

MINISTRY OF INDUSTRY  
TRADE AND COOPERATIVES  
*State Department for Cooperative*  
MAIN REGISTRY

15 APR 2020

No. ....  
P.O. Box 30547 - 00100  
GPO, NAIROBI, KENYA



**Ronalds**

CS/4676

LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

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**LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**  
**STATISTICAL INFORMATION**  
**FOR THE YEAR ENDED 31ST DECEMBER 2019**

	2019	2018
<b>Number of members</b>		
Active	6,574	5,906
Dormant	2,558	2,330
	<b>9,132</b>	<b>8,236</b>
Employees of the Sacco	30	23
	<b>Kshs</b>	<b>Kshs</b>
Total Assets	2,075,698,266	1,663,102,332
Loans and Advances to members	1,744,269,093	1,353,855,006
Members' Deposits and Savings	1,775,654,686	1,427,809,438
Financial Assets	2,137,626	2,137,626
Liquid Assets	248,247,387	260,918,243
Core Capital	140,388,672	104,383,462
Share Capital	51,823,402	45,409,170
Institutional Capital	78,194,421	49,552,998
External Borrowings	-	-
Total Liabilities	1,935,309,594	1,558,718,870
Total Revenue	212,964,821	169,002,675
Total Interest income	167,619,154	131,088,784
Ordinary expenses	50,445,825	35,314,754
Interest on members deposits	139,133,543	117,914,329
<b>Key Ratios</b>	<b>STDs</b>	
<b>Capital adequacy ratio</b>		
Core Capital/Total Assets	≥10%	6.76%      6.28%
Core Capital/Total deposits	≥8%	7.91%      7.31%
Share capital/Total assets	≥2%	2.50%      2.73%
Institutional Capital /Total Assets	≥8%	3.77%      2.98%
Net loans/Total assets	70-80%	84.03%      81.41%
Savings/Total assets	70-80%	85.54%      85.85%
<b>Liquidity ratio</b>		
Liquid assets/Total deposits and long term liabilities	≥15%	13.98%      18.27%
Total loans/Total deposits	≤85%	90.13%      86.86%
External borrowings/Total assets	≤25%	0.00%      0.00%
<b>Operating efficiency ratios</b>		
Ordinary Expenses/ Total revenue		23.69%      53.27%
Dividend rate on members share capital		15%      15%
Interest on members deposits/Total revenue		65%      70%
Interest rate on members deposits		8.5%      9%

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**LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**  
**STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2019**

	Notes	2019 Kshs	2018 Kshs
<b>Revenue</b>			
Interest on loans and advances	2	167,619,154	131,088,784 ✓
Other interest income	4	22,189,383	20,126,397 ✗
<b>Total interest income</b>		<b>189,808,537</b>	<b>151,215,181</b>
Interest expense	3	(139,133,543)	(117,914,329) ✓
<b>Net interest income</b>		<b>50,674,994</b>	<b>33,300,852</b>
Other operating Income	5	23,156,284	17,787,494 ✗
		<b>73,831,278</b>	<b>51,088,346</b>
<b>Expenditure</b>			
Administrative expenses	6	(8,203,485)	(8,290,319)
Personnel expenses	7	(26,536,734)	(15,789,300) ✗
Governance expenses	8	(7,500,696)	(4,060,754)
Financial expenses	9	(1,091,707)	(1,137,439)
Marketing and publicity expenses	10	(2,909,805)	(2,096,068)
Professional expenses	11	(340,728)	(501,495)
Depreciation and amortisation	12	(3,862,670)	(3,439,379)
<b>Total Expenditure</b>		<b>(50,445,825)</b>	<b>(35,314,754)</b>
<b>Net Operating Surplus</b>		<b>23,385,453</b>	<b>15,773,592</b>
Tax provision	24	(3,609,483)	-
<b>Net surplus for the year</b>		<b>19,775,970</b>	<b>15,773,592</b>

