

CS/5000 PARLIAMENTARIANS

SACCO SOCIETY LTD



No	
Speaker N/A	Clerk
Deputy Speaker	Deputy Clerk
Clerk N/A	Deputy Clerk
Deputy Clerk	Deputy Clerk
P.C.A	Press

AUDITED ACCOUNTS
AND
FINANCIAL REPORTS

FOR THE YEAR
ENDED 31ST DECEMBER 2011

CS/5000 PARLIAMENTARIANS SACCO SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2011

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CS/5000 PARLIAMENTARIANS SACCO SOCIETY LTD

SOCIETY INFORMATION - 2011

MANGEMENT COMMITTEE MEMBERS

CHAIRMAN	-	Hon. Joshua O. Ojodeh
VICE-CHAIRMAN	-	Hon. S. Bifwoli Wakoli
SECRETARY	-	Hon. Benson I. Mbai
TREASURER	-	Hon. Peris Chepchumba
COMMITTEE MEMBER	-	Hon. Yusuf Chanzu
	-	Hon. Charles Keter
	-	Hon. Rachel Shebesh
	-	Hon. Asman Kamama
	-	Hon. Elias Mbau

REGISTERED OFFICES

PARLIAMENTARIANS SACCO SOCIETY LTD

PARLIAMENT ROAD

PARLIAMENT BUILDINGS

P.O. BOX 44809

NAIROBI

PRINCIPAL BANKERS

Co-operative Bank of Kenya Ltd

Parliament Road Branch

P.O. Box 67881

NAIROBI

INSURER

Co-operative Insurance Co. Ltd

P.O. Box 59485 – 00200

NAIROBI

AUDITORS

M/S OBWOCHA AND ASSOCIATES CO.

CERTIFIED PUBLIC ACCOUNTANTS (K)

CAPITOL HILL TOWERS, 4TH FLOOR

P.O. BOX 9300 – 00100, NAIROBI

AND P.O. BOX 2176 – 200100 NAKURU

CS/5000 PARLIAMENTARIANS SACCO SOCIETY LTD

STATISTICAL INFORMATION

	2011	2010
MEMBERSHIP	199	196
<u>FINANCIAL</u>		
An undetermined No. of 50,000 shares	9,950,000.00	1,960,000.00
Members Deposits	803,933,940.60	678,536,800.00
Loans to Members	507,379,310.10	593,633,254.00
Reserves	6,898,814.90	4,459,640.65
Assets	6,351,809.00	4,897,217.00
Current Assets	374,525,886.40	148,935,432.65
Current Liabilities	67,474,250.00	57,612,246.00
Shareholders' Fund	16,848,814.90	6,419,640.65
Net Surplus before Tax	5,316,027.15	1,115,116.60
 <u>Key Ratios</u>		
Liquidity ratio	40.3%	18.19%
Financial Expenses	12.36%	14.9%
Admin & Financial Expenses	15.95%	18.7%
Other Expenses	0.13%	0.17%
Net Surplus	6.68%	81.03%
Interest on Membership Deposits	7.7%	7.5%

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST
DECEMBER 2011

STATEMENT OF THE MANAGEMENT COMMITTEE RESPONSIBILITIES

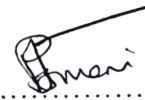
The Co-operative Societies Act requires Management Committee to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Society at the end of the financial year and its operating results for that year in accordance with IFRS. It also requires the Management Committee to ensure that the Society keeps proper accounting records, which disclose, with reasonable accuracy, at any time the financial position of the Society. They are also responsible for safeguarding the assets of the society and ensuring that the business has been conducted in accordance to its objectives, bylaws and any other resolutions made at the Society's general meeting.

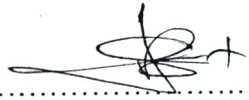
The Management Committee accepts responsibility for the Annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in a manner required by the Co-operative Societies Act Cap 490. The Management Committee is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Society and its operating results in accordance with IFRS. The management Committee further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of Internal Financial Control.

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

Approved by the Management Committee on Tuesday 24/ April and signed on its behalf by

Chairman 

Treasurer 

Secretary 

Date 24/4/012

C/S5000 PARLIANTARIANS SACCO SOCIETY LTD

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST
DECEMBER 2011

The Management Committee submit their annual report together with the audited financial statements for the year ended 31st December, 2011

1. **INCORPORATION:** The Society is incorporated in Kenya under the Co-operative societies Act, Cap 490 and is domiciled in Kenya.
2. **PRINCIPAL ACTIVITY:** The Society's principal activity is receiving saving deposits from its members and provision of loans to its members at an interest rate of 1% per month on a reducing basis.

