SIMCORP SAVINGS AND CREDIT CO-PERATIVE SOCIETY LIMITED

CS/19559

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

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Opinion

We have audited the financial statements of Simcorp Savings and Credit Co-Operative Society Limited, set out on pages 8 to 20, which comprise the statement of financial position as at 31 December 2018, and the statements of comprehensive income, statement of changes in equity, statement of cash flows for the financial year then ended, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements presents fairly, in all material respects, the financial position of the Company as at 31 December 2018 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 Co-operative Societies Act (Cap 490).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Other information

The directors are responsible for the other information. Other information comprises the Directors Report and the financial and statistical information which we obtained prior to the date of this auditor's report, and the chairman's report, supervisory committee report which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read other reports expected to be made available to us after the date of the independent auditor's report, if we conclude there is a material misstatements therein, we are required to communicate the matter to those charged with governance.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of Kenyan Companies Act, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

i) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

ii) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

iii) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

iv) conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.

v) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the Key audit matters. We describe these matters in our report of the independent auditor unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

As required by the Co-operative Societies Act (Cap 490), we report to you that the financial statements are in agreement with the books of account kept by the society and that, based on our audit, nothing has come to our attention that causes us to believe that the society's business has not been conducted:

i) in accordance with the provisions of the Co-operative Societies Act (Cap 490);

ii) in accordance with the Co-operative Society's objectives, by-laws and any other resolutions made by the society at a General Meeting;

iii) the society's statement of financial position and statement of income and statement of changes in equity are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this report of the independent auditor is CPA Patrick Mwirigi P/No. 2137.

MPK & Associates
Certified Public Accountants
Nairobi

17/4 2019

MPK & Associates Certified Public Accountants P.O Box 1019 - 00618, Nairobi

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2018 Kshs.	2017 Kshs.
Revenue			
Interest income on loans and advances	2	13,081,262	7,934,843
Interest rebate on member deposits		(6,241,403)	(3,681,813)
Net interest income		**6,839,859**	**4,253,030**
Net fees and commission income	3	2,063,000	1,333,310
Impairment charges on loans and advances	4	(3,126,086)	(2,219,602)
Total Income		**5,776,773**	**3,366,738**
Expenses			
Administrative expenses	5a	(2,562,335)	(920,427)
Governance expenses	5d	(1,075,840)	(617,401)
Total Expenses		**(3,638,175)**	**(1,537,828)**
Surplus before income tax		**2,138,598**	**1,828,910**
Income tax expense	7	-	-
Surplus for the year		**2,138,598**	**1,828,910**

STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2018 KShs	At 31 December 2017 KShs
Non-Current Assets			
Accounting software	6a	400,000	600,000
Computer Equipment	6b	56,840	-
Total Non-Current Assets		**456,840**	**600,000**
Current Assets			
Cash and cash equivalent	8	168,296	145,686
Trade and other Receivables	9	4,201,536	-
Loans and advances	10	85,814,070	69,640,670
		90,183,902	**69,786,356**
Total assets		**90,640,742**	**70,386,356**
Liabilities			
Member deposits	11	73,241,176	52,442,745
Trade and other payables	12	471,930	443,930
Provision for Interest rebate		6,714,599	3,681,813
Proposed dividend		180,800	-
Provision for honoraria		200,000	150,000
Total liabilities		**80,808,505**	**56,718,488**
Equity			
Share capital		1,808,000	1,668,000
Statutory reserve		793,502	365,782
Retained earnings		7,230,735	11,634,086
Total equity		**9,832,237**	**13,667,868**
Total equity and liabilities		**90,640,742**	**70,386,356**

The financial statements on pages 8 to 20 were approved and authorised for issue by the Management Committee on ....17/4.....2019 and were signed on its behalf by:

Chairman ____________ **Treasurer** ____________ **Board Member** ____________

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017	**Share Capital KShs**	**Statutory Reserve KShs**	**Retained earnings KShs**	**Total KShs**
At start of year	-	-	10,320,959	10,320,959
Additions during the year	1,668,000	-	-	1,668,000
Surplus for the year	-	-	1,828,910	1,828,910
Transfers during the year	-	365,782	(365,782)	-
Proposed honorarium	-	-	(150,000)	(150,000)
At end of year	**1,668,000**	**365,782**	**11,634,086**	**13,667,868**

Year ended 31 December 2018	**Share Capital KShs**	**Statutory Reserve KShs**	**Retained earnings KShs**	**Total KShs**
At start of year	**1,668,000**	**365,782**	**11,634,086**	**13,667,868**
Prior year adjustment	-	-	(5,733,429)	(5,733,429)
As restated	**1,668,000**	**365,782**	**5,900,657**	**7,934,439**
Additions during the year	140,000	-	-	140,000
Surplus for the year	-	-	2,138,598	2,138,598
Transfers during the year	-	427,720	(427,720)	-
Proposed dividend	-	-	(180,800)	(180,800)
Proposed honoraria	-	-	(200,000)	(200,000)
At end of year	**1,808,000**	**793,502**	**7,230,735**	**9,832,237**

