

CS / 4217



Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024



D.K Wambua & Associates
Certified Public Accountants.

P.O Box 5957-00100
NAIROBI -KENYA

TABLE OF CONTENT

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024

	PAGE
SOCIETY INFORMATION	1
STATISTICAL INFORMATION.....	2
STATEMENT OF CORPORATE GOVERNANCE.....	3
REPORT OF THE MEMBER'S OF BOARD	4-5
STATEMENT OF BOARD MEMBER'S RESPONSIBILITIES.....	6
REPORT OF THE INDEPENDENT AUDITORS	7 - 8
FINANCIAL STATEMENTS:	
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CHANGES IN EQUITY	11 - 12
STATEMENT OF CASH FLOWS	13
NOTES:	
SIGNIFICANT ACCOUNTING POLICIES	14 - 20
NOTES:	
TO THE FINANCIAL STATEMENTS	21 - 36

IAS 1 permits the use of different titles for the various financial statements
The titles used here are those used in the standard.

SOCIETY INFORMATION

BOARD AND SUPERVISORY COMMITTEE MEMBERS

BOARD OF DIRECTORS

Amos Chacha Mwita	Chairperson
George Rukwaru	Vice Chairman From 27th January 2024
Fridah Mitei	Hon. Secretary
Eli Mwangi Waweru	Treasurer
Patrick Ndombi	Member
Dalmas Mukabalasi	Member
Lewis Mbae	Member
Judy Okero	Member From 27th January 2024
Martin Kimondo	Member From 27th January 2024
Dennis Lusenaka	Vice Chairman Up to 27th January 2024
Christine Muruku	Member Up to 27th January 2024

SUPERVISORY COMMITTEE

James Kamau	Chairperson
Douglas Munene	Secretary
Anne Kaari	Member

CHIEF OFFICER/S

Chief Executive Officer	Pauline Gichuki
Finance Manager	Jackline Kimani

REGISTERED OFFICE

Co-op Bank House
P.O Box 48231 - 01000
Nairobi - Kenya

INDEPENDENT AUDITOR

D K Wambua & Associates
Certified Public Accountants
Danny's Court Suite A3 First Floor
Mombasa Rd opposite Nextgen Mall
P.O. Box 5957-00100
Nairobi - Kenya

PRINCIPAL BANKERS AND FINANCIERS

Cooperative Bank of Kenya Ltd
Co-op House Branch
Nairobi - Kenya

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024
Statistical Information

		2024	2023
		Kshs	Kshs
		Numbers	Numbers
Membership			
Active		5,303	4,686
Inactive		347	327
		5,650	5,013
		Kshs	Kshs
Financial			
Total assets		6,105,133,138	5,384,710,998
Members' deposit		3,603,909,879	3,181,403,657
Members' Savings		28,912,100	37,238,036
Total deposits		3,632,821,978	3,218,641,693
External Borrowings		259,026,136	324,188,214
Loan and advances to members		4,824,898,895	4,177,000,705
Financial Assets (Sacco)		683,622,467	634,703,559
Financial Assets (Held in Trust)		198,684,178	198,924,178
Core capital		726,356,659	535,524,948
Share capital		448,201,061	338,035,996
Institutional capital		1,015,568,200	837,723,738
Retained Earnings		420,189,485	373,394,757
Total revenue		799,643,206	674,599,308
Total Interest Income		598,220,697	512,954,386
Interest on Members Deposits		404,611,506	352,959,331
Dividend on Share Capital		83,370,611	57,674,562
Total expenses		94,702,738	66,750,143
Liquid Assets		534,218,119	466,643,019
		Numbers	Numbers
Employees of the Sacco	Male	5	4
	Female	8	8
		13	12
Key ratios	SASRA	%	%
Capital Adequacy Ratio	Standards		
Core capital/Total Assets	≥8%	12%	10%
Core Capital/Total Deposits	≥5%	20%	17%
Retained Earnings and Reserves/Core Capital	≥50%	140%	156%
External Borrowing Ratio			
External borrowing/Total assets	≤ 25%	4%	6%
Liquid Ratio			
Liquid asset/Current Liabilities	≥10%	13%	13%
Operating Efficiency/Loan Quality Ratio			
Total expenses/Total revenue		12%	10%
Interest on Member Deposit/Total Revenue		51%	52%
Interest rate on Member Deposits		12%	12%
Dividend rate on member Share Capital		20%	20%
Total Delinquency Loans/Gross Loan Portfolio	≤ 5%	2%	2%

