and issued pole Mshirika cheques to their families. May God continue to shower his grace upon their families.



Below is an overview of our performance in the year under review, full report is given in the annual accounts.

Benevolent Fund

This fund cushions the society from loss if a member dies with a loan balance. Since inception we have reimbursed the society with a total of Kshs. 6,501,094.00 leaving a total of Kshs. 49,489,596.00. We continue to grow the fund through investment.

Share Capital

Shares are the non-withdrawable, but transferrable funds that a member holds in the society. Together with, retained earnings, Statutory reserve, capital grants it forms the core capital. This is the foundation of the society, and our lending is tied to core capital as per Sasra requirements. This means that we have a limit on the amount we can lend to any one individual that is pegged on core capital. Our share capital in the year under review was Kshs. 28,607,146.00, the comparative figure for 2020, was Kshs. 20,607,146.00 having grown by Kshs. 7,928,337 which is (38% growth). The rise follows the resolution from 2020 AGM that every member should have a minimum 750 shares of Kshs. 20/= each (translating to Kshs. 15,000 shillings). We have 346 members and institutions who have attained over and above the threshold and shall get their share certificates. Many

members are below the requirement and the board have identified some reasons why members are averse to buying more shares;

One such reason is lack of someone who is willing to buy the shares at par when one withdraws from the society, which leaves a member with a struggle to find a buyer, and many sell at a loss.

To encourage members to build their share capital, the board has proposed some measures as follows:

- The board has greatly raised the earnings per shares (dividends) to about 24.4 % in the year under review.
- In the past we have been ploughing back the dividends, this time the board proposes to pay out to members.
- The board have proposed that a sum be set off from the surplus every year, which will be called **“Bonus share fund”**. The fund will be utilized in buying shares from such members as are leaving the society either by withdrawal or death. This will be on first come first served basis, though a relative of a deceased member will be given a priority.
- Shares thus bought will be shared out as bonus shares to the remaining members in proportion to their shares in the society.
- This year the Board have proposed a bonus share fund of Kshs. **1 Million (part of what reflects as dividend in the accounts)**.

It is our hope that this will help see an increase in share capital. The other benefit is that it is a good marketing tool, since few people enjoy leaving their money with societies. Thus, if we can buy shares from our members, we stand out as the society of choice.

Members and their deposits

Members' deposits stood at Kshs. 681,068,671.00 in the year under review against Kshs. 623,140,357.00 in the year 2020. The deposits by our members are represented by the following categories

Member deposits categories			%
0.00 -	10,000	848	25.95
10,001	20,000	395	12.09
20,001	40,000	220	6.73
40,001	60,000	143	4.38
60,001	100,000	235	7.19
100,001	150,000	185	5.66
150,001	200,000	226	6.92
200,001	300,000	330	10.10
300,001	450,000	327	10.01
450,001	600,000	143	4.38
600,001	900,000	105	3.21

900,001	1,000,000	13	0.40
1,000,001	2,000,000	63	1.93
2,000,001	above	35	1.07
		3268	100.00

In total we have 138 institutions who have Kshs. 159,505,982.00 worth of deposits representing 23% of our total deposits.

The data shows that over a quarter of our members have Kshs. 10,000 and below; while 1243 members have less than Kshs. 20,000. (38%).

Over all the board noted the need for our members to build up on their deposits. We have come up with a product available only to members with a million and above.

The product is called 'super savers' terms and conditions are as under:

Must have a million and above, six times of deposits, interest is 10% p.a, on reducing balance, repayment period is 72 months. Collateral can also be considered. The loan too must be insured.

Debtors

As stipulated in the chairman's report, we are required by Sasra to provide for all debts depending on their aging. This year we were required to provide a total of Kshs. 56 million which would have left us with only Kshs. 7 million to share as interest on deposits, thank God we requested and were granted permission to spread the figure over six years and that is why we have provided Kshs. 9 million only. Thanks to the board for their effort to deal with defaulters, which though painful to all of us, is healthy for the society.

Income

With humble gratitude to Our Father and God, am happy to report that the society realized a gross income Kshs. 98,994,078.00 which is 23.8% up from the gross income of 2020 of Kshs. 76,104,113.00. This is primarily from interest on loans to member, Kshs. 89,740,804.00 which is our core business, other contributors to the income are given in the annual accounts.

A sampling of statistics from previous years will help us appreciate the far the Lord has brought us.

Year	Interest on deposits	Dividends
2020	56,000,000.00	3,500,000
2019	52,000,000.00	3,500,000
2018	40,000,000.00	2,500,000
2017	33,000,000.00	2,200,000
2016	28,000,000.00	2,000,000
2015	20,000,000.00	1,500,000

2014	15,500,500.00	500,000
2013	12,500,000.00	400,000
2012	10,000,000.00	300,000
2011	8,452,873.00	200,000
2010	5,376,225.00	180,000

It is amazing and unbelievable that eleven years ago, we shared only Kshs. 5.3 million, thank God for the far we have come.

Interest on Deposits

It is said that money doesn't buy happiness, find out for yourself, but I doubt whether poverty will; however, as Christians we should have money in our heads, but not in our hearts."