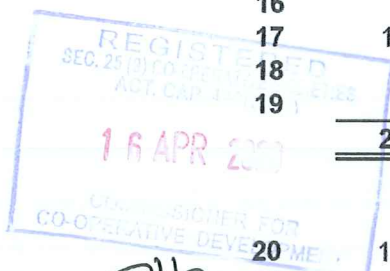
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LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 Kshs	2018 Kshs
<b>ASSETS</b>			
Cash and cash equivalents	13	248,247,387	260,918,243 ✓
Accounts and other receivables	14	5,538,488	2,169,505
Related Party	15	14,112,800	13,813,088 ✓
Property and equipment	16	57,928,731	26,258,588
Loans and advance to Members	17	1,744,269,093	1,353,855,006 ✓
Intangible Assets	18	3,464,141	3,950,276
Financial Assets	19	2,137,626	2,137,626 ✓
<b>TOTAL ASSETS</b>		<b>2,075,698,266</b>	<b>1,663,102,332</b>
<b>LIABILITIES</b>			
Members' deposits and Savings	20	1,775,654,686	1,427,809,438 ✓
Accounts and other payables	21	8,821,449	7,304,643
Unanalyzed bank & standing orders	22	9,029,135	5,690,460
Tax Payable	24	2,670,781	-
Payments due to Members	23	139,133,543 ✓	117,914,329
<b>TOTAL LIABILITIES</b>		<b>1,935,309,594</b>	<b>1,558,718,870</b>
<b>SHARE HOLDERS FUNDS</b>			
<b>FINANCED BY:</b>			
Share capital	25	51,823,402	45,409,170
Retained earnings		60,060,378 ✓	35,374,149
Proposed Dividends and Honoraria/Staff bonus		10,370,848 ✓	9,421,294
Statutory reserve		18,134,043 ✓	14,178,849
<b>TOTAL SHAREHOLDERS FUNDS</b>		<b>140,388,672</b> ✓	<b>104,383,462</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,075,698,266</b> ✓	<b>1,663,102,332</b>



The financial statements were approved and authorised for issue by the Management Committee on 13<sup>th</sup> April 2020 and signed on its behalf by:

.....  
CHAIRMAN

.....  
COMMITTEE MEMBER

.....  
TREASURER



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## LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

## STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2019

	SHARE CAPITAL Kshs	STATUTORY RESERVE Kshs	RETAINED EARNINGS Kshs	PROPOSED DIVIDENDS /HONORARIA Kshs	TOTAL Kshs
Balance as at 01.01.2018	39,176,646	11,000,121	32,080,529	-	82,257,296
Surplus for the year	6,232,524	-	15,893,642	-	15,893,642
Increase in share capital	-	-	-	-	6,232,524
Transfer to statutory reserves	-	3,178,728	(3,178,728)	-	-
Proposed honoraria 2018	-	-	(2,609,918)	2,609,918	-
Proposed dividends 2018	-	-	(6,811,376)	6,811,376	-
<b>Balance as at 31.12.2018</b>	<b>45,409,170</b>	<b>14,178,849</b>	<b>35,374,149</b>	<b>9,421,294</b>	<b>104,383,462</b>
Balance as at 01.01.2019	45,409,170	14,178,849	35,374,149	9,421,294	104,383,462
Surplus for the period	-	-	19,775,970	-	19,775,970
Increase in share capital	6,414,232	-	-	-	6,414,232
Transfer to statutory reserves	-	3,955,193.96	(3,955,194)	-	-
2018 Honoraria Paid	-	-	-	(2,609,918)	(2,609,918)
2018 Dividends paid	-	-	-	(6,811,376)	(6,811,376)
Prior year adjustment (note 28)	-	-	19,236,301	-	19,236,301
2019 Proposed Honoraria	-	-	(3,146,185)	3,146,185	-
2019 Proposed Dividends	-	-	(7,224,663)	7,224,663	-
<b>Balance as at 31.12.2019</b>	<b>51,823,402</b>	<b>18,134,043</b>	<b>60,060,378</b>	<b>10,370,848</b>	<b>140,388,672</b>

## STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2019

	Notes	2019 Kshs	2018 Kshs
<b>Cash flow from operating activities</b>			
Interest receipts	2&4	189,808,537	151,215,181
Other operating income	5	23,156,284	17,787,494
Interest expense	3	(100,424,090)	(95,362,033)
Payment to employees and suppliers		(46,583,155)	(31,875,375)
		<u>65,957,576</u>	<u>41,765,267</u>
<b>Increase/ (Decrease) in operating assets</b>			
Loans to members	17	(390,414,087)	(284,757,828)
Related party	15	(299,712)	(10,826,458)
Prepayments and receivables	14	(3,368,983)	540,969
		<u>(394,082,782)</u>	<u>(295,043,317)</u>
<b>(Decrease)/ Increase in operating liabilities</b>			
Deposits from members	20	347,845,248	303,529,335
Unanalyzed bankings	22	3,338,675	1,421,564
Accruals and payables	21	1,516,806	4,660,698
<b>Net Cash from/(used in) operating activities before tax</b>		<u>24,575,523</u>	<u>56,333,547</u>
Income tax paid	24	-	-
<b>Net cash generated from /(used in)operations</b>		<u>24,575,523</u>	<u>56,333,547</u>
<b>Cash flow from investing activities</b>			
Purchase of property and equipment	16	(34,239,317)	(2,090,892)
Disposal of fixed assets	16		3,762,167
Purchase of financial assets	19		-
<b>Net cash generated from investing activities</b>		<u>(34,239,317)</u>	<u>1,671,275</u>
<b>Cash flow from financing activities</b>			
Share capital contribution movement	25	6,414,232	6,232,524
Dividends and honoraria paid	23	(9,421,294)	(7,398,329)
<b>Net cash generated from(used in) financing activities</b>		<u>(3,007,062)</u>	<u>(1,165,805)</u>
Cash and Cash equivalents at the start of the year.		260,918,243	204,079,226
Net cash increase/ (decrease) during the year		(12,670,856)	56,839,017
<b>Cash and Cash equivalents at the end of the year</b>	12	<u>248,247,387</u>	<u>260,918,243</u>

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## LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

	2019 Kshs	2018 Kshs
<b>2 Interest Income</b>		
Interest on loan to members	167,619,154	131,088,784
	<u>167,619,154</u>	<u>131,088,784</u>
<b>3 Interest Expense</b>		
Interest from members Deposits	139,133,543	117,914,329
	<u>139,133,543</u>	<u>117,914,329</u>
<b>4 Other interest income</b>		
CIC money market	19,445,514	17,665,400
Interest from KUSCCO Savings	2,743,869	2,460,997
	<u>22,189,383</u>	<u>20,126,397</u>
<b>5 Other operating income</b>		
Entrance fees	861,020	926,000
Loan Insurance	3,156,222	2,215,716
Loan Offsetting charges	2,461,342	2,656,883
Lumpsum Deposit Charges	1,927,642	1,292,998
Loan Clearance Fees	6,817,083	3,434,744
Commission on bounced cheques		54,750
Loan rescheduling fees	151,042	765,621
Share transfer fees	2,800	-
Loan application fees	6,941,482	5,022,826
Dividend income	661,053	1,007,906
Deposit refund processing fees	103,500	99,700
Sundry income	73,099	310,350
	<u>23,156,284</u>	<u>17,787,494</u>
<b>6 Administrative expenses</b>		
Printing & stationery	432,764	316,924
Subscription and Licensing fee	20,000	10,000
Supervision and recoverable fees	25,200	18,200
Loan guard insurance	2,523,738	1,815,660
Office rent & Service charge	217,722	420,829
General office expenses	555,263	630,710
Telephone and internet communications	1,698,852	1,064,782
IT Expenses	2,049,257	1,825,748
IPRS report expense	50,000	-
Electricity	461,092	355,438
CRB reports	71,878	-
Minor office equipment	-	193,392
Bad Debts written off	-	1,638,636
File Storage charges	97,719	-
	<u>8,203,485</u>	<u>8,290,319</u>

## LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2019

	2019 Kshs	2018 Kshs
<b>7 Personnel expenses</b>		
Salaries and wages	14,420,837	13,027,042
House Allowance	2,708,486	-
Responsibility allowance	290,014	-
Staff leave allowances	256,064	-
Overtime allowance	143,889	-
Special duty allowance	295,126	-
Staff bonus	1,138,859	-
Staff medical allowance	2,978,733	-
Staff travelling & subsistence	746,486	411,975
Staff Welfare	467,020	-
Other Staff costs	-	2,252,033
Fuel Allowance	596,055	-
Debt Collection	1,711,221	-
Team Building	142,500	98,250
NSSF & Pension fund	641,444	-
	<u>26,536,734</u>	<u>15,789,300</u>
<b>8 Governance expenses</b>		
Committee sitting allowance	3,680,191	1,666,988
Education Expenses	1,698,750	1,046,383
AGM expenses	805,200	639,225
Strategic plan	277,580	-
Committee and staff Training	211,250	-
Committee travelling & subsistence	827,725	708,158
	<u>7,500,696</u>	<u>4,060,754</u>
<b>9 Financial Expenses</b>		
Bank charges	1,091,707	1,137,439
	<u>1,091,707</u>	<u>1,137,439</u>
<b>10 Marketing and publicity expenses</b>		
Marketing and publicity	2,282,551	2,052,068
CLE marketing Expenses	422,040	-
Recruitment Commission	45,214	44,000
Corporate and social responsibility	160,000	-
	<u>2,909,805</u>	<u>2,096,068</u>
<b>11 Professional expense</b>		
Audit fees	250,000	180,000
VAT on audit fees	40,000	-
Legal fees	22,728	245,370
Consultancy fees & valuation fees	28,000	76,125
	<u>340,728</u>	<u>501,495</u>
<b>12 Depreciation and Amortization</b>		
Depreciation	2,996,635	1,746,404
Amortization	866,035	1,692,975
	<u>3,862,670</u>	<u>3,439,379</u>
<b>13 Cash and Cash Equivalents</b>		
Co-operative Bank - current account	2,178,191	6,341,231
Co-operative Bank - savings account	23,438,030	13,266,038
KUSCCO central finance	472,875	419,909
KUSCCO Fixed deposits	29,028,209	26,269,873
Housing Finance Co.	17,583	17,583
CIC Money market	193,106,746	214,599,933
Petty Cash	5,753	3,676
	<u>248,247,387</u>	<u>260,918,243</u>



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**LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2019**

	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>14 Account and other receivables</b>		
Cooperative Bank	57,566	19,000
Valere	-	20,000
Prepaid Medical insurance	1,796,734	1,602,365
Interest receivable from KUSCCO Fixed Deposit	1,753,892	473,140
Staff Imprest	5,164	55,000
Interest receivable from loans	1,925,132	-
	<u><b>5,538,488</b></u>	<u><b>2,169,505</b></u>
<b>15 Related Party</b>		
As at 1 January	13,813,088	2,986,630
Law Society of Kenya Housing Hosting Charges	300,000	8,681,636
40% share of Software cost	-	3,762,167
Cash payments	-	(1,561,345)
LSK Housing funds in LSK Sacco (payable)	(502,000)	-
LSK Sacco Funds deposited in LSK Housing	501,712	(56,000)
	<u><b>14,112,800</b></u>	<u><b>13,813,088</b></u>

The Sacco operating expenses are refunded by Law Society of Kenya Housing Cooperative Society where applicable as per the resolution of the Management Committee between Law Society of Kenya Sacco Ltd and Law Society of Kenya Housing Society Ltd

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LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED 31ST DECEMBER 2019

16 Property and Equipment

	FURNITURES & FITTINGS 12.5% KSHS	OFFICE EQUIPMENT 12.5% KSHS	PROPERTY OFFICE SPACE 2.5% KSHS	OFFICE PARTITIONS 12.5% KSHS	COMPUTERS & ACCESSORIES 30.0% KSHS	TOTAL KSHS
<b>Cost or Valuation</b>						
As at 1 January 2018	2,529,095	-	25,933,752	1,452,800	5,712,426	35,628,073
Additions					466,892	466,892
Disposal						-
As at 31 December 2018	<u>2,529,095</u>	<u>-</u>	<u>25,933,752</u>	<u>1,452,800</u>	<u>6,179,318</u>	<u>36,094,965</u>
<b>Depreciation</b>						
As at 1 January 2018	904,759	-	3,226,448	730,932	3,227,833	8,089,972
Charge for the year	203,042		567,683	90,234	885,446	1,746,405
Eliminated on disposal						
As at 31 December 2018	<u>1,107,801</u>	<u>-</u>	<u>3,794,131</u>	<u>821,166</u>	<u>4,113,279</u>	<u>9,836,377</u>
Net book value	<u>1,421,294</u>	<u>-</u>	<u>22,139,621</u>	<u>631,634</u>	<u>2,066,039</u>	<u>26,258,588</u>
As at 31 December 2018						
<b>Cost or Valuation</b>						
As at 1 January 2019	2,529,095	-	25,933,752	1,452,800	6,179,318	36,094,965
Additions	1,834,933	47,560	30,304,820	971,744	1,507,720	34,619,217
Disposal						
Transfer to/(from)						
As at 31 Dec 2019	<u>4,364,028</u>	<u>47,560</u>	<u>56,238,572</u>	<u>2,424,544</u>	<u>7,687,038</u>	<u>70,761,742</u>
<b>Depreciation</b>						
As at 1 January 2019	1,107,801	-	3,794,131	821,166	4,113,279	9,836,377
Charge for the period	407,028	5,945	1,311,111	200,422	1,072,128	2,996,634
Disposal						
Transfer to/(from)						
As at 31 Dec 2019	<u>1,514,829</u>	<u>5,945</u>	<u>5,105,242</u>	<u>1,021,588</u>	<u>5,185,407</u>	<u>12,833,011</u>
Net book value	<u>2,849,199</u>	<u>41,615</u>	<u>51,133,330</u>	<u>1,402,956</u>	<u>2,501,631</u>	<u>57,928,731</u>
As at 31 Dec 2019						