STATEMENT OF CORPORATE GOVERNANCE

Corporate governance is the process and structure used to manage business affairs of the Society towards enhancing prosperity and Corporate accounting with the ultimate objective of realizing members' long term value while taking into account the interest of other stakeholders.

The Board of Directors are responsible for the corporate governance practices of the society. This statement sets out the main practices in operation during the period under review, unless otherwise indicated. The society is committed to business integrity and professionalism in all its activities.

Management Board

The Board has (9) nine members ,and a Chief Executive Officer (CEO) as an Ex-Official. The separate roles of Chairman and the CEO are practised and are clearly defined in the by laws that are regularly revised to be in line with legislation and statutes. The Board meets Monthly to deliberate on the Society's financial performance and discuss reports from each sub-committee and deal with any strategic issues and opportunities for the Sacco.

Board Sub- Committees

The Society had the following sub-committees in place during the period with terms of reference clearly defined in the by laws to facilitate decision making of the Board in the execution of its powers, duties and authorities.

- | | | |
|---------------------------------------|--------------|-------------------|
| 1. Finance & Administration Committee | Chaired by - | Eli Mwangi Waweru |
| 2. Credit & Risk management Committee | Chaired by - | Lewis Mbae |
| 3. Business Development Committee | Chaired by - | George Rukwaru |

Supervisory Committee

The SACCO has (3) three supervisory members

- | | | |
|--------------------------|--------------|-------------|
| 1. Supervisory Committee | Chaired by - | James Kamau |
|--------------------------|--------------|-------------|

Internal Controls

The Society has systems and processes to ensure that requisite controls, physical security of assets and reporting of accurate and up-to date information with a comprehensive accounting system is in place. Further Sacco has contracted an independent external internal auditor who reports to the Board through the Supervisory Committee.

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024

The Board of Directors submit their report and the audited financial statements for the year ended 31st December 2024, which disclose the state of affairs of the society.

INCORPORATION

The society is incorporated in Kenya under the Cooperative Society Act, Cap 490 and Licensed under the Sacco Societies Act No. 14 of 2008, and is domiciled in Kenya.

PRINCIPAL ACTIVITIES

The Principal activities of the society are receiving shares, savings and issuing of loans to its members.

RESULTS	2024 Kshs	2023 Kshs
Surplus/(deficit) before tax	244,821,905	208,604,252
Tax (charge)/credit for the year	(17,111,394)	(2,960,231)
Gain/Loss in Market Value for shares	48,258,908	(8,423,122)
Transfer to Statutory reserves	55,193,884	41,128,804
Surplus/(deficit) after tax & provisions	275,969,419	197,220,899
Interest on members deposits	404,611,506	352,959,331

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.
In accordance with the society's By Laws,.

Dividends, Interest rebate and Honararia

The Board of Directors recommends the following payments for approval by members:-

	2024	2023
Proposed dividend on shares (%/share)	20%	20%
Proposed rebate on members' deposits	12%	12%
Proposed Board Honararia	7,000,000	7,000,000
Proposed Staff Ex-gratia	7,754,345	5,944,295

INDEPENDENT AUDITOR

D.K Wambua & Associates, Certified Public Accountants, were appointed for the year during the last ADM and express willingness to continue in office in accordance with Sacco Societies Act No. 14 of 2008.