Given the above earnings, the board requests this AGM to approve a payment of Kshs. 63,000,000.00 as interest on member's deposits. This translates to 9.2% straight line and 9.9% on pro-rata.

month	Jan	Jan	Mar.	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
multiplier	1	.92	.83	.75	.67	.58	.5	.42	.33	.25	.16	.08

This would have been higher if our loan aging was as required, but due to the loan, we provided Kshs. 9 million (which would have been more, but we were granted permission to spread the provision for six years).

N.B. Interest on deposits is earned and paid on Pro-rata basis by active monthly contributors whose money was utilized for the normal operations of the Society. Thus:

- I. A loan in default will affect a member's earnings even when the employer deducted and failed to remit to the society since the Sacco did not use that money to trade, such money will be credited when it is received.
- II. A dormant member with a positive balance will earn (justice requires that any money that a member can claim if they were to withdraw from the society earns the interest).
- III. The January takes into account the balance brought forward and contributions paid in January. The total interest earning is the sum of all the monthly earnings.

Honorarium

It was a tough year as we struggled to comply with registration requirements. I request this noble AGM to appreciate the good work done by the Board and Supervisory with an honorarium of Kshs. 550,000.

Borrowing Powers

Our borrowing powers are at Kshs. 10 million and I propose that they remain so

Budget

Find the attached budget for the year 2023, in the AGM booklet. The new items include.

Approvals

I humbly request the following approvals from this AGM for the smooth running of the society.

- i. That the board pays Kshs. 7 million as dividends on shares.**
- ii. That we create an annual amount from the surplus “and call it the Bonus Share Fund, beginning with Kshs. 1 million for the year under review.**
- iii. That you allow the Board to pay out Kshs. 63,000,000.00 as interest on member’s shares**
- iv. That you appreciate the Board and supervisory with Kshs 550,000 as honorarium.**
- v. That you approve the presented budget for the year 2023.**

Finally save regularly, borrow wisely, and pay promptly.

Rev. Reuben Gitau

Treasurer PC.E.A. Non- WDT Sacco ltd.

APPROVED
for publication and presentation
subject to observations issued

01 APR 2022

SIGN: _____

THE SACCO SOCIETIES REGULATORY AUTHORITY



REPUBLIC OF KENYA

NAIROBI CITY COUNTY

THE SACCO SOCIETY REGULATORY AUTHORITY
RECEIVED
31 MAR 2022
(SASRA)
P.O. Box 25089-00100, NAIROBI

C/S NO 4483

P.C.E.A

**REGULATED NWDT SACCO SOCIETY LTD
ANNUAL REPORT & FINANCIAL
STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2021.**

Ministry of Industry, Trade and Co-operatives,

P.O. Box 40811 – 00100,

Tel. 2731531-9

Fax 2731511/2731507/0730080

Website: www.cooperative.go.ke

NAIROBI

CS/4483

PCEA REGULATED-NWDT SACCO SOCIETY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2021

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CS/NO 4483 PCEA REGULATED-NWDT SACCO SOCIETY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021
SOCIETY INFORMATION

BOARD OF DIRECTORS MEMBERS.

Chairperson	Rev. Alfred Mugendi Kanga
Vice- chairperson	Mr Samuel Gitonga Gacheru
Secretary	Rev. Nellyflossy Kageni Kahura
Treasurer	Rev. Reuben Gitau Nganga
Board member	Rev.Dr John Gicheru Macharia
Board member	Rev. Jennifer Njeri Muchemi
Board member	Mr Peter Kamau Kio
Board member	The Late Rev. Dr. Charles Kibicho Kariuki
Board member	Rev David Muchangi Ndungu

SUPERVISORY COMMITTEE MEMBERS

Chairperson	The Late Mrs. Miriam Wangui Gacoro
Secretary	Rev George Kahuho Ngatia
Member	Rev Festus Kaburu Gitonga

REGISTERED OFFICE

PCEA Head Office
Jitegemea Hse, South c
P.O. Box 27573-00506
Nairobi

PRINCIPLE BANKERS

Co-operative Bank, Langata Rd Branch

AUDITORS

Ministry of Agriculture, Livestock, Fisheries and Co-operatives
P.O. Box 40811-00100
Nairobi

PCEA REGULATED-NWDT SACCO SOCIETY**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2021****REPORT OF THE BOARD OF DIRECTORS.**

The Board of Directors submit their annual report together with the audited financial statements for the year ended 31st Dec 2021.

Incorporation

The society is incorporated in Kenya under the cooperative societies act. cap 490 of 1997 amended 2004 and is domiciled in Kenya.

Principal activity.

The principal activity of the society is receiving savings from and provision of loans to its members.

Results	31.12.2021	31.12.2020
	kshs	kshs
Surplus before tax	14,169,616	7,589,574
Income Tax expense	(1,074,215)	(608,459)
Net Surplus(deficit) after Tax	13,095,401	6,981,115
Retained surplus/Deficit for the year	1,926,321	1,634,892

Board of Directors

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

AUDITORS

Co-operative Audit Nairobi City County were the auditors during the year,

By order of Board of Directors.

Signature..........Date.....31ST MARCH 2022.....
Secretary.