<u>RESULTS:</u>	<u>2011</u>	<u>2010</u>
Retained Earnings b/f	411,763.95	540,959.60
Adj. for Divs 2010	<u>(155,675.00)</u>	
	256,088.95	
Surplus before Tax	5,316,027.25	1,115,116.30
Income Tax	<u>(1,041,551.00)</u>	(181,611.00)
Net Surplus after Tax	4,530,565.20	933,505.30
<u>Less</u> 20% Statutory Reserve	(854,895.25)	(186,701.00)
Provision for Honoraria, Divs & Staff Bonus	<u>(1,815,000.00)</u>	<u>(680,000.00)</u>
Surplus to Retained Earnings	<u><u>1,860,669.95</u></u>	<u><u>411,763.95</u></u>

4. **INTEREST ON MEMBERS DEPOSITS AND DIVIDENDS**

The Management Committee recommend the payment of **Kshs. 61,902,914.00** as interest on Members Deposits which on average is 7.7% on deposits held as at 31st December, 2011. However, the actual earning will be based on the weighted monthly deposits. A dividend payment of 10% is also recommended on members shares.

5. **AUDITORS:**

The Auditor Messrs. Obwocha and Associates have indicated their willingness to continue in office and therefore offers themselves for consideration for re-appointment under the terms of section 23(2) of the Co-operative Societies Act, Cap. 490.

6. **BANKERS**

Co-operative Bank of Kenya Ltd
Parliament Road Branch
P.O. Box 67881, NAIROBI

INSURER

Co-operative Insurance Co. Ltd
P.O. Box 59485 – 00200
NAIROBI

By **ORDER OF MANAGEMENT COMMITTEE**

HON. BENSON I. MBAI

SECRETARY

Date: 

20/12/2011

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST
DECEMBER 2011**

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
PARLIAMENTARIANS SAVINGS AND CERDIT CO-OPERATIVE SOCIETY**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements set out on page 6-10 which comprise the balance sheet, income statement, statement of changes in equity and cash flow for the year then ended, and summary of significant accounting policies and other explanatory notes.

THE MANAGEMENT COMMITTEE RESPONSIBILITY FOR THE FINNCIAL STATESMENTS.

The Management Committee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting standards and the requirements of Kenyan Co-operative Societies Act. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements and that they are free from material misstatement whether due to fraud or error selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. The Kenya Co-operative Societies Act also requires the management to ensure that the Society maintains proper books of account which are in agreement with the balance sheet and the profit and loss account.

AUDITORS RESPONSIBILITY

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

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

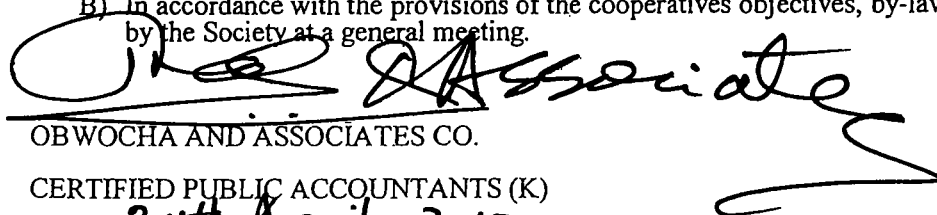
OPINION

In our opinion, the financial statements give a true and fair view of the state of the Society's financial affairs as at 31st December 2011 and results of its operations and cash flow for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Co-operative Societies Act.

REPORT ON OTHER LEGAL REQUIRMENTS

As required by the Kenya Co-operative 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 Co-operative Societies Act, Cap 490.
- B) In accordance with the provisions of the cooperatives objectives, by-laws and any other resolutions made by the Society at a general meeting.


OBWOCHA AND ASSOCIATES CO.

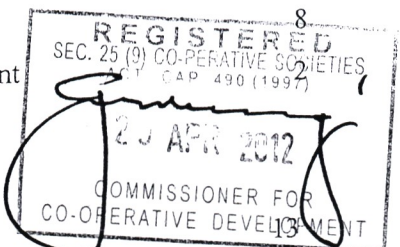
CERTIFIED PUBLIC ACCOUNTANTS (K)

