

MINISTRY OF AGRICULTURE
LIVESTOCK, FISHERIES & CO-OPERATIVE
State Department for Co-operative
-4 APR 2022
P. O. Box 30547 - UJJIWA
GPO, NAIROBI, KENYA

CS/15373



TEMBO VENTURES

HOUSING CO-OPERATIVE

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



Ronalds

CS/15373
TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

CONTENTS	Page
Society Information	1
Report of Board of Directors	2
Statistical Information	3
Statement of Board of Directors' Responsibilities	4
Report of Independent Auditor	5-7
Financial Statements	
Statement of Profit or Loss & other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cashflows	12
Accounting Policies	13-20
Notes to the Financial Statements	21-27

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

SOCIETY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2021

BOARD MEMBERS:

Benjamin Okumu	Chairman	
Florida Nguru	Vice Chairperson	
Ian Mutethia	Hon. Secretary	
Agnes Ngamini	Treasurer	Appointed 16.04.2021
Robert Muguti	Treasurer	Retired 16.04.2021
Joseph Muchemi	Member	
Wilfred Gichovi	Member	
Catherine Ngatia	Member	
Beatrice Akumu	Member	
Kagika Mwangi	Member	Appointed 16.04.2021
Pascaline Njoroge	Member	Resigned 16.04.2021

SUPERVISORY COMMITTEE

Harrison Mutua	Chairperson	
Evalyne Kiiru	Secretary	Appointed 16.04.2021
Anne Ngure	Secretary	Retired 16.04.2021
Martin Mutie	Treasurer	

REGISTERED OFFICE

Tembo Sacco Complex,
Garden Estate Road, Off Thika Road,
P.O Box 91-00618,
Nairobi, Kenya.

PRINCIPAL BANKER

Co-operative Bank of Kenya,
Thika Road Mall Branch,
P.O Box 67881-00200,
Nairobi.

Tembo Sacco Society Limited,
Tembo Sacco Complex,
P.O Box 91-00618,
Ruaraka, Nairobi.

INDEPENDENT AUDITOR

Ronalds LLP,
Certified Public Accountants,
136 Manyani East Road, Westlands,
P.O. BOX 41331-00100,
Nairobi, Kenya.

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED
REPORT OF BOARD OF DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

INCORPORATION

The society is incorporated in Kenya under the Co-operative Societies Act Cap 490 and licensed under the Sacco Societies Act No. 14 of 2008 and is domiciled in Kenya.

PRINCIPAL ACTIVITY

The Society's principal activity is investment in real estate and land.

RESULT

	2021 Kshs	2020 Kshs
Surplus for the year	6,346,848	3,989,674
Taxation	(1,904,054)	(997,419)
Retained surplus for the year	<u>4,442,794</u>	<u>2,992,255</u>
Interest on members' deposit	<u>4,928,711</u>	<u>5,140,944</u>

INTERESTS ON MEMBERS DEPOSITS AND DIVIDENDS ON SHARE CAPITAL

The Board Members recommend interest on members' deposits at 7% (2020 - 7%) and dividends on Share Capital at 7.5% (2020 - 5%) on pro rata basis respectively.

DIRECTORATE

The directors who served during the year and to the date of this report are listed on page 1

INDEPENDENT AUDITOR

The Sacco's auditors, Messrs Ronalds LLP, Certified Public Accountants (K) have expressed their willingness to continue in office in accordance with section 719 of the Companies Act (Cap 486) and under the terms of section 25 (4) of the Co-operative Societies(Amendment) Act No.2 of 2004.

BY ORDER OF THE BOARD OF DIRECTORS


.....
SECRETARY

DATE 31/03/2022

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

STATISTICAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
Number of members	640	618
	KSHS	KSHS
Share Capital	47,018,003	46,056,756
Liquid Assets	4,746,345	579,641
Total Assets	194,111,832	154,372,332
Current Assets	143,755,013	134,462,891
Members' Deposits	84,710,241	74,642,516
Reserves	7,710,536	6,615,075
Total Liabilities	136,035,960	99,468,945
Total Revenue	53,758,705	47,563,926
Total Expenses	47,411,858	43,574,252

Key Ratios

Liquid Assets/Total deposits & Long term liabilities	4.9%	0.6%
Current ratio	1.06	1.35
Total expenses to revenue	88.2%	91.6%
Interest on Members Deposits	7.0%	7.0%
Dividend on Share Capital	7.5%	5.0%

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF DIRECTORS RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

The Cooperative Societies Act requires the Board of Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the society as at the end of the financial year and its operating results for that year in accordance with International Financial Reporting Standards (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 of the society has been conducted in accordance with its objectives, by-laws and any other resolutions made at 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 (IFRS) and in the manner required by the Cooperatives 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 of its operating results in accordance with the International Financial Reporting Standards (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 twelve months from the date of this statement.

Approved by the Board of Directors on... 31st March2022 and signed on its behalf by:


.....
CHAIRMAN


.....
TREASURER


.....
BOARD MEMBER

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED
Report on the financial statements
Opinion

We have audited the accompanying financial statements of Tembo Ventures Housing Cooperative Society Limited set out on pages 9 to 27 which comprise the statement of financial position as at 31 December 2021 and the Statement of profit or Loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the state of the society's financial affairs at 31 December 2021, the results of its operations and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Cooperative Societies Act.