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## LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2019

	2019 Kshs	2018 Kshs
<b>17 Loans and advance to Members</b>		
At the start of the year	1,353,855,006	1,069,097,178
Understated during 2018	5,477,082	-
Disbursements during the year	1,270,511,654	922,291,207
Cash repayment	(832,712,021)	-
Dividends	(25,368,455)	-
Offset from deposits	(27,494,173)	-
Repayments during the year	-	(637,533,379)
	<u>1,744,269,093</u>	<u>1,353,855,006</u>
<b>18 Intangible Assets</b>		
As at 1st January	5,643,251	7,781,418
Additions	379,900	1,624,000
Software costs allocated to housing	-	(3,762,167)
	<u>6,023,151</u>	<u>5,643,251</u>
Accumulated amortization as at 1st January	1,692,975	-
Amortization for the year	866,035	1,692,975
As at 31 Dec	<u>2,559,010</u>	<u>1,692,975</u>
<b>Net Book Value</b>	<u>3,464,141</u>	<u>3,950,276</u>
<b>19 Financial Assets</b>		
<b>Quoted Shares at fair value</b>		
Access Kenya Ltd shares - 900 Ordinary Shares	9,000	9,000
Kenya Commercial bank - 5,119 Ordinary Shares	234,874	234,874
Scan Group Ltd - 2,000 Ordinary Shares	53,108	53,108
Kenya Re-insurance Co. - 2,579 Ordinary Shares	36,137	36,137
KENGEN - 5,000 Ordinary Shares	132,366	132,366
Safaricom Ltd - 26,900 Ordinary Shares	170,280	170,280
EAB Ltd - 1,100 Ordinary Shares	144,600	144,600
Nation Media Group - 1,100 Ordinary Shares	147,843	147,843
Equity Bank Ltd - 10,000 Ordinary Shares	142,548	142,548
Stanbic Bank Uganda Ltd - 32,000 Ordinary Shares	189,441	189,441
Housing Finance Co. (K) - 5,500 Ordinary Shares	87,569	87,569
	<u>1,347,766</u>	<u>1,347,766</u>
<b>Un-quoted shares at fair value - Available for sale</b>		
Co-op Bank (K) Ltd - 420,000 Ordinary Shares	420,000	420,000
CIC Insurance Co. Ltd - 13,800 Ordinary Shares	312,800	312,800
KUSCCO Ltd - 550 shares	57,060	57,060
	<u>789,860</u>	<u>789,860</u>
<b>Total Investments</b>	<u>2,137,626</u>	<u>2,137,626</u>

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LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2019