Dated 24th April, 2012

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST
DECEMBER 2011

BALANCE SHEET AS AT 31.12.2011

	<u>Notes</u>	<u>2011</u> <u>Kshs</u>	<u>2010</u> <u>Kshs</u>
<u>ASSETS</u>			
Cash AND Cash Equivalent	12	355,543,638.40	135,108,040.05
Debtors and Receivables	5	16,613,686.00	6,294,753.60
Prepayments	5	2,368,562.00	2,635,422.00
Loans to members	4	507,379,310.10	593,633,254.00
Other Financial Assets	8	6,171,265.00	4,668,202.00
Furniture and Equipment		<u>180,544.00</u>	<u>229,015.00</u>
		<u>888,257,005.50</u>	<u>742,568,686.65</u>
<u>LIABILITIES</u>			
Members Deposits		803,933,940.60	678,536,800.00
Creditors and other Provisions	7	3,534,785.00	6,344,375.00
Proposed interest on member deposits			
@ 7.7%	19	61,902,914.00	50,890,260.00
Current income Tax payable	3	1,041,551.00	181,611.00
Proposed dividend payable		<u>995,000.00</u>	<u>196,000.00</u>
		871,408,190.60	736,149,046.00
<u>SHAREHOLDERS' FUND</u>			
Share Capital		9,950,000.00	1,960,000.00
Statutory Reserve		4,658,195.95	3,803,300.70
General Reserve		379,949.00	244,576.00
Retained Earnings		<u>1,860,669.95</u>	<u>411,763.95</u>
		<u>16,848,814.90</u>	<u>6,419,640.65</u>
Total Liabilities and Shareholders' Fund		<u>888,257,005.50</u>	<u>742,568,686.65</u>



The financial statements were authorized for issue by the Management Committee on

..... 2011 and signed on its behalf by:

Chairman *[Signature]* Date 24/04/2012

Treasurer *[Signature]* Date 24/4/2012

Committee Member *[Signature]* Date 24/4/12

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST
DECEMBER 2011

STATEMENT OF COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 31ST
DECEMBER 2011

		2011	2010
		<u>Kshs</u>	<u>Kshs</u>
<u>REVENUE</u>	Note		
Interest from Members Loans	22	67,923,750.70	62,505,310.95
Other Interest Income	22	12,259,197.85	1,532,952.25
Interest Expense on Members Deposits	19	(61,902,914.00)	(50,890,260.00)
Net Interest Income		18,280,034.55	13,148,003.20
Other Operating Income	22	<u>187,054.60</u>	<u>111,288.50</u>
Net Revenue		<u>18,467,089.15</u>	<u>13,259,291.70</u>
<u>Expenditure</u>			
Administrative Expenses	23 & 24	13,044,366.90	12,032,151.20
Other Operating Surplus Tax	26	106,695.00	112,023.90
Net Operating Surplus Before Tax		<u>5,316,027.25</u>	<u>1,115,116.60</u>
Income Tax Expense		(1,041,551.00)	(181,611.00)
Net Surplus for the Year		<u>4,274,476.25</u>	<u>933,505.60</u>
20% transfer to Statutory Reserve		(854,895.25)	(186,701.00)
Surplus for the Year Available for Distribution		3,419,581.00	746,804.60
Retained Earnings at the Start of the Year		256,088.95	540,959.35
Proposed Dividends		(995,000.00)	(196,000.00)
Proposed Honoraria		(700,000.00)	(600,000.00)
Staff Bonus		(120,000.00)	(80,000.00)
Retained Earnings at End of the Year		<u>1,860,669.95</u>	<u>411,763.95</u>

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2011

	2011	2010
<u>Interest INCOME</u>		
(i) Interest on members loans	67,923,750.70	62,505,310.95
(ii) Other interest Income T.B	4,145,433.00	-
Interest on fixed Deposits	7,305,912.15	1,319,391.75
Interest on Savings A/C	53,849.90	51,598.70
Interest on Goldfish A/C	160,452.80	161,962.30
Interest on KUSCO Deposits	593,550.00	1,532,952.25
	<u>12,259,197.85</u>	<u>1,532,952.25</u>
(iii) <u>Other Operating Income</u>		
Dividend from Bo-op Bank	35,271.00	38,178.10
Dividend from CIC	148,283.60	71,110.40
Entrance Fee	3,500.00	2,000.00
	<u>187,054.60</u>	<u>111,288.50</u>
Total Revenue	<u>80,370,003.15</u>	<u>64,149,551.70</u>
<u>Administrative Expenses</u>		
AGM Expenses	236,000.00	148,900.00
Committee Sitting Allowance	203,000.00	204,000.00
Committee Subsistence Allowance	169,200.00	166,500.00
P.A.Y.E. on Committee Sitting	62,250.00	53,092.00
Recess transport refund	207,700.00	324,000.00
Printing and Stationery	41,326.30	53,382.20
Disbursement Expenses	46,145.00	39,240.00
Postage and Telephone	49,570.00	42,875.00
Salaries and Wages	1,486,156.00	1,166,280.00
Medical Expenses	65,268.00	4,100.00
Dividend Payment Expenses	28,000.00	27,000.00
Office Expenses	62,332.00	27,248.00
Audit fees	100,000.00	100,000.00
Binding and Printing Auditors A/C	40,000.00	40,000.00
Supervision fees	10,000.00	10,000.00
Recoverable Expenses	500.00	500.00
VAT @ 16%	16,000.00	16,000.00
Corporate Social Responsibility	25,000.00	-
Provision for Bad Debts	-	200,000.00
Staff Training	58,000.00	-
Bad debt w/off	200,000.00	-
Insurance on Loans	9,876,254.00	9,373,425.00
Depreciation	51,665.60	20,609.00
Donation	<u>35,000.00</u>	<u>15,000.00</u>
	13,069,366.90	12,032,151.20
<u>Other Operating Expenses</u>		
Bank Charges	61,695.00	86,023.90
Membership and Affiliation	<u>81,695.00</u>	<u>112,023.00</u>
Total Expenditure	13,151,061.90	12,144,175.10
Interest Expense on Members Deposits 7.7%	<u>61,902,914.00</u>	<u>50,890,260.00</u>