Basis of Opinion

We conducted our audit in accordance with the 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 Society in accordance with the International Ethics Standards Board for Accountants (IESBA), Code of Ethics For Professional Accountant. We have fulfilled our other ethical responsibilities in accordance with IESBA code and in accordance with other ethical requirements applicable to performing the audit of financial statements in Kenya. 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 society financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the audit matter was addressed
Asset Held for Sale- Kisaju Plains The society principal activity is investment in land. Among the Assets Held For Sale is Kisaju plains with an approximate size of 10 acres worth Kshs 36,440,741 which was fully acquired in 2017 and the same not been disposed hence affecting the liquidity and the income of the Society.	We were concerned on the completion of the project given that it has taken a considerable longer period to be subdivided and be sold out.



<p>This raises concerns in regards to feasibility study carried out to establish the viability of the project.</p>	<p>We discussed with the management and obtained commitment the the land will be subdivided and sales will be recognized in the subsequent periods.</p>
<p>Under IFRS 15, revenue and respective Cost of Sales are recognized upon completion of payment, inclusion of any other costs related to the sales when transfer of the is complete between the Society and the customer.</p> <p>Significant judgement was involved in determining the Deferred Revenue(Note 17) and Deferred Cost of Sales(Note 13)</p>	<p>We tested the reasonableness and recognition of the income and cost of sales to make sure the financial statements are not misstated due to the non-compliance with this standard.</p> <p>Discussed with the management and obtained commitment that full adoption of the standard will be adopted in the subsequent periods.</p>

Other information

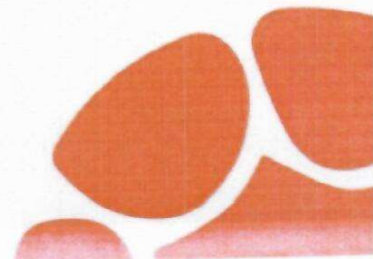
The Management Committee is responsible for the other information. The other information comprises the budget and the chairman's report included in the annual report but does not include the financial statements and our auditor's report thereon.

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 identified above 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 on the other information, 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.

Management Committee Responsibility for the Financial Statements.

They are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenya Cooperative Societies Act. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, they are responsible for assessing the select entity'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 they either intend to liquidate the select entity or to cease operations, or have no realistic alternative but to do so. The Kenya Cooperative Societies also requires the Management Committee to ensure that the Society maintains proper books of accounts which are in agreement with the statement of profit or loss and other comprehensive income and statement of financial position.



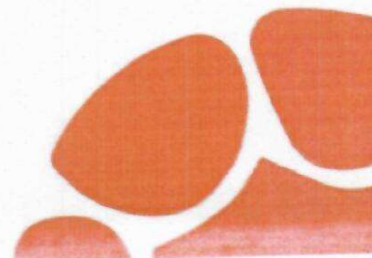
Auditors' Responsibility for the audit of the financial statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report and financial statements are free from material misstatement.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 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.
- 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.
- Conclude on the appropriateness of the management committee 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 Society'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 our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

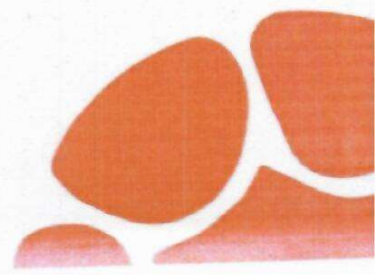
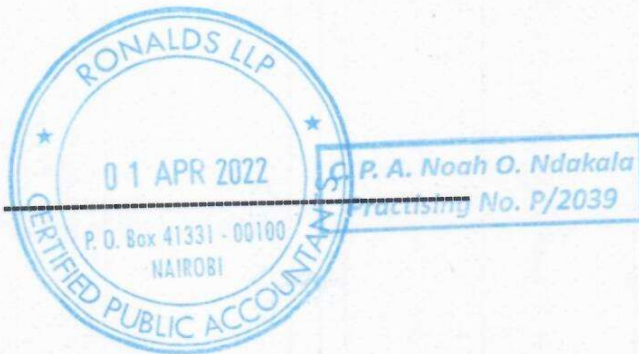


Report on other legal requirements

As required by the Cooperative Society's Act 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 Kenyan Co-operative Society's Act.
- (ii) In accordance with the Co-operatives Societies objectives, by- laws and any other resolutions made by the Society at a general meeting.


Certified Public Accountants (K)
Nairobi.



CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

		2021 KSHS	2020 KSHS
Land Sales	Notes 2	51,664,000	45,031,207
Cost of sales	3	(33,090,053)	(29,077,082)
Net Income from Sale of Plots		<u>18,573,947</u>	<u>15,954,125</u>
Other operating income	4	2,094,705	2,532,719
Administrative expenses	5	(5,026,879)	(4,128,888)
Governance expenses	6	(2,005,390)	(1,836,190)
Financial expenses	7	(7,289,536)	(8,532,092)
Total Expenditure		<u>(14,321,805)</u>	<u>(14,497,170)</u>
Net surplus before tax		<u>6,346,848</u>	<u>3,989,674</u>
Taxation	20	(1,904,054)	(997,419)
Net surplus for the year		<u>4,442,794</u>	<u>2,992,256</u>
Other comprehensive income		-	-
Total Comprehensive Income		<u><u>4,442,794</u></u>	<u><u>2,992,256</u></u>

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		2021 KSHS	2020 KSHS
ASSETS	Notes		
Cash and cash equivalent	8	4,746,345	579,641
Investments	9	14,547,500	14,307,500
Assets held for sale	10	96,890,403	100,416,428
Investment Property	11	16,000,000	16,000,000
Intangible assets	12	972,510	1,215,638
Accounts and other receivables	13	27,570,765	19,159,322
Deferred Cost of Sales	14	32,248,002	-
Related Party balances	15	141,044	987,821
Taxation	20	-	829,867
Property & equipment	21	995,263	876,114
TOTAL ASSETS		194,111,832	154,372,332
LIABILITIES			
Members deposits	16	84,710,241	74,642,516
Accounts payables	17	20,800,180	7,139,929
Deferred Sales	18	19,123,015	-
Borrowings	19	11,259,830	17,686,500
Taxation	20	142,694	-
TOTAL LIABILITIES		136,035,960	99,468,945
SHAREHOLDERS FUND			
Share capital	22	47,018,003	46,056,756
Proposed Dividends(Page 11)		3,347,333	2,231,555
Statutory Reserves(Page 11)		6,187,172	5,298,613
Retained Earnings(Page 11)		1,523,364	1,316,462
TOTAL SHAREHOLDERS FUND		58,075,872	54,903,386
TOTAL EQUITY & LIABILITIES		194,111,832	154,372,332

REGISTERED
 SEC. 25(7) Co-operative Societies
 ACT CAP 490 (Amended 2004)
 Javel M. Murira
 5 APR 2022
 Sign.....
JAVEL M. MURIRA
 FOR: COMMISSIONER OF CO-OPERATIVE SOCIETIES

The financial statements were approved and authorized for issue by the Board of Directors on 31st March 2022 and were signed on its behalf by:

[Signature]
 CHAIRMAN

[Signature]
 TREASURER

[Signature]
 HON. SECRETARY

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2021

	SHARE CAPITAL KSHS	RETAINED EARNINGS KSHS	STATUTORY RESERVES KSHS	PROPOSED DIVIDENDS KSHS	TOTAL KSHS
As at 1 January 2020	39,629,673	1,154,213	4,700,162	3,763,615	49,247,663
Share capital contribution	6,427,083	-	-	-	6,427,083
Surplus for the year	-	2,992,256	-	-	2,992,256
Transfer to statutory reserve	-	(598,451)	598,451	-	-
Dividends paid	-	-	-	(3,763,615)	(3,763,615)
Proposed Dividends	-	(2,231,555)	-	2,231,555	-
As at 31 December 2020	<u>46,056,756</u>	<u>1,316,462</u>	<u>5,298,613</u>	<u>2,231,555</u>	<u>54,903,386</u>
As at 1 January 2021	46,056,756	1,316,462	5,298,613	2,231,555	54,903,386
Share capital contribution	961,247	-	-	-	961,247
Surplus for the year	-	4,442,794	-	-	4,442,794
Transfer to statutory reserve	-	(888,559)	888,559	-	-
2019 Dividends paid	-	-	-	(2,231,555)	(2,231,555)
2020 Proposed dividends	-	(3,347,333)	-	3,347,333	-
As at 31 December 2021	<u>47,018,003</u>	<u>1,523,364</u>	<u>6,187,172</u>	<u>3,347,333</u>	<u>58,075,872</u>

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 KSHS	2020 KSHS
Cash flow from operating activities			
Profit before taxation		6,346,848	3,989,674
Add Back depreciation & amortisation		480,459	515,138
Operating profit before working capital changes		<u>6,827,308</u>	<u>4,504,812</u>
Movement in working capital			
Decrease/(Increase) in Assets held for sale		3,526,025	(14,420,281)
(Increase)/Decrease in Trade and other receivables		(8,411,443)	23,129,544
Increase/(Decrease) in Trade and other payables		13,660,251	(15,804,642)
Increase in Deferred Sales		19,123,015	-
Cash generated from operating activities		<u>34,725,156</u>	<u>(2,590,566)</u>
Tax Paid		(931,493)	(1,319,127)
(Increase) in Deferred Cost of Sale		(32,248,002)	-
Net cash generated from operating activities		<u>1,545,661</u>	<u>(3,909,693)</u>
Cashflow from investing activities			
Purchase of property, plant and equipment		(356,480)	-
Purchase of intangible assets		-	-
Dividends paid		(2,231,555)	(3,763,615)
(Increase) in Deposits/investments in Tembo Sacco		(240,000)	(857,500)
Net cash flow from investing activities		<u>(2,828,035)</u>	<u>(4,621,115)</u>
Cashflow from financing activities			
Proceeds on share issue		961,247	6,427,083
Repayment of borrowings		(6,426,670)	(6,426,000)
Related party transactions		846,777	(91,910)
Members deposits contributions		16,519,407	12,235,685
Members deposits withdrawals		(6,451,684)	(10,027,978)
Net cash generated from financing activities		<u>5,449,078</u>	<u>2,116,881</u>
Cash and Cash equivalents at the start of the year		579,641	6,993,569
Net cash increase /(decrease) during the year		4,166,704	(6,413,928)
Cash and Cash equivalents at the end of the year	8	<u>4,746,345</u>	<u>579,641</u>

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2021

1 Summary of Significant Accounting Policies

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

Basis of preparation

a) Statement of compliance

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRSs).