CS/NO 4483 PCEA REGULATED-NWDT SACCO SOCIETY**STATISTICAL INFORMATION AS AT 31ST DECEMBER 2021**

		2021	2020
		<u>KSH</u>	<u>KSH</u>
Membership	Active	2850	2721
	Dormant	858	972
<u>FINANCIAL</u>			
Members Deposits		700,382,172	634,963,713
Core Capital		66,849,319	51,318,438
Statutory Reserve Fund		14,642,436	12,023,356
Current Assets		25,578,358	19,306,408
Current Liabilities		67,878,046	56,008,114
Retained Earnings		17,052,036	15,125,715
Loans Outstanding		686,947,599	627,358,808
Share Capital		28,607,146	20,678,809
Fixed Assets		4,615,013	3,816,656
Revenue		98,994,078	76,104,113
Employees of the Sacco	Male	1	-
	Female	3	3
KEY RATIOS			
Capital Adequacy Ratio			
Core Capital/Total Assets	8%	8%	6%
Core Capital/Total deposits	5%	10%	8%
Retained Earnings& Disclosed reserves/Core Cap	50%	47%	53%
Liquidity Ratios		0.3;1	0.23;1
Total expenses /revenue		21%	15%
Interest on members deposit Rate		9.3%	9%
Total members Deposit /Revenue		60.6%	73.5%
Dividend rate on Members Capital Share		24%	17%
Total Delinquency Loans/Gross loan Portfolio		7%	18%

CS/NO 4483

PCEA REGULATED NWDT SACCO SOCIETY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2021

STATEMENT OF THE BOARD OF DIRECTORS RESPONSIBILITIES

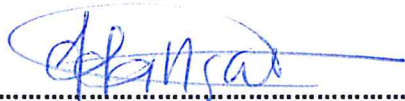
The Co-operative Societies Act Cap 490 requires Board of Directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Society at the end of the financial year and its operating results for that year in accordance with IFRS. It also requires the Board of Directors 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 has been conducted in accordance to its objectives, bylaws and any other resolutions made at the society's general meeting.

The Board of Directors 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 and in a manner required by the Co-operative Societies Act cap 490. The Board of Directors 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 its operating results in accordance with IFRS. The Board of Directors 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 Board of Directors 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 Board of Directors on.....and signed on its behalf by;

Chairman.....



Treasurer.....



Secretary.....



Date.....

31ST MARCH 2022

CS/NO 4483

PCEA REGULATED NWDT SACCO SOCIETY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PCEA CO-OPERATIVE SOCIETY LTD.

Opinion.

We have audited the accompanying financial statements of PCEA Co-operative Society Limited, which comprise the statement of financial position as at 31 December 2021, 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 information

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Sacco Societies Act.

Key Audit Matter.

Key audit matters are those matters that in our professional judgments 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 financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Directors' responsibility for the financial statements

The directors of the Society are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Co-operative Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

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 as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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

**PCEA REGULATED NWDT SACCO SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31.12.2021**

on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

REPORT ON OTHER LEGAL REQUIREMENTS.

As required by the Kenyan cooperative societies Act we report to you that the financial statements are in agreement with the books 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:

(A) In accordance with the provisions of the Cooperative Societies Act.

(B) In accordance with the Co-operatives objectives, by-laws and any other resolutions made by the Society at a general meeting.

For and on behalf of

MINISTRY OF INDUSTRY, TRADE AND CO-OPERATIVES


CPA BETTY C RONO

DEPUTY COUNTY DIRECTOR CO-OP AUDIT

NAIROBI CITY COUNTY.

Date 31/3/2022

PCEA REGULATED-NWDT SACCO SOCIETYSTATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DEC. 2021

<u>INCOME</u>	<u>NOTES</u>	<u>2021</u> <u>KSH</u>	<u>2020</u> <u>KSHS</u>
Interest on Members' Loans		89,740,804	70,185,407
Other Interest Income	3	7,320,029	4,902,929
Total Interest Income		97,060,834	75,088,336
Interest Expense	8b	(64,200,231)	(56,949,086)
		32,860,602	18,139,250
Other Operating Income	4	1,933,245	1,015,777
NET INCOME		34,793,847	19,155,027
<u>EXPENDITURE</u>			
Staff Costs	5	(4,599,348)	(3,274,520)
Administrative Expenses	6	(14,705,153)	(6,078,786)
AGM and Committee Expenses	7	(940,634)	(1,657,390)
Financial Expenses	8a	(379,096)	(554,757)
TOTAL EXPENSES		(20,624,231)	(11,565,453)
Net Surplus Before Taxation		14,169,616	7,589,574
Provision for Taxation	16	(1,074,215)	(608,459)
Net Surplus After Taxation		13,095,401	6,981,115
Provision for Statutory Reserve (20%)		(2,619,080)	(1,396,223)
Surplus for the year available for distribution		10,476,321	5,584,892
Provision for Dividends		(8,000,000)	(3,500,000)
Provision for Honoraria		(550,000)	(450,000)
Transfer to Retained earnings		1,926,321	1,634,892