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.12.2011

<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	2011 KSHS	2010 KSHS
Operating Income	80,370,003.15	64,149,551.70
Interest Expense	(50,890,260.00)	(36,098,435.70)
Total Expenses	<u>13,151,061.90</u>	<u>(12,144,175.10)</u>
Net Operating Surplus Before Tax	<u>16,328,681.25</u>	<u>15,906,941.70</u>
<u>INCREASE AND DECREASE IN OPERATING ASSETS</u>		
Increase (Decrease) in Loans to Members	86,253,943.90	(107,802,424.00)
Increase (Decrease) in Debtors & Receivables	<u>(10,318,932.40)</u>	<u>3,855,229.00</u>
	<u>75,935,011.50</u>	<u>103,947,195.00</u>
<u>INCREASE AND DECREASE IN OPERATING LIABILITIES</u>		
Increase (Decrease) in Members Deposits	125,397,140.60	162,844,881.00
Increase (Decrease) in Creditors	(2,809,590.00)	2,268,458.00
Net Cash from Oper. Activities Before Tax		
Income Tax Paid	<u>(181,611.00)</u>	<u>(5,396.00)</u>
Net Cash from Operating Activities	<u>128,025,119.60</u>	<u>160,571,027.00</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Investment		
Dividend Received	(187,054.60)	(54,001.25)
Purchase of Fixed Assets	<u>-</u>	<u>-</u>
Net Cash of Investing Activities	<u>187,054.60</u>	<u>54,001.25</u>
<u>CASH FLOW FROM FINACING ACTIVITIES</u>		
Share Capital Contributions	-	1,950,000.00
Dividends Paid	<u>(40,268.60)</u>	<u>-</u>
Net Cash of Financing Activities	<u>(40,268.60)</u>	<u>1,950,000.00</u>
Net (Decrease) Increase in Cash and Cash Equivalent	<u>220,435,598.35</u>	<u>74,426,772.45</u>
Cash and Cash Equivalent at the Beginning of the Year	<u>135,108,040.05</u>	<u>60,681,267.60</u>
Cash and Cash Equivalent at the End of the Year	<u>355,543,638.40</u>	<u>135,108,040.05</u>
	<u>220,435,598.35</u>	<u>74,426,772.45</u>

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST
DECEMBER 2011

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31.12.2010	SHARE CAPTIAL	ENTRANCE FEES	STATUTORY RESERVE	RETAINED SURPLUS	GENERAL RESERVE	TOTAL KSH.
Balance at 31.12.10	1,950,000.00	177,700.00	3,616,566.70	110,943.35	18,176.00	5,873,419.05
Prior year adjust				430,016.00		430,016.00
Balance b/f restated				540,959.35		
Surplus for the period				933,505.60		933,505.60
Statutory reserve			186,701.00	186,701.00		
Provision for dividends				(196,000.00)		(196,000.00)
Provision for Honoraria				(600,000.00)		(600,000.00)
Provision for staff bonus				(80,000.00)		(80,000.00)
Withdrawals	(30,000.00)	(177,700.00)				(207,700.00)
Additions	40,000.000				226,400.00	266,400.00
Balance at 31.12.2010	1,960,000.00	Nil	3,803,300.70	411763.95	244,576.00	6,419,640.65
Balance at 31.12.11	1,960,000.00	Nil	3,803,300.70	411763.95	244,576.00	6,419,640.65
Prior year adjust				(155,675.00)		(155,675.00)
Balance b/f restated				256,088.95		
Surplus for the period				4,274,476.25		4,274,476.25
Statutory reserve			854,895.25	854,895.25		
Provision for dividends				(995,000.00)		(995,000.00)
Provision for Honoraria				(700,000.00)		(700,000.00)
Provision for staff bonus				(120,000.00)		(120,000.00)
Withdrawals	(50,000.00)					(50,000.00)
Additions	8,040,000.00				87,048.00	8,127,048.00
Balance at 31.12.2011	9,950,000.00	Nil	4,658,195.95	1,860,669.95	331,624.00	16,800,489.90

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
NOTES AND OBSERVATIONS ON THE ACCOUNTS FOR THE YEAR ENDED 31.12.2011

1. **SAVINGS (SHARES AND DEPOSITS):**

Honorable members' shares and deposits combined totalled Ksh. 813883,940.60 during the year. Shares are Kshs. 50,000.00 per member equivalent to Kshs. 9,950,000.00 and the balance of Ksh. 803,933,940.60 represent membership deposits.