STATEMENT OF CASH FLOWS

	Notes	2018 KShs	2017 KShs
Cash flows from operating activities			
Interest receipts on loans		13,081,262	7,934,843
Other income		2,063,000	1,333,310
Payment to employees and suppliers		(3,335,815)	(1,287,828)
Ex-gratia payment		-	(2,758,135)
Cash flow from operations		**11,808,447**	**5,222,190**
Increase/(decrease) in operating assets and liabilities			
Loans to members		(16,173,400)	(69,640,670)
Trade and other receivables		(4,201,536)	-
Increase in receivable ~~provision~~		(3,126,086)	
Increase in trade and other payables		(50,000)	393,930
Payment of honoraria		(150,000)	-
Payment for interest rebate on members deposits		(3,208,617)	-
Net cash from operating activities before income taxes		**(26,809,639)**	**(69,246,740)**
Income tax paid		-	-
Net cash generated from / (used in) operating activities		**(15,105.002)**	**(64,024,550)**
Investing activities			
Purchase of intangible assets		-	(600,000)
Purchase of Computer		(81,200)	-
Net cash generated from / (used in) investing activities		**(81,200)**	**(600,000)**
Financing activities			
Increase in share capital	11	140,000	1,668,000
Grant from Welfare Association/prior Adjustment		**(5,733,429)	10,659,491
Movement in member deposits		20,798,432	52,442,745
Dividends paid		-	-
Net cash generated from / (used in) financing activities		**15,205,003**	**64,770,236**
Increase/(decrease) in cash and cash equivalents		**22,610**	**145,686**
Movement in cash and cash equivalent			
At start of year		145,686	-
Increase/(decrease) in cash and cash equivalents		22,610	145,686
At end of year	7	**168,296**	**145,686**

****Note:** Prior year adjustment refers to amount offset from the over disbursed Kshs 10,659,491 Grant due Welfare Society.

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

The financial statement have been prepared in accordance with International Financial Reporting Standard (IFRS) and IFRS Interpretations Committee (IFRIC) applicable to societies reporting under IFRS. The financial statements comprise a profit and loss account (income statement), balance sheet (statement of financial position), statement of changes in equity, statement of cash flows, and notes. Income and expenses are recognised in the statement of comprehensive income and comprises items of income and expense. Transactions with the owners of the company in their capacity as owners are recognised in the statement of changes in equity.

Going concern

The financial performance of the society is set out in the Director's report and in the statement of profit or loss. The financial position of the society is set out in the statement of financial position.

Based on the financial performance and position of the society and its risk management policies, the directors are of the opinion that the society is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

These financial statements comply with the requirements of the Co-operative Society Act, Cap 490.The statement of profit or loss represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Basis of measurement

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below:

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Society using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

b) Critical estimates and judgements

In the application of the accounting policies, the directors are required to make the judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Critical estimates and judgements (continued)

Impairment losses on loans and advances

The society reviews its loan portfolios to assess impairment at least on a regular basis. In determining whether an impairment loss should be recorded in profit or loss, the society makes judgements as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a society or national or local economic conditions that correlate with defaults on assets in the society. The directors use estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between.

Useful lives of property, plant and equipment

Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During then financial year, the directors determined no significant changes in the useful lives and residual values.

c) Revenue recognition

Interest income and expense

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the society estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fee and commission income

Fees and commission income, including account servicing fees, sales commission and custody fees are generally recognised on an accrual basis when the service has been provided.

(d) Property, plant and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation (except as stated below). Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Freehold and leasehold land and buildings are subsequently shown at market value, based on periodic valuations less subsequent depreciation.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

(d) Property, plant and equipment (continued)

Increases in the carrying amount arising on revaluation are credited to other comprehensive income except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to profit or loss.

Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the retained earnings to revaluation reserve.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the society and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Freehold land is not depreciated. Leasehold land is depreciated over the remaining period of the lease.

Depreciation on all other assets is calculated on the straight-line method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	Rate (%)
Buildings	2.5%
Motor vehicles	25.0%
Furniture, fittings and office equipment	12.5%
Computer equipment	30.0%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

e) Intangible assets (continued)

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the society, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development staff costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives which are estimated to be 5 years.

f) Impairment of non-financial assets and intangible assets

At the end of each reporting period, the society reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

g) Inventories

Inventories and consumables are stated at the lower of cost and net realisable value. Cost is determined by the weighted average basis and comprises all costs attributable to bringing the inventories to their current location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the selling expenses.

h) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and cash in the bank.

i) Share capital

Member interest are classified as equity where the entity has an unconditional right to refuse redemption of the members' shares. Provisions in the Act, regulations or the Sacco by-laws impose unconditional prohibitions on the redemption of members' shares.

j) Reserves

Statutory reserve

Transfers are made to the statutory reserve fund at a rate of 20% of net operating surplus after tax in compliance with the provision of section 47 (1& 2) of the Co-operative Societies Act, Cap 490.

j) Reserves (continued)

Regulatory reserve

Where impairment losses required by legislation or regulation exceed those calculated under International Financial Reporting Standards (IFRSs), the excess is recognised as a regulatory credit risk and accounted for as an appropriation of retained profit. These reserves are not distributable.

k) Dividends

Proposed dividends are disclosed as a separate component of equity until declared. Dividends are recognised as a liability in the period in which they are approved by the society's shareholders.

l) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary timing differences can be utilised.