BY ORDER OF THE BOARD

Signature.......... Date.....th17 JAN.....2025

Fridah Mitei
Hon. Secretary
Nairobi.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The SACCO's Act No.14 of 2008 requires that the Board members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Sacco as at the end of the financial period and of the operating results of the Sacco for that period. It also requires the board members to ensure that the Sacco keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Sacco. They are also responsible for safeguarding the assets of the sacco.

The Board Members accept responsibility for the preparation and fair presentation of the 'financial statements in accordance with the appropriate accounting policies supported by' reasonable prudent judgements and estimates, in conformity with the International Financial 'Reporting Standards and in the manner required by co-operative Societies 'Act.

They also accept responsibility for:

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances;

The Board Members are of the opinion that the financial statements give a true and fair view of the financial position of the Sacco and of its financial performance and cash flows for the period then ending in accordance with International Financial Reporting Standard and the requirements of the Saccos Act.

In preparing these financial statements the directors have assessed the Sacco's ability to continue as a going concern. Nothing has come to the attention of the Board members to indicate that the Sacco will not remain a going concern for at least the next twelve months from the date of this statement.


The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

So far as each of the Board member is aware, there is no relevant audit information which the auditor is unaware of, and each of the board member has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board of directors on 13th January 2025 signed on its behalf by:


Amos Mwita
CHAIRMAN


Fridah Mitei
Hon. SECRETARY


Eli Waweru
TREASURER



D.K Wambua & Associates **Certified Public Accountants.**

• Audit • Risk Assurance • Accountancy • Taxation • Consultancy

Co-operative Bank Regulated Non-WDT Sacco Society Limited

Report of the Independent Auditors to the Members of Co-operative Bank Regulated Non-WDT Sacco Society Limited

For The Year Ended 31st December 2024

Opinion

We have audited the accompanying financial statements of Co-operative Bank Regulated Non-WDT Sacco Society Limited set out on pages 9 to 36 which comprise the Society's statement of financial position as at 31 December 2024 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fairview of the financial position of the Sacco as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Sacco Societies Act.

Basis for Opinion

We conducted our audit in accordance with International standards on Auditing [ISAs]. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of financial statements section of our report. We are independent of the Society in accordance with the IESBA code together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters during the year

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

Other information

The directors are responsible for other information. Other information comprises the information included in the annual report, but does not include the financial statements and our auditors report there on.

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.

Directors responsibility for the Financial statements

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

Danny's Court, 1st Floor Suite A3, Mombasa Road - Adjacent to Security Group Africa (SGA), P. O. Box 5957 - 00100, Nairobi - Kenya
Tel: +254 20 251 4788, Cell: +254 722 771 411/ +254 736 801 644.
KITUI BRANCH: Central Trade Center, adjacent to National Bank of Kenya, 2nd Floor Room 3H, P. O. Box 337 - 90200 Kitui - Kenya
Tel: +254 712 980 340, Email: info@dkwambua.co.ke, dkwambua.associates@gmail.com



D.K Wambua & Associates
Certified Public Accountants.

Audit • Risk Assurance • Accountancy • Taxation • Consultancy

Co-operative Bank Regulated Non-WDT Sacco Society Limited

Report of the Independent Auditors to the Members of Co-operative Bank Regulated Non-WDT Sacco Society Limited

For The Year Ended 31st December 2024

Auditor's responsibility for the audit of financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 company's internal control. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. Conclude on the appropriateness of management's 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the 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 communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal requirements

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

- i) We have obtained information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- ii) The Sacco has complied with various regulatory and standard ratios required by the Sacco Societies Act.
- iii) The Society's statement of financial position and the statement of comprehensive income are in agreement with the books of accounts; and,
- iv) The Society's business was conducted in accordance with the provisions of the Sacco Societies Act and the Society's by-laws and any other resolutions made by the Society at a general meeting, as far as our audit confirmed.