2. **HONORARIUM:**

- (i) Honorarium of Kshs. 600,000.00 (Six hundred thousands) was paid to the Committee and Ksh. 80,000.00 (Eighty thousand) in staff bonus during the year 2010.
- (ii) Provision of Kshs. 820,000 for Honorarium and staff bonus has been made in the accounts for year 2011.

3. **CREDITORS:**

Refunds to ex-members were made during the course of the year. More effort should be made to make refunds to the families of ex-members.

4. **COMPUTERISATION OF THE SOCIETY:**

Past recommendations to computerize the society operations have been implemented.

5. **STAFF:** We have noted an accounts officer is currently assisting the Society Manager

6. **DEBTORS:** Two Ex-members who lost their seats in a by-election in 2010 still owe the Society Kshs 3,801,289.70.

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2011

1, SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

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

(a) Statement of compliance and basis of preparation

These financial statements have been prepared on going concern basis and in accordance and compliance with the International Financial Reporting Standards (IFRSs). These financial statements are presented in the functional currency, Kenya shillings (Kshs) and prepared under the historical cost convention, as modified by revaluation of certain assets as prescribed by IFRSs.

(b) Revenue recognition

Interest on loans to members is calculated on a reducing balance method. Interest income is recognized on a time proportion basis by reference to the principal outstanding and the effective interest rate applicable. The interest rates applicable are:

Normal loans - 1% per month

(c) Fixed Assets

Fixed assets are stated at historical cost less depreciation.

Full year's depreciation is provided for in the year the asset is purchased and none in the year of disposal.

Depreciation of fixed assets is calculated on a reducing balance method using the following annual rates:

Asset	Rate (%)
Furniture (chairs)	20%
Fixtures and Fittings	12.5%
Computer equipment	33.3%
Cabinets, Tables and Desks	12.5%

The assets' residual values and lives are reviewed, and adjusted if appropriate at each balance sheet date.

Gains or losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of a revalued asset, the amount in the revaluation reserve relating to that asset is transferred to retained earnings.

2. FIXED ASSETS

DESCRIPTION	COST	ADDITION	DEPRECIATION FOR THE YEAR	ACCUMULATED DEPRECIATION	NET BOOK VALUE 31.12.2011
File Cabinets (2)	47,565.00	-	4,440.00	16,477.00	31,088.00
Calculator	5,800.00	-	635.00	1,360.00	4,440.00
Chairs	43,180.00	-	7,773.00	12,090.00	31,089.00
Office	56,795.00	3,195.00	6,824.00	10,146.00	49,844.00
Desk/Tables		File Trolley			
Computer	104,800.00	-	31,993.00	40,717.00	64,083.00
TOTAL	258,140.00	3,195.00	51,665.60	80,790.00	180,544.00

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2011

3. TAXATION

- (i) Corporation tax is computed based on the taxable income i.e. all income other than interest earned from loans to members. However other earnings paid to the society less withholding tax are not taxable.

	2011 KSHS	2010 KSHS
(ii) COPRORATION TAX		
Fixed Deposit Interest	7,305,912.15	1,319,391.60
Bank Saving Interest	53,849.90	51,598.20
Goldfish Saving Interest	160,452.80	161,962.30
Total	7,520,214.85	1,532,952.10
7,520,214.85*(50/100)*(30/100)	1,128,032.20	229,942.80
Less: Paid at source	86,481.20	48,331.00
Payable in year 2011	1,041,551.00	<u>181,611.00</u>

	2011	2010
4. (a) MEMBERS DEPOSITS		
Balance b/f	678,536,800.30	515,691,919.00
(i) Additions	175,373,458.00	189,685,020.15
Withdrawals	49,976,318.00	26,740,138.85
Balances	803,933,940.60	678,536,800.00
(ii) Schedule	<u>803,933,940.60</u>	<u>678,536,800.00</u>
Differences	-	-

(b) OUTSTANDING LOANS		
Balance b/f	593,633,254.00	485,830,830.50
Loans Granted	223,036,150.90	281,013,187.40
Repaid	319,290,094.80	273,210,763.90
Balances	507,379,310.10	593,633,254.00
Schedule	<u>507,379,310.10</u>	<u>593,633,254.00</u>
Differences	-	-