PCEA REGULATED-NWDT SACCO SOCIETY
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		2021	2020
<u>ASSETS</u>	<u>NOTES</u>	<u>KSH</u>	<u>KSH</u>
<u>CURRENT ASSETS:</u>			
Cash and cash equivalent	10	20,328,518	14,043,249
Trade and other receivables	11	5,249,840	5,263,160
Land	13	6,276,987	6,666,987
Loans to Members	14	686,947,599	627,358,808
Other Financial Assets	9	168,275,451	137,973,898
Property, Plant and Equipment	25	4,615,013	3,816,656
TOTAL ASSETS		891,693,407	795,122,757
<u>LIABILITIES:</u>			
Members Deposits	15	700,382,172	634,963,713
Tax Payable	16	452,701	-
Dividend Payable	17	8,000,006	3,500,018
Trade payables & accrued expenses	18	59,425,339	52,508,096
Interest on Members deposit	22	63,131,568	56,323,048
TOTAL LIABILITIES		831,391,787	747,294,875
<u>SHARE HOLDERS' FUND</u>			
Share Capital	19	28,607,146	20,678,809
Statutory Reserves	20	14,642,436	12,023,356
Retained Earnings	21	17,052,036	15,125,715
TOTAL SHAREHOLDERS' FUND		60,301,618	47,827,880
TOTAL LIABILITIES & SHAREHOLDERS' FUND		891,693,407	795,122,757

The financial statements on pages 6-16 were authorized for issue by the Board of Directors on.....and signed on its behalf by:

.....CHAIRMAN

.....SECRETARY

.....TREASURER

31ST MARCH 2022.....DATE



	SHARE CAPITAL <u>KSHS</u>	STATUTORY RESERVE <u>KSHS</u>	RETAINED EARNINGS <u>KSHS</u>	TOTAL <u>KSHS</u>
As at 1 January 2020	15,511,640	10,627,134	13,481,653	39,620,426
Additions During the Year	5,167,169			5,167,169
Surplus for the year		-	7,589,574	7,589,574
Over accrued tax			56,733	56,733
Provision for VAT (SEE BELOW)			9,170	9,170
Provision for Tax			(608,459)	(608,459)
Transfer to Statutory Reserve	-	1,396,223	(1,396,223)	-
Provision for Honoraria			(450,000)	(450,000)
Provision for Dividends			(3,500,000)	(3,500,000)
As at 31 December 2020	20,678,809	12,023,356	15,182,448	47,884,613
As at 1 January 2021	20,678,809	12,023,356	15,182,448	47,884,613
Additions During the Year	7,928,337			7,928,337
Surplus for the year		-	14,169,616	14,169,616
Over accrued tax			-	-
Provision for Tax			(1,074,215)	(1,074,215)
Transfer to Statutory Reserve		2,619,080	(2,619,080)	-
Provision for Honoraria	-		(550,000)	(550,000)
Provision for Dividends			(8,000,000)	(8,000,000)
As at 31 December 2021	28,607,146	14,642,436	17,117,939	60,367,521

PCEA REGULATED-NWDT SACCO SOCIETY**CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	KSH	KSH
<u>CASHFLOW FROM OPERATING ACTIVITIES</u>		
Interest Receipts	89,740,804	70,185,407
Other Operating Income	1,613,100	690,412
Interest Payment	(56,191,480)	(51,682,535)
Interest Expense	(1,200,231)	(949,086)
Payments to Employees and Suppliers	(10,905,123)	(7,032,620)
Cashflow from Operating Before Working Capital Changes	23,057,071	11,211,579
<u>Increase/Decrease in Operating Assets</u>		
Loans To Members	(82,843,861)	6,535,687
Land	390,000	-
Increase/Decrease in accounts receivable	(124,263)	767,830
Net Decrease in Operating Assets	(82,578,124)	7,303,517
<u>Increase / (Decrease) in Operating Liabilities</u>		
Deposits From Members	65,418,460	90,928,963
Increase/(Decrease) in Accounts Payable	6,145,334	(1,670,078)
Net Increase in Operating Liabilities	71,563,795	89,258,886
<u>Net Cashflow from Operating Activities Before Income Taxes</u>		
Income Tax Paid	(483,931)	(955,199)
Net Cashflow from Operating Activities	11,558,811	106,818,783
<u>Cash Flow From Investing Activities</u>		
Purchase / Sale of Investments Securities	(30,301,553)	(103,750,939)
Purchase of Non Current Assets	(1,272,455)	(99,100)
Interest Received	7,320,029	4,902,929
Dividends Received	320,145	325,365
Net Cashflow From Investing Activities	(23,933,868)	(98,621,745)
<u>Cashflow From Financing Activities</u>		
Dividends paid	(3,500,012)	(3,499,982)
Share Capital Contributions	7,928,337	5,167,169
Net Cashflow From Financing Activities	4,428,325	1,667,187
Net (Decrease)/Increase in Cash and Cash Equivalent	(7,946,732)	9,864,226
Cash and Cash Equivalent at the Beginning of the Year	28,275,250	18,411,024
Cash and Cash Equivalents at the End of the Year	20,328,518	28,275,250

C/S NO 4483 PCE, PCEA REGULATED-NWDT SACCO SOCIETY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC 2021

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED ON 31ST DEC 2021

NOTE 1

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set below:

(a) Statement of compliance & basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards. Financial statements are presented in the functional currency, Kenya Shillings (Kshs) and prepared under historical cost convention, as modified by revaluation of certain assets as prescribed by IFRSs.

(b) Revenue recognition

Income was derived from interest on members deposits.

(c) Statutory Reserves.

Transfers are made to the statutory reserves fund at a rate of 20% of net operating surplus after tax provision of section 47 (1&2) of the cooperative societies act Cap 490.