These financial statements are presented in the functional currency, Kenya shillings (KShs) and prepared under the historical cost convention, except as specified below under fair value measurement in accordance with applicable IFRSs.

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

b) Revenue recognition

Project income

Under IFRS 15, revenue is recognised when the goods or services are transferred to the customer, at the transaction price. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The society is not fully in compliance with the provisions of the standard. The core principle is derived in a five step model framework:

- 1) Identify the contract(s) with a customer. There is a legally enforceable contract between a customer and Tembo Ventures Co-operative Society Limited.
- 2) Identify the performance obligations in the contract: Performance obligations include the construction of houses & purchase of land as per the requirements of the contract.
- 3) Determine the transaction price: The Society applies a markup on the expenses incurred during construction of the houses and purchase of the land.
- 4) Allocate the transaction price to the performance obligations in the contract: The transaction price is only allocated to the purchase of land & construction of houses.
- 5) Recognise the revenue when (or as) the entity satisfies a performance obligation: Revenue is recognised based on the above when the performance obligation has been satisfied i.e. Transfer of land, completion of the house, and transfer the house to the customer on full payment of the contract amount.

Other income

- i) Entrance fee is recognized when a new member joins the society;
- ii) Dividend is recognized when the right to receive income is established. Dividend are reflected as a component of other operating income based on the underlying classification of the equity instrument;
- iii) Commission income is recognized upon successful completion of the transaction;
- iv) Miscellaneous income is recognized upon performance of the services agreed on.
- v) Interest income is recognized on a cash basis in the profit or loss for the year using the effective yield on the asset. Interest income includes income from investment in money markets. When financial assets become impaired, interest income is thereafter not recognized until such time that recoverability is assured.

c) Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Certain classes of property, plant and equipment are subsequently shown at revalued amounts, based on periodic valuations by the independent valuers, less subsequent cost. All other property plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

	Rates
IT Equipments	20.00%
Furniture, Fittings & Equipment	12.50%

Intangible Assets

Intangible assets include computer software recognised in the books at cost and amortised over an estimated useful life based on the circumstances at an annual rate of 30% per annum based on reducing balance method.

De-recognition

The carrying amount of an item of property, plant and equipment shall be derecognized:

(a) on disposal; or

(b) when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the De recognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognized (unless IAS 17 requires otherwise on a sale and leaseback). Gains shall not be classified as revenue.

(d) Adoption of new Standards and Interpretations

The following standards and interpretations have been adopted as they are mandatory for the year ended 31 December 2021 as they were effective for annual periods beginning on or after 1 January 2016;

i) Disclosure Initiative - Amendments to IAS 1

The amendments clarify the materiality requirements in IAS 1, that specific items in the statements of comprehensive income and financial position may be disaggregated, that entities have flexibility as to the order in presenting notes to the financial statements,; and that the share of other comprehensive income of associates and joint ventures, accounted for using the equity method, must be presented in aggregate as a single line item, and classified between those items that will not be subsequently reclassified to profit or loss. The amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

ii) IFRS 10, IFRS 12 and IAS 20 Investment Entities; Applying the Consolidation Exemption-

The amendments to IFRS 10 clarify that the exemption in paragraph 4 of IFRS from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, the amendment to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measure at fair value.

The amendment to IAS 28 allow the investor, when applying the equity method to retain the fair value measurement applied by the investment entity, associate or joint venture to its interest in subsidiaries.

iii) IAS 16 and IAS 38-Ammdements to IAS 16 and IAS 38: Clarification of Acceptable Methods of

The amendment clarifies the principle in IAS 16;Property, Plant and Equipment and IAS 38;Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business(of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to the total revenue expected to be generated cannot be used to depreciated property, plant and equipment and may only be used in very limited circumstances to amortized intangible assets.

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

ACCOUNTING POLICIES(Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2021

iv) Accounting for Acquisition of interest in joints operations-Amendments to IFRS 11

The amendment requires an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS 3 and other IFRSs that do not conflict with the requirements of IFRS 11 Joint Arrangements. Furthermore, entities are required to disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendment also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by one of its parties to the joint operation on its formation. Furthermore, the amendment clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interest in the joint operation must not be remeasured if the joint operator retains joint control.

v) IAS 27:Equity Method in Separate Financial Statements-Amendments to IAS 27

The amendment allow an entity to use the equity method as described in IAS 28 to account for its investment in subsidiaries joint ventures and associates in its separate financial statements. Therefore, an entity must account for its investments either(1) at cost;(2) in accordance with IFRS 9; or (3) using the equity method. The entity must apply the same accounting for each category of investment, and the amendment must be applied retrospectively.

vi) IAS 7:Disclosure Initiative-Statement of Cash flows

The amendment are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flow and non-cash changes. The amendments are intended to provide information to help investors better understand changes in a Society's debt.

e) New Standards and Interpretations not yet adopted

The following new Standards and amendments to standards and interpretation effective 31 December 2016 are not expected to have a significant effect on the financial statements of the Society in future financial periods, or not applicable to the Society based on the existing assets and liabilities;

(i) IFRS 9: Financial instruments

Issued on 24th July 2014 this standard replaces earlier version of IFRS 9 and superseded IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected loss" model

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption permitted.