	2019 Kshs	2018 Kshs
<b>20 Members deposits</b>		
<b>BOSA</b>		
At the start of the year	1,427,809,438	1,124,280,103
Understated in 2018	417,110	-
Contribution during the year	346,663,932	301,950,785
Interest on deposits	54,666,091	-
Transfer to shares	(5,994,614)	60,395,111
Loan offsets	(27,494,173)	-
Deducted to benevolent fund	(4,050,000)	-
Withdrawals during the year	(16,363,098)	(58,816,561)
Total Members deposits	<u>1,775,654,686</u>	<u>1,427,809,438</u>
<b>21 Accounts and other payables</b>		
Audit fees	250,000	108,000
VAT on audit fees	40,000	-
Supervision & Recoverable fees	25,200	18,200
Contigent liabilities	34,800	34,800
Committee sitting allowance	-	401,445
Safaricom	149,431	123,953
Other accrued expenses	45,704	121,740
Holiday Savings Account	151,746	157,054
Junior Savings Account	1,566,364	1,359,337
Cortec Systems	1,300,000	1,300,000
Co-operative consultancy	-	65,000
Benevolent funds Contribution	3,576,604	1,563,214
Dynamics NAV System	1,681,600	1,682,000
Law Society of Kenya Cooperative Housing Society	-	369,900
	<u>8,821,449</u>	<u>7,304,643</u>
<b>22 Suspense account - unanalyzed bank bal</b>		
Unanalyzed bank bal.	<u>9,029,135</u>	<u>5,690,460</u>
	<u>9,029,135</u>	<u>5,690,460</u>

This is unnarrated deposits in the bank account mostly from Peza Link and bank transfers made by members who have not remitted to the Sacco transfer instructions to enable allocation of funds to their personal Sacco accounts.

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LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2019

	2019 Kshs	2018 Kshs
<b>23 Payments due to Members &amp; Committee</b>		
As at start of the year	127,335,623	127,335,623
Payment during the year	<u>(127,335,623)</u>	<u>(127,335,623)</u>
	-	-
Proposed interest on members deposits	139,133,543	117,914,329
Proposed dividends	7,224,663	6,811,376
Proposed honorarium	<u>3,146,185</u>	<u>2,609,918</u>
	<u><b>149,504,391</b></u>	<u><b>127,335,623</b></u>
<b>24 Taxation</b>		
Balance at start of the year		-
Charge for the year	<u>3,609,483</u>	-
Less: Withholding tax	<u>(938,702)</u>	-
Balance at end of the year	<u><b>2,670,781</b></u>	-
<b>25 Share capital</b>		
As at the start of the year	45,409,170	39,176,646
Contributions during the year	<u>6,414,232</u>	<u>6,232,524</u>
At the end of the year	<u><b>51,823,402</b></u>	<u><b>45,409,170</b></u>
<b>26 Reserves</b>		
Retained earnings	60,060,378	35,374,149
Statutory reserve	<u>18,134,043</u>	<u>14,178,849</u>
	<u><b>78,194,421</b></u>	<u><b>49,552,998</b></u>

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LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2019

	2019 Kshs	2018 Kshs
<b>27 Related party Transactions</b>		
<b>a. Key management personnel and directors remuneration</b>		
Management salaries and wages	26,536,734	15,789,300
Honoraria and Sitting allowances	10,646,881	6,670,672
	<u>37,183,615</u>	<u>22,459,972</u>
<b>b. Loans and Advances to Board and staff</b>		
At Start of the year	4,909,087	3,340,125
Disbursement during the year	5,563,617	6,033,894
Repayments	(3,633,519)	(4,464,932)
At the end of the year	<u>6,839,185</u>	<u>4,909,087</u>

**28 Prior year adjustment**

This relates to unrecognized income earned from Law Sacco of Kenya Housing Cooperative Ltd.

**29 Comparatives**

Where necessary, presentation in the previous year has been adjusted to match presentation in the

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LAW SOCIETY OF KENYA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED  
FOR THE YEAR ENDED 31ST DECEMBER 2019

PIN NO. P051116153U

TAX COMPUTATION

	Kshs	2019 Kshs
<b>INTEREST FROM NON-MEMBERS</b>		
Fixed deposit interest income	22,189,383	
Taxable Interest from Non-Members (50%)		11,094,692
<b>OTHER OPERATING INCOME</b>		
Share transfer fees		2,800
Entrance fees		861,020
Sundry Income		73,099
<b>Total Taxable Income</b>		<u><b>12,031,611</b></u>
<b><u>Tax Account</u></b>		
Tax provision for the year @30%		3,609,483
<b>Less:</b>		
Withholding Tax		(938,702)
Tax paid		
Balance b/f		-
<b>Tax payable</b>		<u><u><b>2,670,781</b></u></u>