NOTE 5 - DEBTORS

	2011 Ksh	2010 Ksh
(i) Debtors – Ex-Members	3,801,289.70	3,801,289.70
(ii) Debtors Check Off System (Employer)	3,322,505.25	1,974,823.90
(i) Receivable Interest (FD) & TB	8,764,795.05	44,390.00
(ii) Debtor Members	725,096.00	474,250.00
(iii) Prepayments (Ins & Tax)	<u>2,368,562.00</u>	<u>2,635,422.00</u>
Total	18,982,248.00	8,930,175.60
Prepayments	<u>(2,368,562.00)</u>	<u>(2,635,422.00)</u>
Debtors and Receivables	<u>16,613,686.00</u>	<u>6,294,753.60</u>

NOTE 6	CASH AND CASH EQUIVALENTS	2011	2010
		Ksh	Ksh
Total Balances		<u>355,543,638.40</u>	<u>135,079,893.50</u>

NOTE 7: CREDITORS

Creditors ex-members (see schedule)	<u>2,148,285.00</u>	<u>4,511,255.00</u>
Provisions (Honorarium, Bad Debts & Audit)	1,386,500.00	-
Unidentified Banking	<u>-</u>	<u>156,947.00</u>
Total	<u>3,534,785.00</u>	<u>4,668,202.00</u>

NOTE 8 – INVESTMENTS

	2011	2010
	<u>Kshs</u>	<u>Kshs</u>
Shares in KUSCCO Ltd	1,105,148.00	1,018,100.00
Shares in Co-operative Bank	1,050,100.00	1,050,100.00
Shares in Co-op Insurance Co. Ltd	3,916,017.00	2,500,002.00
Co-op Dev. Inform. Centre (CODIC Ltd)	<u>100,000.00</u>	<u>100,000.00</u>
Total	<u>6,171,265.00</u>	<u>4,668,202.00</u>

NOTE 9 DIVIDENDS

	2011	2010
	<u>Kshs</u>	<u>Kshs</u>
Dividend (Adjustments)	48,325.00	<u>430,016.00</u>
	<u>48,325.00</u>	<u>430,016.00</u>

NB: Unidentified banking, previous year written back to income as interest on loans.

Dividends on KUSCCO shares Ksh. 87,048.00, capitalized in effect credited to general reserve and the rise in KUSCCO shares.

NOTE 10: HONORARIA TO MANAGEMENT COMMITTEE AND STAFF

	2011 Kshs	2010 Kshs
Honorarium to Management Committee	700,000.00	600,000.00
Staff Bonus	120,000.00	80,000.00
Total	<u>820,000.00</u>	<u>680,000.00</u>

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2011

NOTE 11 – GENERAL RESERVE

	2011	2010
	<u>Kshs</u>	<u>Kshs</u>
Balance B/f	244,576.00	18,176.00
Dividend A/C	48,325.00	-
KUSCCO Divs. (2010)	87,048.00	177,700.00
Entrance Fees	-	48,700.00
	<hr/>	<hr/>
Total	<u>379,949.00</u>	<u>244,576.00</u>

NOTE 11: CREDITORS

	2011	2010
<u>Ex-Members</u>	<u>Kshs</u>	<u>Kshs</u>
Hon. Eric Bomett	11,221.00	11,221.00
Hon. Francis Thuo (Late)	20,959.00	20,959.00
Hon. J.K. Icharia	12,868.00	12,868.00
Hon. Prof. Wangari Maathai (Late)	-	2,363,000.00
Hon. Yuda Komora (Late)	29,011.00	29,011.00
Hon. Kennedy Kiliku (Late)	9,155.00	9,155.00
Hon. Achieng Oneko (Late)	7,538.00	7,538.00
Hon. John S. Mumba	6,533.00	6,533.00
Hon. A.W. Ndilinge (Late)	15,000.00	15,000.00
Hon. Charles D. Kirui	8,120.00	8,120.00
Hon. Simeon Mkalla	91,650.00	91,650.00
Hon. J.M. Keriri	286,200.00	286,200.00
Hon. Charles Lugano (Late)	<u>1,650,030.00</u>	<u>1,650,030.00</u>
	<u>2,148,285.00</u>	<u>4,511,285.00</u>

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2011

12. DEBTORS EX-MEMBERS

EX-MEMBERS	2011	2010
	<u>Kshs</u>	<u>Kshs</u>
Hon. James Magara	2,812,289.70	2,812,289.70
Hon. Ali Hassan	989,000.00	989,000.00
Total	<u>3,801,289.70</u>	<u>3,801,289.70</u>