For the purposes of measuring deferred tax liabilities and deferred tax asset for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recoverable entirely through sale unless presumption is rebutted. The presumption is rebutted when the investment property is depreciable and held within a business model whose objective is to consume substantially all its economic benefits embodied in it over time rather than through sale.

m) Provisions

Provisions for restructuring costs and legal claims are recognised when the society has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions for future operating losses are not recognised.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

n) Employee entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

o) Comparatives

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Interest income

	2018 KShs	2017 KShs
Interest on normal loans to members	13,081,262	7,934,843
	13,081,262	**7,934,843**

3. Other income

Net fee and commission income

	2018 KShs	2017 KShs
Fee and commission income		
– Loan processing fees	520,000	556,710
– Loan offset fees	389,000	494,000
– Membership fees	24,000	134,000
– Insurance income	1,130,000	148,600
Total fee and commission income	**2,063,000**	**1,333,310**
Fee and commission expense		
– Inter-bank transaction fee	-	-
– Other	-	-
Total fee and commission expense	-	-
Net fee and commission expense	**2,063,000**	**1,333,310**

Net fee and commission income represents transaction income as stipulated in the Sacco Societies Act No. 14 of 2008

4. Provision for bad and doubtful debts

Loans amounting to Kshs 3,126,086 (2017: Kshs. 2,219,602) are doubtful and have been provided for in these financial statements. *See also note 10.*

5. Operating surplus before tax

The following items have been charged in arriving at net operating surplus before tax:

a) Administration expenses

	2018 KShs	2017 KShs
Amortisation of accounting software	200,000	200,000
Depreciation on computer equipment	24,360	-
Business licenses and permits	-	3,000
Printing and stationery	-	12,528
Support and maintenance for accounting software	138,206	82,880
Website development	-	60,000
Auditors' remuneration	78,000	50,000
Bank charges	119,184	17,526
Insurance Expenses	572,405	-
Staff costs	1,430,180	494,493
	2,562,335	**920,427**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Taxation

	2018 KShs	2017 KShs
Current tax	-	-
Deferred tax charge/(credit)	-	-
(Over)/under provision in prior years on:		
– Current tax	-	-
– Deferred tax	-	-
Tax charge/(credit)	-	-

8. Cash and cash equivalents

	2018 KShs	2017 KShs
Standard chartered bank	1,093	20,313
Co-operative bank of Kenya	69,254	125,373
MPESA - Paybill	97,949	-
Cash at bank and in hand	**168,296**	**145,686**

9. Trade and other receivables

	2018 Kshs	2017 KShs
Sacco Member Deductions Receivable	8,618,142	-
Un-cleared cheques account	(4,416,606)	-
Trade receivables	**4,201,536**	-
Allowance for Impairment losses	-	-
Trade and other receivables	**4,201,536**	-

10. Loans and advances to members

10(a) Movement in Loans to Members	KShs	KShs
At start of year	69,640,670	56,743,984
Advanced during the year	87,406,166	84,964,290
Repayments during the year	(65,887,078)	(69,848,002)
Provision for bad and doubtful debts	(5,345,688)	(2,219,602)
At end of year	**85,814,070**	**69,640,670**

10(b) Movement in the allowance for doubtful debts

	2018 KShs	2017 KShs
Balance as at 1st January	2,219,602	-
Provision for Doubtful debts	3,126,086	2,219,602
Amounts recovered during the year	-	-
Balance as at 31st December	**5,345,688**	**2,219,602**

The Loan book is inclusive of specific impaired loans which relate to past loans that have remained unrecovered and for which provisions for impairment has been made during the period. The ability to recover these loans is greatly in doubt as it is the directors' best judgement to make a provision on the doubtful discounted loan balances based on probability of default as per IFRS 9.
The assumption made is that the member deposits are the first charge against the defaulted loans. The Board has enhanced debt recovery efforts and there was a significant improvement in debt recovery during the year.

11. Members' deposits

	2018 KShs	2017 KShs
At start of year	52,442,745	45,470,490
Deposits received during the year	23,797,458	15,428,350
Deposits refunded during the year	(2,903,027)	(7,270,095)
Transfers to share capital	(96,000)	(1,186,000)
At end of year	**73,241,176**	**52,442,745**

12. Trade and other payables

	2018 KShs	2017 KShs
Simba Corp Benevolent Fund	287,535	287,535
Simba Corp Current Account	106,395	106,395
Audit Fees	78,000	50,000
Total	**471,930**	**443,930**

13. Tax payable

	2018 KShs	2017 KShs
At start of year	-	-
Charge for the year	-	-
Less: tax paid	-	-
At end of year	-	-

14. Contingent liabilities

The Sacco did not have any contingent liabilities during the year ended 31 December 2018 (2017: Nil).

15. Currency

These financial statements are stated in Kenya Shillings (KShs).