The engagement partner responsible for the audit resulting in this independent auditors report was CPA Dennis Wambua Kimanzi, Practicing Certificate number P/1675

D K Wambua & Associates
Certified Public Accountants
Nairobi, Kenya

17th Jan 2025

D. K. WAMBUA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
P. O. Box 5957 - 00100
NAIROBI

Danny's Court, 1st Floor Suite A3, Mombasa Road - Adjacent to Security Group Africa (SGA), P. O. Box 5957 - 00100, Nairobi - Kenya
Tel: +254 20 251 4788, Cell: +254 722 771 411/ +254 736 801 644.
KITUI BRANCH: Central Trade Center, adjacent to National Bank of Kenya, 2nd Floor Room 3H, P. O. Box 337 - 90200 Kitui - Kenya
Tel: +254 712 980 340. Email: info@dkwambua.co.ke, dkwambua.associates@gmail.com

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024 Kshs	2023 Kshs
Revenue			
Interest on loans and advances	2.a)	598,220,697	518,538,861
Other Interest Income	2.b)	50,984,589	21,219,799
Interest expenses	4. i)	(460,118,563)	(399,244,913)
Net Interest Income		189,086,723	140,513,747
Other operating income	3.	150,437,919	134,840,648
		339,524,642	275,354,395
Expenditure			
Administration expenses	5[a]	(22,313,929)	(11,462,211)
Depreciation and Amortization	5.{b}	(379,917)	(389,858)
Governance expenses	5 [c]	(21,274,987)	(18,770,165)
Personnel expenses	5 [d]	(38,074,061)	(29,216,477)
Financial expenses	4. {ii}	(12,659,844)	(6,911,432)
Profit before income tax		244,821,905	208,604,252
Tax Provision	23.	(17,111,394)	(2,960,231)
Net Surplus		227,710,511	205,644,021
(Decrease) in fair value of financial assets	12[c]	48,258,908	(8,423,122)
Net comprehensive income for the year		275,969,419	197,220,899

The notes on pages 14 to 35 form an integral part of these financial statements.

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024

STATEMENT OF FINANCIAL POSITION

		2024	2023
		Kshs	Kshs
Assets			
Cash and cash equivalents	6	375,430,739	356,114,547
Receivables and prepayments	8	13,503,189	9,718,347
Interest receivable	9	7,756,506	7,178,570
Loans and advances to members	11	4,824,898,895	4,177,000,705
Financial Asset (Investments) - Sacco	12 {a}	683,622,467	634,703,559
Financial Asset (Investments) - held in Trust	12 {b}	198,684,178	198,924,178
Property, Plant and Equipment	13	945,500	1,034,492
Intangible Asset	14	275,413	-
Consumable Asset	15	16,250	36,600
Total		6,105,133,138	5,384,710,998
Liabilities			
Member deposits	16 {i}	3,603,909,879	3,181,403,657
Member's savings	16 {ii}	28,912,100	37,238,036
Trade payables	16	47,951,965	37,793,461
Sundry creditors	12 {b}	198,684,178	198,924,178
Interest bearing liabilities	7	259,026,136	324,188,214
Interest on member's deposits	17	404,598,830	353,406,023
Insurance fund	22	14,216,423	16,604,289
Proposed dividends	18	83,247,429	57,673,646
Tax Payable	23	816,939	1,719,761
Total liabilities		4,641,363,878	4,208,951,265
Equity			
Share capital	19	448,201,061	338,035,996
Reserves	20	595,378,715	464,328,981
Retained Earning	21	420,189,485	373,394,757
Total Equity		1,463,769,261	1,175,759,732
Total liabilities and equity		6,105,133,138	5,384,710,998



The financial statements on pages 9 to 36 were approved and authorised for issue by the Board of Directors on _____ 2025 and were signed on its behalf by:

Chairman _____ Date 17th Jan 2025
Treasurer [Signature] _____ Date 17/01/2025
Hon. Secretary [Signature] _____ Date 17/01/2025

The notes on pages 14 to 36 form an integral part of these financial statements.
Report of the independent auditor - pages 7 and 8.