(d) 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.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash.

(f) Accounting period

Accounts have been done for 12 Months.

(g) Operating lease Arrangements.

Property rental expenses during the period amounted to Kshs. 60,000/=.

At the balance sheet date, the society had contracted with the landlord for the following future lease payables.

Within One Year

Within Two to Five Years

Operating lease payments represents rent paid by the Society for its premises.

(h) Legal Status.

The Society is registered under the Co-operative Societies Act 1997.

(i) Currency.

These Financial Statements are presented in Kenya Shillings. (KSHS)

(J) Property plant and equipment

All property, plant & equipment are initially recorded at cost. All other property depreciation is calculated using reducing balance method to write down the cost of each asset.

Rate

Furnitures , fittings	12.5%
Computers	30%
Software	33%

PCEA REGULATED-NWDT SACCO SOCIETY
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. PROPERTY, PLANT AND EQUIPMENT

<u>COST</u>	<u>LAND</u>	<u>FURNITURE</u>	<u>COMPUTERS</u>	<u>SOFTWARE</u>	<u>TOTALS</u>
At 31 December 2020	2,836,420	764,624	1,333,445	1,420,894	6,355,383
Additions	-	793,115	479,340	-	1,272,455
Disposals					
At 31 December 2021	2,836,420	1,557,739	1,812,785	1,420,894	7,627,838
<u>DEPRECIATION</u>		<u>12.5%</u>	<u>30%</u>	<u>30%</u>	
At 31 December 2020	-	405,125	1,099,411	1,034,190	2,538,726
Charge for the Year	-	144,077	214,012	116,011	474,099
At 31 December 2021	-	549,202	1,313,423	1,150,201	3,012,825
<u>NET BOOK VALUE</u>					
At 31 December 2020	2,836,420	359,499	234,034	386,704	3,816,656
At 31 December 2021	2,836,420	1,008,537	499,362	270,693	4,615,013

PCEA REGULATED-NWDT SACCO SOCIETY
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

3. OTHER INTEREST INCOME:

Interest on Fixed Deposits (Wana Anga)
Interest from investment in money market pole mshirika
Interest from investment in money market

2021	2020
KSH	KSH
158,595	409,691
-	78,555
7,161,434	4,414,683
7,320,029	4,902,929

4. OTHER OPERATING INCOME:

Co-op Bank Dividends
Dividends from Safaricom
Dividends KUSCCO
SMS INCOME
Withdrawal Fees
Entrance Fee
EFT Bank Commission
Loan Processing fee
Income on share boast

314,731	319,646
5,007	5,719
407	-
120	-
66,000	41,000
342,684	235,592
170,550	62,620
983,770	340,800
49,976	10,400
1,933,245	1,015,777

5. STAFF COSTS:

Salaries and Wages
Pension
Medical Expenses
Staff Christmas Token
NSSF
Leave Allowance
Staff Training
WIBA

3,611,812	2,459,300
215,065	236,570
360,569	213,130
180,000	100,000
21,120	25,920
35,000	35,000
142,500	184,900
33,282	19,700
4,599,348	3,274,520

6. ADMINISTRATIVE EXPENSES:

SASRA Authorization and preparation
Printing and Stationery
SMS charges
Rent
Postage and Telephone
Donations
Software Installation and Maintenance
Depreciation/Amortization
Travelling Expenses
Office Expenses
Typing Services and Photocopy
Members Education
Legal Fees
Insurance on assets
Provision for Loan Loss
Gratuity Expense
Public relations advertisement and marketing
consultancy fees
Strategic plan
AGM Expenses
Management Training

374,580	-
328,050	53,974
112,000	-
60,000	60,000
39,020	23,800
60,000	100,400
165,000	159,500
474,130	140,033
942,492	754,730
45,043	55,467
21,365	21,740
545,450	494,790
1,000	-
21,214	9,352
9,023,070	4,000,000
142,508	-
282,600	205,000
46,200	-
342,700	-
1,177,631	-
501,100	-
14,705,153	6,078,786

PCEA REGULATED-NWDT SACCO SOCIETY
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

7. BOARD EXPENSES:	2021 KSH	2020 KSH
Sitting Allowances:		
Alfred Mugendi Kanga	128,500	101,260
Samuel Gacheru Gitonga	173,580	125,400
Reuben Gitau Nganga	167,120	159,760
Nellyfossy Kageni Kahura	151,260	118,330
John Gicheru Macharia	55,504	67,590
Jennifer Njeri Muchemi	45,770	59,210
Peter Kamau Kio	45,770	52,920
David Ndungu Muchangi	47,760	59,210
Charles kariuki Kibicho	25,870	82,920
Festus Kaburu Gitonga	39,800	34,990
George Kahuho Ngatia	29,850	37,080
Miriam Wangui Gacoro	29,850	37,080
	940,634	1,657,390

8a. FINANCIAL EXPENSES:

Bank Charges and Commission	299,696	367,441
M-Pesa Charges	-	103,382
CRB	-	4,534
Audit Fees	72,000	72,000
Supervision Fees (10% of 72,000)	7,200	7,200
Recoverable Expenses	200	200
	379,096	554,757