NOTE 12 BANK AND CASH BALANCES

	2011	2010
	<u>Kshs</u>	<u>Kshs</u>
Bank Current A/C (Co-op Bank)	44,865,469.90	36,804,590.20
Savings Goldfish A/C	6,895,870.35	11,495,417.55
Fixed Deposit A/C	152,129,499.50	72,075,431.55
Bank Savings A/C	4,189,769.95	4,731,913.45
Imprest (Petty Cash)	831.20	687.30
KUSCO Cash Deposits	-	10,000,000.00
Treasury Bills	<u>147,462,197.50</u>	<u>-</u>
TOTAL	<u>355,543,638.40</u>	<u>135,108,040.05</u>

NOTE 13 - SHARE CAPITAL AND MEMBERSHIP DEPOSITS

This consists of undetermined number of Kshs. 50,000 fully and partly paid shares and membership deposits totaling Ksh. 803,933,940.60 as per schedule.

	2011	2010
	<u>Kshs</u>	<u>Kshs</u>
Membership Deposits	803,933,940.60	678,536,800.00
Membership Deposits	9,950,000.00	1,960,000.00
	<u>813,883,940.60</u>	<u>680,496,800.00</u>

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2011

NOTE 14 STATUTORY RESERVE FUND

	2011	2010
	<u>Kshs</u>	<u>Kshs</u>
-		
Balance B/Fwd 1.1.2011	3,803,300.70	3,616,599.70
<u>Add 20% Statutory Reserve Fund</u>	854,895.25	186,701.00
Balance C/Fwd 1.12.2011	<u>4,658,195.95</u>	<u>3,803,300.70</u>

NOTE 15: AUDIT AND SUPERVISION FEES

	2011	2010
	<u>Kshs</u>	<u>Kshs</u>
Audit Fees	100,000.00	100,000.00
Binding and Printing Expenses – Audit Report	40,000.00	40,000.00
VAT (16%*100,000.00)	16,000.00	16,000.00
Recoverable Expenses	500.00	500.00
Supervision Fees	10,000.00	10,000.00
TOTAL	<u>166,500.00</u>	<u>166,500.00</u>

NOTE 16. PROVISIONS

	2011	2010
Provision for Bad Debts	400,000.00	200,000.00
Provision for Honoraria & Staff Bonus	820,000.00	680,000.00
Provision for Taxation	1,041,551.00	181,611.00
Provision for Dividend	<u>995,000.00</u>	<u>196,000.00</u>
TOTAL	<u>3,256,551.00</u>	<u>1,257,611.00</u>

NOTE 17. RETAINED EARNINGS

	2011	2010
Balance b/f 1.1.11	411,763.95	540,959.35
Adjustment (Dividends)	<u>155,675.00</u>	-
Provision for Dividend	256,088.95	540,959.35
Retained Earnings for the Year	<u>1,604,581.00</u>	<u>(129,195.40)</u>
Retained Earnings c/f	<u>1,680,669.95</u>	<u>411,763.95</u>

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2011

NOTE 18 . TOTAL EXPENDITURE

	<u>2011</u>	<u>2010</u>
	<u>Kshs</u>	<u>Kshs</u>
Professional Services	166,500.00	166,500.00
Administrative Services	12,877,876.00	11,865,651.00
Other Expenses	<u>106,695.00</u>	<u>122,023.90</u>
Total	<u>13,151,071.00</u>	<u>12,154,174.90</u>

NOTE 19 – INTEREST ON MEMBERS DEPOSITS

	<u>2011</u>	<u>2010</u>
	<u>KSH</u>	<u>KSH</u>
Amount Payable	61,902,914.00	50,890,260.00
	7.7%	7.5%

NOTE 20: PRIOR YEAR ADJUSTMENTS

	<u>2011</u>	<u>2010</u>
	<u>Kshs</u>	<u>Kshs</u>
Dividends	48,325.00	430,016.00
Tax Arrears (PAYE) on Honoraria (Committee)	(204,000.00)	-
Tax overpayment expenses	<u>-</u>	<u>-</u>
	<u>(155,675.00)</u>	<u>430,016.00</u>

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2011

NOTE 21 – INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2011

		2011	2010
	NOTES	<u>Kshs</u>	<u>Kshs</u>
<u>REVENUE</u>			
Total income	18	80,370,003.15	64,149,551.70
<u>EXPENSES</u>			
Interest on Members Deposits	18	61,902,914.00	50,890,260.00
Members Expenses	18	878,150.00	896,492.00
Administrative Expenses	19	11,941,726.00	10,969,159.00
Professional Services	19	166,500.00	166,500.00
Other Operating Expenses	19	<u>106,695.00</u>	<u>112,023.90</u>
Total Expenses		74,995,985.00	63,034,434.00
Net Surplus to Appropriation A/C		5,374,018.15	1,115,116.80

