

**RIVERBANK CREDIT (SACCO) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST JULY 2009**

**AMOSWILSON & ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**NAIROBI**

**RIVERBANK CREDIT (SACCO) LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST JULY 2009**

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**RIVERBANK CREDIT (SACCO) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST JULY 2009**

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**REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited accounts for the year ended 31st July 2009 which discloses the state of affairs of the company.

**Incorporation :**

The company is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya. The address of the registered office is set out on Page 1.

**Principal Activities:**

**Results:**

The results of the company for the year are shown in the Income Statement on page 5.

The net profit / loss for the year of Kshs 466,962/= has been added to retained earnings.

**Dividends:**

The Directors do not recommend the declaration of dividends for the year ( 2008: Nil)

**Directors:**

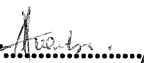
The names of the directors who held office to the date of this report are shown on page 1. No director has retired during the year.

In accordance with the company's Articles of Association all directors are subject to retirement by rotation.


**Auditors:**

Amoswilson and Associates have expressed their willingness to continue in office in accordance with Section 159 (2) of the Kenyan Companies Act.

**By Order of the Board**

Director:  .....

Dated: 10.9.2009 .....

Director:  .....

Dated: 10th Sept 2009 .....

**RIVERBANK CREDIT (SACCO) LIMITED**  
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**STATEMENT OF DIRECTOR'S RESPONSIBILITY**

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure that the company maintains proper accounting records, which disclose with reasonable accuracy the financial position of the company. The directors are also responsible for safe guarding the assets of the company.

The directors accept responsibility for the financial statements, which have been prepared using the appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with previous years, and in conformity with the International Financial Reporting Standards and the requirement of the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31st July 2009 and of its operating results for the year then ended. The directors further accept responsibility for the maintenance of accounting records, which have been relied upon in the preparation of the financial statements, as well as adequate systems of internal financial controls.

The financial statements have been prepared on a going concern basis which assumes continued financial support from the shareholders.

Approved by the Board of Directors on 10.9.2009 and signed on its behalf by:

  
.....

**Director**

  
.....

**Director**

**Amoswilson & Associates**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**REPORT OF THE AUDITORS**  
**TO THE MEMBERS OF RIVERBANK SACCO LIMITED**

We have audited the accompanying financial statements of 31.7.2009 Limited, set out on pages 1 to 12 which comprise the balance sheet as at 31.7.2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Directors Responsibility for the Financial Statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirement of the Kenyan Companies 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

**Auditor's Responsibility**

Our responsibility is to express an independent opinion of 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depended on our professional judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial statements.

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

**Opinion**


In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the company as at 31.7.2009 and of its profit/loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

**Report on Other Legal Requirements**

As required by the Kenyan Companies Act we report to you, based on our audit, that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) in our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and

iii) the company's balance sheet and the income statement are in agreement with the books of account.

  
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**Certified Public Accountants**  
**Nairobi**

**Dated:** 10<sup>TH</sup> SEP 2009

**RIVERBANK CREDIT (SACCO) LIMITED**  
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**INCOME STATEMENT**

	<b>Notes</b>	<b>2009 Kshs</b>
<b>INTEREST INCOME</b>		
Loans and advances to customers		4,090,610
<b>Total interest income</b>		<b>4,090,610</b>
<b>OTHER OPERATING INCOME</b>		
Fees and commission income on loans & Advances	3	449,140
Other income	4	7,000
<b>Total non - interest income</b>		<b>456,140</b>
<b>Total income</b>		<b>4,546,750</b>
<b>Operating expenses:</b>		
Administration expenses	6	(272,902)
Operating expenses	5	(3,404,636)
Other operating expenses	7	(402,250)
<b>Total operating expenses</b>		<b>(4,079,788)</b>
<b>Profit before tax and exceptional items</b>	2	466,962
Exceptional items		-
Profit before tax		466,962
Current tax		-
Deferred tax		-
<b>Profit after tax</b>		<b>466,962</b>


The notes on pages 7 to 14 form an integral part of the financial statements  
Report of the auditors - page 4

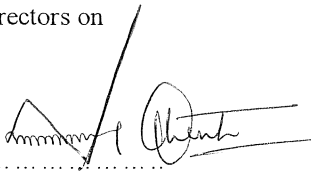
**RIVERBANK CREDIT (SACCO) LIMITED  
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**BALANCE SHEET**