8b Interest Expense

Interest on members deposits	63,000,000	56,000,000
Interest on fixed deposits	1,200,231	949,086
Total	64,200,231	56,949,086

9.EQUITY & FINANCIAL INVESTMENTS:

Equity Investment	No. of Shares		
Co-operative Bank of Kenya	124,131	249,400	249,400
KUSCO	22	22,000	22,000
Co-operative Insurance Company-Investment	568,500	614,250	614,250
SMEP DTM Shares(Shares 7000)	7,000	66,000	66,000
Safaricom Shares	4,300	21,530	21,530
Financial Investments			
CIC Pole Mshirika		874,131	800,264
Treasury bonds		55,000,000	43,879,897
CIC Money market		111,428,140	92,320,557
		168,275,451	137,973,898

CIC Money market Movement		
Balance brought forward	92,320,557	32,528,070
Additions during the year	98,222,708	111,030,351
Withdrawals during the year	(80,000,000)	(15,000,000.0)
Transferred to Benevolent fund	(6,276,559)	(40,652,547.0)
Interest earned from CIC	7,161,434	4,414,683
Balance c/f	111,428,140	92,320,557

CIC Money market Pole Mshirika movement

Balance brought forward	800,264	721,709
Interest earned from CIC	73,867	78,555
Balance c/f	874,131	800,264

10. Cash and cash equivalent

Savings Co-operative Bank (Insurance)	284,998	284,998
Current Account-Co-operative bank (Reconciled)	11,508,765	7,558,110
Mpesa bulk payment account	128,891	60,558
Petty Cash (Verified)	1,897	220
SMEP DTM Hazina plus account	21,074	21,074
MPESA Account	4,228,277	2,122,268
Fixed Deposits-Wana-Anga	4,154,615	3,996,020
	20,328,518	14,043,249

PCEA REGULATED-NWDT SACCO SOCIETY
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

11. Trade and other receivables

	<u>2021</u>	<u>2020</u>
	KSH	KSH
Unremitted Contributions (See Schedule below)	4,722,541	4,787,839
Rent Prepaid	36,738	96,738
Staff medical prepayments (Jan-Sep 2021)	290,711	208,000
PCEA Housing	33,000	33,000
Interest receivable from Treasury bonds	166,850	-
Prepaid Tax	-	137,583
	<u>5,249,840</u>	<u>5,263,160</u>

The unremitted contributions comprises amounts due from PCEA Head Office,
 Presbyteries, Parishes and Institutions.

13,320

12. UNREMITTED CONTRIBUTIONS AS ABOVE

PCEA Head Office	4,084,224	4,149,517
PCEA Nakuru Presbytery	242,729	242,731
PCEA Imenti North Presbytery	78,339	78,339
PCEA Uthiru Church	1,800	1,800
PCEA Elburgon Presbytery	26,415	26,415
PCEA Eastleigh Parish	2,000	2,000
PCEA Nyamachaki	8,600	8,600
PCEA Chogoria Presbytery	22,975	22,975
PCEA Murang'a Presbytery	132,085	132,085
PCEA Chogoria South	36,546	36,546
Kikuyu Township	3,911	3,912
Kieni West Presbytery	82,917	82,917
	<u>4,722,541</u>	<u>4,787,837</u>

13. SACCO LANDS:

Thika Land-(Held in Trusteeship)	66,987	66,987
Ruai KBC Land	6,210,000	6,600,000
Balance carried forward	<u>6,276,987</u>	<u>6,666,987</u>

14. LOANS TO MEMBERS:

Balance brought forward	641,590,808	633,894,494
Grants During the Year	456,096,693	250,634,400
Loan Repayments	(388,468,620)	(242,938,087)
Loan Provisioning	(22,271,282)	(14,232,000)
Balance as per control account	<u>686,947,599</u>	<u>627,358,808</u>
Balance as per members listing	<u>686,947,599</u>	<u>627,358,808</u>

PCEA REGULATED-NWDT SACCO SOCIETY
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

Loan Aging	2021	2020
1 Original/ Un-negotiated Loans	KSH	KSH
Performing-1% 0 days	5,036,151.47	3,281,513.58
Watch-5% 1-30 Days	3,345,012.65	4,325,037.82
Substandard-25% 31-180 Days	7,521,134.86	14,179,764.00
Doubtful-50% 181-360 Days	5,667,275.99	14,138,153.06
Loss-100% >360 days	31,363,292.76	65,046,741.84
0 Rescheduled/ Reegotiated Loans	52,932,867.72	100,971,210.29
Performing-1% 0 days	545,043.20	359,618.82
Watch-5% 1-30 Days	284,949.31	1,162,767.17
Substandard-25% 31-180 Days	903,474.90	3,316,057.31
Doubtful-50% 181-360 Days	798,409.67	225,000.00
Loss-100% >360 days	547,070.00	3,965,132.93
	3,078,947.08	9,028,576.24
	56,011,814.80	109,999,786.52

Loan Provisioning Movement

Balance B/F	14,232,000	10,232,000
Provision for year	9,023,070	4,000,000
Written off during the year	(983,788)	-
Balance Carried down	22,271,282	14,232,000

Related Party Transactions

Insider Loans

Balance B/F	16,271,938	13,011,417
Additions	10,643,000	9,385,600
Loan Repayment	(16,857,212)	(6,125,079)
Bal C/D	10,057,726	16,271,938

Note;The Society notes that there is loan under provisioning as a result of many of our members losing their source of income due to the COVID-19 effects,thus unable to meet their Sacco Obligations.