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2011

NOTE 22: REVENUE

		2011	2010
		<u>Kshs</u>	<u>Kshs</u>
(i) Interest on Loans		<u>67,923,750.70</u>	<u>62,505,310.95</u>
(ii) Other Interest Income			
Interest on Fixed Deposit		7,305,912.15	1,319,391.75
Interest on Treasury Bills		4,145,433.00	-
Interest on Savings A/C		53,849.90	51,598.20
Interest on Goldfish A/C		160,452.80	161,562.30
Interest on KUSCCO Deposits		<u>593,550.00</u>	<u>-</u>
		<u>12,259,197.85</u>	<u>1,532,952.25</u>

(iii) Other Operating Income		
Dividend from Co-op Bank	35,271.00	38,178.10
Dividend from CIC	148,283.60	71,110.40
Entrance Fees	<u>3,500.00</u>	<u>2,000.00</u>
Total Revenue	<u>80,370,003.15</u>	<u>64,149,551.70</u>

NOTE 23 MEMBERS EXPENSES

	2011	2010
	<u>Kshs</u>	<u>Kshs</u>
AGM Expenses	236,000.00	148,900.00
Committee Sitting Allowance	203,000.00	204,000.00
Committee Subsistence Allowance	169,200.00	166,500.00
P,A,Y.E on Committee Sitting	62,250.00	53,092.00
Recess Transport Refund	<u>207,700.00</u>	<u>324,000.00</u>
	<u>878,150.00</u>	<u>896,492.00</u>

NOTE 24 - ADMINISTRATION EXPENSE

	2011	2010
	<u>Kshs</u>	<u>Kshs</u>
Binding, Printing and Stationery	41,326.30	53,382.20
Disbursement Expenses	46,145.00	39,240.00
Postage and Telephone	49,570.00	42,875.00
Salaries and Wages	1,486,156.00	1,166,280.00
Medical Expenses	65,268.00	4,100.00
Dividend Payment Expenses	28,000.00	27,000.00
Office Expenses	62,332.00	27,248.00
Staff Training	58,000.00	-
Donation	35,000.00	15,000.00
Insurance on Loans	9,876,254.00	9,373,425.00
Depreciation	51,675.00	20,609.00
Provision for Bad Debts	<u>200,000.00</u>	<u>200,000.00</u>
	<u>11,999,726.30</u>	<u>10,969,159.20</u>

25. PROFESSIONAL EXPENSES

	<u>2011</u>	<u>2010</u>
	<u>Kshs</u>	<u>Kshs</u>
Audit Fees	100,000.00	100,000.00
Binding and Printing Audited Accounts	40,000.00	40,000.00
Supervision Fees	10,000.00	10,000.00
Recoverable Expenses	500.00	500.00
VAT @ 16%	<u>16,000.00</u>	<u>16,000.00</u>
	<u>166,500.00</u>	<u>166,500.00</u>

NOTE 26: OTHER EXPENSES

	<u>2011</u>	<u>2010</u>
	<u>Kshs</u>	<u>Kshs</u>
Bank Charges	61,695.00	86,023.90
Membership & Affiliation	20,000.00	26,000.00
Corporate Social Responsibility	<u>25,000.00</u>	<u>-</u>
	<u>106,695.00</u>	<u>112,023.90</u>
Total Expenditure	<u>13,151,071.90</u>	<u>12,144,175.10</u>
Net Operating Surplus Before Tax	<u>5,316,027.25</u>	<u>1,115,116.60</u>

CS/5000 PARLIAMENTARIANS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2011

NOTE 25

The Society's activities expose it to a variety of financial risks, particularly the credit risk.

The Society's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Society partly hedges its credit risk on members loans through a loan protection insurance policy.

Risk management is carried out by the Management Committee of the Society in accordance with policies approved by the Members and Ministry of Co-operatives and Marketing.

Market Risk

(i) Fair value and rate of return risk

The Society may have investments in equity, fixed income securities and money market funds through reputable fund managers.

(ii) Cash flow and fair value interest rate risk

The Society does not hold any interest bearing financial liability or overdraft at a variable rate which would expose the Society to cash flow interest rate risk.

(iii) Credit Risk

Credit risk arises mainly from investments in loans to members which is hedged by member guarantors and borrowers' own savings.

The amount that best represents the Society's maximum exposure to credit risk at 31st December 2011 is made as follows:

		2011	2010
		<u>Kshs</u>	<u>Kshs</u>
Investment in Financial Assets	(Note 8)	6,171,265.00	4,668,202.00
Loans to Members		507,379,310.00	<u>593,633,254.00</u>
		<u>513,550,575.10</u>	<u>598,301,456.00</u>

Liquidity Risk

Prudent liquidity risk management Includes maintaining sufficient cash balances to cover anticipated loan demands and operational costs.