The Society is assessing the potential impact on its financial statements resulting from the application of IFRS 9 but this is yet to be implemented during the year.

The Society classifies its financial instruments into the following categories:

i) **Financial assets at fair value** , which comprise of those held at Fair Value through Other Comprehensive Income(FVOCI) which meet the Solely Payments of Principal and Interest(SPPI) test and are held in a business model in which assets are managed both to collect contractual cash flows and for sale and those held at Fair Value through Profit or Loss(FVTPL) which are all other financial assets that do not qualify for measurement at FVOCI

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

ACCOUNTING POLICIES(Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2021

ii) **Financial assets at amortized cost**, which comprise of financial assets which meet the Solely Payments of Principal and Interest (SPPI) test and are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows only.

iii) **Financial liabilities at fair value through profit or loss**, which comprise of those held for trading and those designated at FVTPL upon initial recognition.

iv) **Financial liabilities at amortized cost**, which comprises of all other financial liabilities except for those that the fair value option has been elected.

ii) IFRS 15: Revenue from Contracts

IFRS 15 was issued on May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The Society is yet to assess the full impact of the new standard on the required effective date and has not complied fully with the standard in the financial year 2021 and its prior years.

iii) IFRS 16: Leases

The new standard introduces a single on balance sheet accounting model, similar to the current finance lease accounting. Under the new standard the society will be required to recognize a 'right to use' asset and a lease liability for all identified leased assets in the statement of financial position. The current operating lease (rent) expense will be replaced with a depreciation and finance charge. The standard becomes applicable for the financial year beginning on or after 1 January 2019 and the society intends to adopt IFRS 16 in the subsequent year. While it is not expected to be a material impact on overall cash flows and net profit or loss, the quantification of such impact cannot be reliably measured.

iii) IFRS 2: Classification and Measurement of Share Based Payments Transactions-Amendments

The amendments to IFRS 2 are intended to eliminate diversity in practice, and addresses three main areas; (1) The effect of vesting conditions on the measurement of a cash-settled share based payment transactions, (2) The classification of a share based payment transaction with net settlement features for the withholding tax obligations (3) The accounting where a modification of the terms and conditions of a share based payment transaction changes its classification from cash settled to equity settled.

(f) IAS 12: Income Taxes

According to IAS 12, current tax for current and prior periods shall, to the extent unpaid, be recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset. Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability. Currently enacted tax rates are used to determine deferred income tax.

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED
ACCOUNTING POLICIES(Cont`d)
FOR THE YEAR ENDED 31 DECEMBER 2021

Deferred income tax assets are recognized only to the extent that it is probable that the future taxable profits will be available against which temporary differences can be utilized.

(g) Financial liabilities and equity instruments issued by the Society

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Society are recorded at the proceeds received, net of direct issue costs. The capital comprise primarily of minimum share capital prescribed under the By-laws of the Society.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

All financial liabilities are recognized initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognized at fair value and the transaction costs are expensed in the statement of comprehensive income.

Subsequently, all financial liabilities are carried at amortized cost using the effective interest method except for financial liabilities through profit or loss which are carried at fair value. All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the Society's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

De recognition of Financial Liabilities

Financial liabilities are derecognized only when the obligation specified in the contract is discharged or cancelled or expires.

Provision for liabilities and charges

Provisions are recognized when the company 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 a reliable estimate of the amount of the obligation can be made.

Other financial liabilities

All other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

ACCOUNTING POLICIES(Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2021

(h) Employee entitlements

Employee entitlement to long service awards are recognized when they accrue to employees. Provision is made for the estimated liability of such entitlements as a result of services rendered by employees up to the reporting date. The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

(i) Retirement benefit obligations

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

The Society has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior period. The society's contributions to the defined contribution schemes are charged to the profit or loss in the year to which they relate.

The Society also contributes to a mandatory statutory defined contribution pension scheme, the National Social Security Fund (NSSF) at varying values for its employees as legislated from time to time.

(j) Statutory reserves

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.

(k) Cash and cash equivalents

Cash and cash equivalents comprise of cash at hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value net of bank overdrafts.

(l) Provisions for liabilities and other charges

A provision is recognized in the statement of financial position when the Society has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cashflows at a pre tax rate that reflects current market assessment of the time value of money and, when appropriate, the risks specific to the liability.