However, the Society Endeavours to provide full Provision in the years to come

PCEA REGULATED-NWDT SACCO SOCIETY
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	2021	2020
	KSH	KSH
15. MEMBERS DEPOSIT:		
Balance brought forward-BOSA	623,140,357	544,034,749
Members Fixed Deposits	19,313,501	11,823,356
Adjustment For withdrawable deposits	5,000	5,000
Contributions During the Year	57,923,314	79,100,608
Balance as per control account	700,382,172	634,963,713
Balance as per members listing	700,382,172	634,963,713
Unreconciled Difference		

16. TAX PAYABLE

Interest Income	7,161,434	4,493,238
	7,161,434	4,493,238
Actual Taxable Amount (50%)	3,580,717	2,246,619
Tax Charged thereon at 25% by 7/12	-	327,632
Tax Charged thereon at 30% by 5/12	1,074,215	280,827
Balance B/F	(137,583)	209,157
Less paid at source	(483,931)	(955,199)
Net Tax	452,701	(137,583)

17. DIVIDEND PAYABLE

Balance Brought Forward	3,500,018	3,500,000
Proposed during the year	8,000,000	3,500,000
Dividend Paid during the Year	(3,500,012)	(3,499,982)
Balance Carried Forward	8,000,006	3,500,018

18. TRADE PAYABLES & ACCRUED EXPENSES

Honorarium	550,000	450,000
Audit fees	72,000	72,000
Commissioner of Co-operative	7,400	7,400
Unspecified bankings	5,301,050	3,978,443
Members Fixed deposits		
Savings in KUSCO	27,600	27,600
Benevolent Fund (See Movement below)	49,489,596	43,879,897
Ruai Land payables to PCEA Sacco	-	1,522,984
CIC Members Shares	337,500	337,500
Parish December unremittances	919,687	548,002
Pole Mshirika Welfare	1,186,829	1,330,463
Gratuity for Year 2021 accrual	142,508	-
m-banking account	54,311	49,578
Provision for Loan Loss	-	-
mobile deposits control	182,321	-
CIC member insurances	1,022,243	-
Staff accruals (STATUTORY DEDUCTIONS)	132,293	238,335
Administrative accruals (MEETING EXPENSE AND STATIONERY)	-	65,895
	59,425,339	52,508,096

PCEA REGULATED-NWDT SACCO SOCIETY
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	2021	2020
	<u>KSH</u>	<u>KSH</u>
<u>Benevolent Fund Movement</u>		
Balance brought forward	43,879,897	38,535,832
Contributions during the year	9,672,993	5,485,811
Interest earned from investment	2,437,799	3,227,350
Deceased members during the year	(6,501,094)	(3,369,096)
Balance carried forward	<u>49,489,596</u>	<u>43,879,897</u>
 <u>19. SHARE CAPITAL</u>		
Balance brought forward	20,678,809	15,511,640
Additions during the year	7,928,337	5,167,169
Balance carried forward	<u>28,607,146</u>	<u>20,678,809</u>
 <u>20. STATUTORY RESERVE</u>		
Balance brought forward	12,023,356	10,627,134
Additions during the Year	2,619,080	1,396,223
Balance carried forward	<u>14,642,436</u>	<u>12,023,356</u>
 <u>21. RETAINED EARNINGS:</u>		
Balance Brought Forward	15,125,715	13,481,653
Surplus for the Year	1,926,321	1,644,062
Balance Carried Forward	<u>17,052,036</u>	<u>15,125,715</u>
 <u>22. INTEREST ON MEMBERS DEPOSITS</u>		
Balance brought forward	56,323,048	52,005,583
Additions During the Year	63,000,000	56,000,000
Payments During the Year	(56,191,480)	(51,682,535)
Balance carried forward	<u>63,131,568</u>	<u>56,323,048</u>

24. BUDGET

The Society's expenses were within the approved budget.