	<b>Notes</b>	<b>2009 Kshs</b>
<b>SHAREHOLDERS' EQUITY</b>		
Retained earnings	7	466,962
Sinking funds		1,781,119
<b>Shareholders' funds</b>		2,248,081
		2,248,081
<b>REPRESENTED BY:</b>		
<b>Non- current assets</b>		
Property, plant and equipment	8	305,813
Intangible asset	8	280,000
		585,813
<b>Current assets</b>		
Loan and advances to customers		2,193,737
Other deposits		490,000
Cash and cash equivalents		50,000
Tax recoverable		-
		2,733,737
<b>Current liabilities</b>		
Customers deposit		1,007,469
Insurance premium		24,000
Other payables	9	40,000
Tax payable		
		1,071,469
<b>Net current assets / (liabilities)</b>		1,662,268 2,248,081

The financial statements on pages 5 to 18 were approved by the Board of Directors on 10.9.2009, and were signed on its behalf by:-

DIRECTOR  .....

DIRECTOR  .....

The notes on pages 7 to 14 form an integral part of the financial statements  
Report of the auditors - page 4

**RIVERBANK CREDIT (SACCO) LIMITED**  
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**CASH FLOW STATEMENT**

	Notes	2009 Kshs
<b>Operating activities</b>		
Cash generated from operations	14	(962,619)
Taxes paid		-
Net cash from operating activities		<u>(962,619)</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	11	(768,500)
Sinking funds		1,781,119
Net cash used in investing activities		<u>1,012,619</u>
<b>Financing activities</b>		
Net cash from/(used in) finance activities		<u>50,000</u>
Increase/ (Decrease) in cash and cash equivalents		<u>50,000</u>
<b>Movement in cash and cash equivalents</b>		
As at 1st June 2009		-
Increase / (Decrease)		<u>50,000</u>
As at 31st July 2009		<u>50,000</u>

The notes on pages 7 to 14 form an integral part of the financial statements  
Report of the auditors - page 4

**RIVERBANK CREDIT (SACCO) LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. ACCOUNTING POLICIES:**

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

**(a) Basis of preparation**

The financial statements are prepared in accordance and comply with International Financial Reporting

The financial statements are prepared under the historical cost convention.

The preparation of the financial statements in conformity with the International Financial Reporting Standards requires the use of estimates and assumptions that affect the reporting amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period.

**(b) Revenue recognition**

Interest income is realized as it accrues unless collectibility is in doubt.

**(c) Property, plant and equipment**

All property, plant and equipment are initially recorded at cost. All property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the reducing balance basis, at annual rates estimated to write down the assets to its residual value over its estimated expected useful life.

The annual rates used are:	Rate %
Motor vehicles	- 25
Machinery	- 12.5
Furniture and fittings	- 12.5
It Software	- 30
Tv Set	- 12.5
Computers	- 30

**RIVERBANK CREDIT (SACCO) LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**(d) Pension obligations**

The permanent, salaried employees and the company contribute to the National Social Security Fund, a national retirement scheme. Contributions are determined by the local statute and the company's contributions are charged to the profit and loss account in the year in which they relate.

**(e) Taxation**

*Current tax*

Current tax is provided on the basis of the results for the year adjusted in accordance with the fiscal laws of Kenya and the Co-operatives Act on member loans income.

*Deferred tax*

Deferred income tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine.

**(f) Cash and Cash Equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash in hand and at bank and any bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

**(g) Comparatives**

There is no comparative figure since this is the first year of audit

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**FINANCIAL STATEMENTS**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

<b>2 OPERATING PROFIT:</b>	<b>2009</b>
	<b>Kshs</b>
The following items have been charged in arriving at operating profit:	
Depreciation	182,250
Amortization	120,000
Auditors remuneration	40,000
Directors' remuneration	1,170,000
Staff Costs	756,000
	<hr/>
<b>3 Fees and commission income on loans &amp; Advances</b>	
Loan application	113,740
Loan rescheduement	4,800
Registration fee	330,600
	<hr/>
	<b>449,140</b>
	<hr/> <hr/>
<b>4 Other income</b>	
Withdrawal income	<hr/>
	<b>7,000</b>
	<hr/> <hr/>
<b>5 OPERATING EXPENSES:</b>	
Salaries and wages	642,600
General expenses	153,972
Advertising & Marketing promotion	368,500
Transport	50,060
Office consumables	210,274
Printing and Stationary	194,790
Commissions paid	427,535
Substences	39,405
Interest paid	15,000
Websit expenses	132,500
Directors remuneration	1,170,000
	<hr/>
	<b>3,404,636</b>
	<hr/> <hr/>