(m) Collateral

The Society discloses:

(a) the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with paragraph 37(a) of IAS 39; and

(b) the terms and conditions relating to its pledge

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

(a) the fair value of the collateral held;

(b) the fair value of any such collateral sold or repledged, and whether the entity has an obligation to return it; and

(c) the terms and conditions associated with its use of the collateral.

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

ACCOUNTING POLICIES(Cont`d)

FOR THE YEAR ENDED 31 DECEMBER 2021

(n) Foreign Currency Transactions

Transactions in foreign currency are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Kenya Shillings at the rate of exchange ruling at that date.

Transactions during the period in foreign currencies are translated at the rates ruling at the dates of the transactions. Gains or losses on exchange are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(o) Financial Risk Management

The Society has exposed the following risks from the use of financial instruments:

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk

The note presents information about the Society's exposure to each of the above risks, the Society's objectives, policies and processes for measuring and managing risk, and the Society's management of capital. Further quantitative disclosures are included throughout these financial statements. The Society's risk management policies are established to identify and analyse the risks faced by the Society, to set appropriate risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Society activities.

1. Credit Risk

Credit risk arises mainly on cash and cash equivalents and trade & other receivables. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The amount that best represents the Society's maximum exposure to credit risk as at 31 December 2021 is made up as follows:

	2021	2020
	Kshs	Kshs
Trade receivables(Note 12)	27,570,765	19,159,322
Bank balance	4,746,345	579,641
	<u>32,317,110</u>	<u>19,738,964</u>

2. Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as and when they fall due. The Society's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation.

3. Market Risk

Market risk is a risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

ACCOUNTING POLICIES(Cont`d)

FOR THE YEAR ENDED 31 DECEMBER 2021

(p) Key source of estimation uncertainty

These are assumptions applied in estimating the carrying amounts and the underlying estimation uncertainty may lead to those amounts changing materially in the next 12 months. Examples of situations involving estimation uncertainty:

(a) In the absence of recently observed market prices, future oriented estimates are necessary to measure the recoverable amounts of classes of property, plant and equipment.

(b) The effect of technological obsolescence on inventories

(c) Provisions subject to future outcome of litigation in progress

(d) In determining the liability for long-service payments, management must make an estimate of salary increases over the following five years, the discount rate for the next five years to use in the present value calculation, and the number of employees expected to leave before they receive the benefits.

(q) Significant judgment(s) in applying the Society's accounting policies

Disclosure is made of significant judgements (apart from those involving estimations) made in applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements.

Examples of judgments;

(1) When substantially all the significant risks and rewards of ownership of financial assets are transferred to other entities

(2) Whether in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue

(3) Whether the relationship with a special purpose entity indicates control of the Special Entity

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	KSHS	KSHS
2 LAND SALES		
Kantafu Heights	-	2,960,000
Mountain view	550,000	1,100,000
Ruiru Breeze	-	8,000,000
Ruiru Northview	1,900,000	3,500,000
Juja Crescent II	4,893,000	5,194,000
Malaa Springs	9,200,000	5,273,207
Tembo Plainsview I	-	2,500,000
Juja Palms	-	2,000,000
Juja Palms II	750,000	6,775,000
Juja Oak	9,545,000	5,880,000
Ruiru Greens View	5,000,000	2,500,000
Tembo Plainsview II	5,000,000	10,000,000
Ruiru Plains	12,000,000	1,500,000
Ruiru Hill View	6,588,000	-
Tembo gardens Juja farm	1,798,000	-
Gross Revenue	<u>57,224,000</u>	<u>57,182,207</u>
Credit notes for Repossed land sold in prior year		
Ruiru Greenview	(2,500,000)	-
Ruiru Breeze	-	(1,900,000)
Ruiru Northview	(1,700,000)	(1,700,000)
Kantafu Heights	-	(1,398,000)
Juja Oak	(1,190,000)	-
Juja Palms	-	(1,993,000)
Juja Palms II	(750,000)	(1,650,000)
Tembo Plainsview I	-	(2,250,000)
Ruiru Hill View	1,390,000	-
Malaa	(810,000)	(1,260,000)
Total credit notes	<u>(5,560,000)</u>	<u>(12,151,000)</u>
Net Revenue	<u>51,664,000</u>	<u>45,031,207</u>
3 COST OF SALES		
Ruiru Breeze	-	4,503,194
Ruiru Northview	1,005,036	1,005,036
Ruiru Hill View	2,757,410	-
Malaa Springs	4,376,783	3,382,093
Ruiru Greens View	1,517,500	1,683,198
Juja Crescent II	4,054,228	3,393,309
Juja Palms II	-	3,547,543
Juja Oak	6,545,273	2,283,455
Tembo Plainsview II	3,884,000	8,130,085
Ruiru plains	7,523,680	1,149,169
Tembo Gardens Juja farm	1,426,143	-
	<u>33,090,053</u>	<u>29,077,082</u>
Profit on Sale of Plots	<u>18,573,947</u>	<u>28,105,125</u>