BUDGET 2023

INCOME	BUDGET 2023	BUDGET 2022	SUPPLEMENT	BUDGET 2021	SUPPLEMENT		ACTUAL 2021	VARIANCE	% INCREAS/DECREASE
Interest From Loans Bosa	100,000,000	75,000,000	5,000,000	65,000,000	5,000,000	70,000,000	89,740,804	19,740,804	28.20
Bank Interest	-	-	-	5,000		5,000	-	5,000	100.00
Penalties on Outstanding Loans	200,000	200,000	-	200,000		200,000	-	200,000	100.00
Withdrawal Fees	50,000	50,000	-	50,000		50,000	66,000	16,000	32.00
Entrance Fees	350,000	350,000	-	350,000		350,000	342,684	7,316	2.09
Shares Income	400,000	400,000	-	300,000	50,000	350,000	320,145	29,855	8.53
penalties on late payment	-	200,000	-	-		-	-	-	
Bad Debts Recovered	200,000	200,000	-	30,000	70,000	100,000	-	100,000	100.00
EFT Commission	300,000	300,000	-	300,000		300,000	170,550	129,450	43.15
Loan processing fee	500,000	500,000	-	500,000		500,000	983,770	483,770	96.75
Interest on Fixed Deposit Wana-Anga	600,000	600,000	-	300,000	200,000	500,000	158,595	341,405	68.28
Interest from investment in money market CIC	6,500,000	6,000,000	-	2,400,000	2,600,000	5,000,000	7,161,434	2,161,434	43.23
Income on shares boost	50,000	50,000	-	500,000		500,000	49,976	450,024	90.00
kentainers income	20,000	20,000	-	5,000	10,000	15,000	-	15,000	100.00
TOTAL	109,170,000.00	83,870,000.00	5,000,000.00	69,940,000.00	7,930,000	77,870,000	98,993,958	21,123,958	27.13
EXPENDITURE									
Office Running Expenses	150,000	150,000		100,000		100,000	45,043	54,957	54.96
Printing And Stationary	300,000	200,000	100,000	200,000		200,000	328,050	128,050	64.03
SASRA APPLICATION FEE(ONE OFF)		-	-		3,000	3,000	-	-	-
SASRA AUTHORIZATION FEE (ONE OFF)		-	-		50,000	50,000	-	-	-
SASRA ANNUAL AUTHORIZATION FEE	50,000	50,000		30,000		30,000	30,000	-	-
SASRA PREPARATION		150,000			300,000	300,000	291,580	8,420	2.81
SASRA LEVY	1,250,000		1,030,000				-	-	
SMS CHARGES	150,000		150,000				112,000	112,000	
Legal Fees	150,000	150,000		100,000		100,000	1,000	99,000	99.00
Leave Allowance	125,000	125,000		105,000		105,000	35,000	70,000	66.67
Staff Salaries	5,000,000	5,000,000		4,800,000		4,800,000	3,611,812	1,188,188	24.75
Pension	450,000	420,000		320,000		320,000	215,065	104,935	32.79
Staff Medical-in-patient	500,000	400,000		250,000	70,000	320,000	210,569	109,431	34.20
Staff medical-out Patient	400,000	350,000		300,000	20,000	320,000	150,000	170,000	53.13
Management insurance & WIBA	80,000	70,000		50,000		50,000	33,282	16,718	33.44
Meeting Expenses	800,000	750,000		650,000		650,000	698,234	48,234	7.42
Sitting Allowances	850,000	850,000		650,000		650,000	242,400	407,600	62.71
Travel Expenses	1,200,000	1,000,000		800,000		800,000	942,492	142,492	17.81
Members Education	1,200,000	1,000,000		800,000		800,000	545,450	254,550	31.82
Marketing	1,000,000	800,000		600,000		600,000	282,600	317,400	52.90
Staff Education	450,000	350,000		250,000		250,000	142,500	107,500	43.00
Board Members Education	800,000	600,000		400,000		400,000	501,100	101,100	25.28
Audit fee	150,000	150,000		150,000		150,000	79,400	70,600	47.07
Bank charges/service fee applied	400,000	400,000		400,000		400,000	299,696	100,304	25.08
Ushirika day	150,000	150,000		100,000		100,000	-	100,000	100.00
Annual general meeting	2,500,000	2,500,000		2,000,000		2,000,000	117,631	1,882,369	94.12
Postage and telephone	250,000	200,000		150,000		150,000	39,020	110,980	73.99
internet services	200,000	200,000		200,000		200,000	-	200,000	100.00
Office rent	150,000	150,000		150,000		150,000	60,000	90,000	60.00
Donations/subscriptions	200,000	200,000		200,000		200,000	60,000	140,000	70.00
Computer/Software maintainance	300,000	300,000		300,000		300,000	165,000	135,000	45.00
Photocopying	70,000	70,000		70,000		70,000	21,365	48,635	69.48
Miscellaneous/Disbursements	40,000	40,000		40,000		40,000	-	40,000	100.00
NSSF	100,000	80,000		80,000		80,000	21,120	58,880	73.60
Tax/VAT/Professional fees	400,000	400,000		300,000	100,000	400,000	46,200	353,800	88.45
Strategic plan	300,000	300,000		300,000		300,000	342,700	42,700	14.23
Staff Christmas token	250,000	200,000		200,000		200,000	180,000	20,000	10.00
Other expenses	100,000	100,000		100,000		100,000	-	100,000	100.00
Gratuity	450,000	450,000		450,000		450,000	142,508	307,492	68.33
CRB	200,000	200,000		200,000		200,000	-	200,000	100.00
TOTAL	21,115,000.00	18,505,000.00	1,280,000.00	15,795,000.00	543,000.00	16,338,000	10,045,817	6,292,183	38.51
SURPLUS/DEFICIT	88,055,000.00	65,365,000.00	3,720,000.00	54,145,000.00	7,387,000.00	61,532,000	88,948,141	27,416,141	44.56
CAPITAL EXPENDITURE									
Furniture	500,000	500,000		300,000	100,000	400,000	190,000	210,000	52.50
Office partitioning	200,000	-		200,000	300,000	500,000	603,115	103,115	20.62
Office maintenance	100,000	100,000				-	-	-	
asset insurance	100,000	100,000		50,000		50,000	21,214	28,786	57.57
Computers	400,000	400,000		400,000	300,000	700,000	49,340	650,660	92.95
Printer	300,000	300,000		200,000	100,000	300,000	-	300,000	100.00