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**STATEMENT OF CHANGES IN EQUITY**

	<b>Retained Earnings <u>Kshs</u></b>	<b>Total <u>Kshs</u></b>
<b>Balance as at 1st June 2009</b>	-	-
Net profit	466,962	466,962
Dividends paid	-	-
Proposed dividends	-	-
<b>Balance as at 31st July 2009</b>	<b><u>466,962</u></b>	<b><u>466,962</u></b>

**6 TRADE AND OTHER RECEIVABLES:**

**2009**

**Kshs**

Loan and advances to customers	<u>2,193,737</u>
Other Deposits and prepayments	
Websit deposit	450,000
<b>Rent deposit</b>	<u>40,000</u>
	<u>490,000</u>

**7 CASH AND CASH EQUIVALENTS:-**

Cash at bank and in hand	<u>50,000</u>
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**8 Value of company as at the balance sheet date**

<b>Shareholders' funds</b>	2,248,081
<b>Net current assets</b>	1,071,469
Asset at Net realizable value	585,813
Good will	3,000,000
<b>Total Valuation</b>	<b><u>6,905,362</u></b>

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**SCHEDULE OF EXPENDITURE**

	<b>2009</b>
	<b>Kshs</b>
<b>9 ADMINISTRATIVE EXPENSES</b>	
<b>Employment</b>	
Salaries and wages	113,400
<b>Total employment costs</b>	<u>113,400</u>
<b>Other administrative costs</b>	
Audit fees	40,000
Licences	53,440
General expenses	13,493
Office consumables	52,569
<b>Total other administrative costs</b>	<u>159,502</u>
<b>Total administrative expenses</b>	<u><u>272,902</u></u>
<b>10 OTHER OPERATING EXPENSES</b>	
<b>Establishment</b>	
Depreciation	62,688
Amortization	120,000
Rent and Rates	217,000
Repairs and maintenance	6,000
<b>Total other operating expenses</b>	<u><u>402,250</u></u>

RIVERBANK CREDIT (SAC)									
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)									
11 PROPERTY, PLANT AND EQUIPMENT:									
	Furniture and fittings	It Software	Tv Set	Computers	Total				
	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>				
Cost									
At 1st June 2009	-	-	-	-	-				-
Additions	270,000	400,000	3,500	95,000	768,500				
Disposals	-	-	-	-	-				-
At 31st July 2009	270,000	400,000	3,500	95,000	768,500				
Depreciation									
At 1st June 2009	-	-	-	-	-				-
Charge for the year	33,750	120,000	438	28,500	182,688				
On disposal	-	-	-	-	-				-
At 31st July 2009	33,750	120,000	438	28,500	182,688				
Net Book Value									
At 31st July 2009	236,250	280,000	3,063	66,500	585,813				

**RIVERBANK CREDIT (SACCO) LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

	<b>2009</b>
	<b>Kshs</b>
<b>12 PAYABLES</b>	
Customers Deposits	1,007,469
Insurance premium for Customers	24,000
	<u>1,031,469</u>
<b>13 Other payables</b>	
Auditors fees	<u>40,000</u>
<b>14 CASH GENERATED FROM OPERATIONS:</b>	
Reconciliation of profit before tax to cash generated from operations	
Profit before tax	466,962
<b>Adjustments for:</b>	
Depreciation	62,688
Amortization	120,000
Trade and other receivables	(2,193,738)
Intercompany receivables	(490,000)
Trade and other payables	1,007,469
Insurance premium	24,000
other payables (Due to Auditors)	<u>40,000</u>
Cash generated from operations	<u>(962,619)</u>

**15 COUNTRY OF INCORPORATION**

The company is incorporated in Kenya under the Companies Act and is resident in Kenya.

**16 CURRENCY**

The financial statements are presented in Kenya shillings (Shs).