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 KSHS	2020 KSHS
4 OTHER OPERATING INCOME		
Dividend Income	4,000	4,000
Entrance Fees	60,000	55,000
Interest Income*	1,880,256	1,994,136
Membership withdrawal fee	150,449	479,583
	<u>2,094,705</u>	<u>2,532,719</u>
<i>* Interest Income relate to Tembo Sacco rebates of Kshs 1,609,617(Kshs 1,598,196 in 2020), CIC Money market of Kshs 252,363(Kshs 362,674 in 2020) and Tembo Sacco Savings of Ksh 18,276(Kshs 33,266 in 2020)</i>		
5 ADMINISTRATIVE EXPENSES		
Employee costs	2,053,200	2,027,032
Staff Medical expenses	166,867	58,505
Marketing expenses	894,839	137,670
Rent and rates	368,220	398,905
Insurance expenses	13,741	316,130
Office expenses	64,787	37,635
Professional fees	287,750	92,501
Telephone and internet expenses	247,482	263,385
Travelling expenses	67,060	18,189
Repairs and Maintenance	8,251	3,656
Bank charges	48,767	33,058
Printing and stationery	97,256	61,885
Audit fees	170,000	150,000
Supervision and recoverable fees	17,200	15,200
Depreciation	237,331	211,229
Amortisation	243,128	303,910
Licences & Permits	41,000	-
	<u>5,026,879</u>	<u>4,128,888</u>
6 GOVERNANCE EXPENSES		
Sitting allowance	1,713,870	1,583,140
AGM expenses	153,500	-
Committee travel	138,020	253,050
	<u>2,005,390</u>	<u>1,836,190</u>

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 KSHS	2020 KSHS
7 FINANCIAL EXPENSES		
Interest on members deposits	4,928,711	5,140,944
Interest on Sacco loan	2,208,850	3,172,839
Insurance on Tembo Sacco loan	151,975	218,309
	<u>7,189,536</u>	<u>8,532,092</u>
8 CASH AND CASH EQUIVALENTS		
CIC Unit Trust	3,672,268	125,979
Tembo Sacco Fosa savings	395,070	(43,624)
Co-operative Bank current	606,595	332,746
Tembo Sacco Fosa current account	(48,607)	1,000
M-pesa	89,059	133,539
NIC	30,000	30,000
Petty cash	1,960	-
	<u>4,746,345</u>	<u>579,641</u>
9 INVESTMENTS		
Balance brought forward	14,307,500	13,450,000
Investments during the year	240,000	857,500
	<u>14,547,500</u>	<u>14,307,500</u>
	<i>Investments refer to shares & deposits held with Tembo Sacco Society Limited</i>	
10 ASSETS HELD FOR SALE		
Kisaju plains	36,440,741	36,440,741
Malaa springs	-	7,381,366
Kamulu meadows	1,258,000	1,258,000
Juja Bliss phase I	7,868,900	7,868,900
Ruiru Greenview	-	2,870,869
Ruiru Breeze	2,796,216	3,696,216
Juja Crescent 2	4,561,006	9,857,469
Juja Oak	-	4,491,962
Plains view 2	14,332,107	14,832,107
Ruiru plains	2,821,380	11,718,799
Tembo Gardens	18,539,822	-
Ruiru Hill View	8,272,230	-
	<u>96,890,403</u>	<u>100,416,428</u>

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 KSHS	2020 KSHS
11 INVESTMENT PROPERTY		
Freehold Land	16,000,000	16,000,000
	<u>16,000,000</u>	<u>16,000,000</u>
<i>The Land was purchase in Ruiru by the society for the purpose of building apartments for sale to members and non-members.</i>		
12 INTANGIBLE ASSETS		
As at 1st January	2,336,085	2,336,085
Additions	-	-
	<u>2,336,085</u>	<u>2,336,085</u>
Accumulated amortization as at 1st January	1,120,447	816,537
Amortization for the year	243,128	303,910
	<u>1,363,574</u>	<u>1,120,447</u>
Net Book Value	<u>972,510</u>	<u>1,215,638</u>
13 TRADE RECEIVABLES		
Plot buying Scheme	22,028,938	13,506,141
Downpayments	4,380,000	4,380,000
Suspense account	148,840	147,187
Withholding tax	1,012,987	1,125,994
	<u>27,570,765</u>	<u>19,159,322</u>
<i>*Plot Buying Scheme -This relates to amount receivable from sale of plots</i>		
14 DEFERRED COST OF SALES		
Deferred Cost of Sales	32,248,002	-
	<u>32,248,002</u>	<u>-</u>
<i>Under IFRS 15, Cost of Sales will be recognised when the housing units have been fully transferred to the customer, at the transaction price.</i>		
Project Direct costs	24,807,747	
Professional fees	6,799,968	
Marketing & Commissions	640,287	
	<u>32,248,002</u>	
15 RELATED PARTY BALANCES		
Balance b/f	987,821	895,911
Net movement during the year	(846,777)	91,910
	<u>141,044</u>	<u>987,821</u>
<i>This relates to amount receivable from the Sacco</i>		

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 KSHS	2020 KSHS
16 MEMBERS DEPOSITS		
Member deposits balance b/f	74,642,516	72,434,808
Contribution during the year	10,108,710	11,643,549
Capitalization of interest and dividends	6,410,698	592,137
Conversion to share capital	(169,762)	(510,337)
Withdrawals during the year	(6,281,922)	(9,517,641)
	<u>84,710,241</u>	<u>74,642,516</u>
17 ACCOUNTS AND OTHER PAYABLES		
Trade payables*	15,589,582	-
Audit fees	170,000	150,000
Supervision and recoverable fees	17,200	15,200
Proposed Interest on members deposits	4,928,711	5,140,944
Payroll	67,239	162,273
Withholding tax	-	502,548
Other bank deposits	-	800,833
Accruals	27,447	368,131
	<u>20,800,180</u>	<u>7,139,929</u>
<i>*Trade payables of Kshs 15,589,582 relates to purchase price balance of land(Ruiru East/Juja East Block 2/1020)</i>		
18 DEFERRED SALES		
Deferred Sales	19,123,015	-
	<u>19,123,015</u>	<u>-</u>
<i>Under IFRS 15, revenue is recognised when the housing unit have been transferred fully to the customer, at the transaction price. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods</i>		
19 BORROWING		
Tembo Sacco loan balance b/f	17,686,500	24,112,500
Issued during the year	-	-
Repayments during the year	(6,426,670)	(6,426,000)
	<u>11,259,830</u>	<u>17,686,500</u>
20 TAXATION		
At start of the year	(829,867)	(508,159)
Charge for the year	1,904,054	997,419
Payments during the year	(931,493)	(1,319,127)
At the end of the year	<u>142,694</u>	<u>(829,867)</u>

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

21 PROPERTY AND EQUIPMENT

	IT EQUIPMENT KSHS 20.0%	FURNITURE AND FITTINGS KSHS 12.5%	TOTAL KSHS
<u>Cost or Valuation</u>			
As at 1 January 2020	1,414,980	108,666	1,523,646
Additions during the year	-	-	-
As at 31 December 2020	<u>1,414,980</u>	<u>108,666</u>	<u>1,523,646</u>
As at 1 January 2021	1,414,980	108,666	1,523,646
Additions	306,780	49,700	356,480
As at 31 December 2021	<u>1,721,760</u>	<u>158,366</u>	<u>1,880,126</u>
<u>Depreciation</u>			
As at 1 January 2020	410,835	25,468	436,303
Charge for the year	200,829	10,400	211,229
As at 31 December 2020	<u>611,664</u>	<u>35,868</u>	<u>647,532</u>
As at 1 January 2021	611,664	35,868	647,532
Charge for the year	222,019	15,312	237,331
As at 31 December 2021	<u>833,683</u>	<u>51,180</u>	<u>884,863</u>
<u>Net Book Value</u>			
As at 31 December 2020	<u>803,316</u>	<u>72,798</u>	<u>876,114</u>
As at 31 December 2021	<u>888,077</u>	<u>107,186</u>	<u>995,263</u>

22 SHARE CAPITAL

	2021 KSHS	2020 KSHS
At the start of the year	46,056,756	39,629,673
Contributions during the year	961,247	6,427,083
	<u>47,018,004</u>	<u>46,056,756</u>

CS/15373

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

23 CONTINGENT LIABILITY

a) Naivasha/Maraigushu/Block 11 /5406

The issue is currently before the Director of Criminal Investigation on Impersonation by the seller having received a sum of Kshs 4,380,000 as noted under note 13 as downpayments.

On 7th February 2021, the advocate who initiated the said transaction was reported missing and is yet to be seen since then. The defedants in the case are Samuel Njoroge(Seller) & Kimotho(Son of the Seller).The said Samuel Njoroge (the Seller) and Kimotho his son have not been traced to date. Taking into consideration the above findings, the Society & its lawyers have since commenced recovery proceedings from the Advocates Bank, one NCBA for negligence in allowing withdrawal of large transactions without contrary to the Central Bank Circular No. 1 of 2016.

b) ELC 152/18 – Felistus Waithera Wamburu Vs TVHCSL

The dispute at hand is ownership of Ruiru East/ Juja East Block 2/1074. The Sacco had purchased the same from one, James Kamau Njure, soon after the said registration was challenged by the Plaintiff. The matter has been scheduled for judgment on 5th May 2022.

c) ELC 184/2019 Ruiru Kiu Block 2 (Githunguri)/3194

A third party has challenged the ownership of the said parcel having allegedly paid to the land selling company in 1981. The Society is the defendants in this suit and the matter comes up for mention on 25th May 2022 to take a hearing date.

The outcome for this three cases is unknown/ it is not yet determinable.

24 CURRENCY

The Financial statements are prepared in Kenyan Shillings

25 COMPARATIVES

Where necessary, comparatives figures have been adjusted to conform to the presentation in the current year.

TEMBO VENTURES HOUSING CO-OPERATIVE SOCIETY LIMITED

TAX COMPUTATION

PIN : P051445901Y

	2021 KSHS
Surplus before tax	6,346,848
Add back depreciation& Amortisation	<u>480,459</u>
	6,827,307
Less wear and tear Allowance	(480,459)
	<u>6,346,848</u>
Taxable Income	<u>6,346,848</u>
Tax @30%	1,904,054
Less Instalment taxes paid	(931,493)
Tax credits	(829,868)
	<u>142,693</u>
Tax payable	<u>142,693</u>