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024
STATEMENT OF CHANGES IN EQUITY

	Share capital Kshs	Statutory Reserve Kshs	General Reserve Kshs	Revaluation Reserve Kshs	Retained Earning Kshs	Total Equity Kshs
As at January 2024	338,035,996	216,022,755	242,775,000	5,531,224	373,394,756	1,175,759,731
Surplus for the year	-				227,710,511	227,710,511
Revaluation of shares investments				48,258,908		48,258,908
Shares issued during the year	110,165,065					110,165,065
Proposed dividend					(83,370,611)	(83,370,611)
Proposed Honoraria					(7,000,000)	(7,000,000)
Proposed staff bonus					(7,754,345)	(7,754,345)
Transfer (20%)of Net operating surplus to statutory		55,193,884			(55,193,884)	-
Transfer to General reserves			27,596,942		(27,596,942)	-
At end of period	448,201,061	271,216,639	270,371,942	53,790,132	420,189,485	1,463,769,259

The notes on pages 14 to 36 form an integral part of these financial statements.

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024

STATEMENT OF CHANGES IN EQUITY

	Share capital Kshs	Statutory Reserve Kshs	General Reserve Kshs	Revaluation Reserve Kshs	Retained Earnings Kshs	Total Equity Kshs
As at January 2023	208,722,023	174,893,951	241,000,000	13,954,346	279,498,397	918,068,717
Surplus for the year					205,644,021	205,644,021
Loss on revaluation of shares investments				(8,423,122)		(8,423,122)
Shares issued	129,313,973					129,313,973
Proposed Honoraria					(7,000,000)	(7,000,000)
Proposed dividends					(57,674,562)	(57,674,562)
Transfer (20%)of Net operating surplus to statutory		41,128,804	-	-	(41,128,804)	-
Proposed staff Ex-gratia			-		(5,944,295)	(5,944,295)
Transfer to General Reserve			1,775,000			1,775,000
At end of period	338,035,996	216,022,755	242,775,000	5,531,224	373,394,757	1,175,759,733

The notes on pages 14 to 36 form an integral part of these financial statements.

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024

STATEMENT OF CASH FLOWS

	Notes	2024 Kshs	2023 Kshs
Cash flows from operating activities			
Interest on loans and other receipt	2a	591,431,124	512,954,386
Interest payment on deposits	17	(353,418,699)	(302,387,486)
Other interest paid	4	(35,001,508)	(29,586,454)
Payment to employees and suppliers	5	(72,199,695)	(63,170,779)
Other operating income	3	27,573,133	21,095,493
Corporation Tax Paid	23	(4,415,523)	(1,112,940)
Net Change before Working Capital		153,968,832	137,792,219
Increase/(decrease) in operating assets			
Loans to members	11	(659,266,070)	(593,154,022)
Increase/(Decrease) in inventory	15	20,350	(36,600)
Debtors and prepayments	8&9	(9,217,413)	(10,588,144)
		(668,463,134)	(603,778,766)
Decrease/(increase) in operating liabilities			
Deposits from members	16	414,180,285	429,952,617
Trade and accrued expenses		(10,038,504)	(19,369,190)
Insurance fund		(2,387,866)	(6,559,704)
Honoraria Paid		(7,000,000)	(7,005,738)
Staff bonus		(5,944,295)	(4,812,445)
Net cash from operating activities before income taxes		388,809,620	392,205,540
Net cash generated from/(used in) operating activities		(125,684,682)	(73,781,007)
Investing activities			
Interest received		47,565,411	21,219,799
Dividend Received		110,795,644	113,745,156
Purchase of property, plant and equipment	13	(290,925)	(209,159)
New System acquisition WIP	14i	(275,413)	-
		157,794,717	134,755,796
Financing activities			
Net Dividends Paid		(57,796,828)	(33,225,233)
Bank loan repaid	7	(65,162,078)	(23,424,004)
Share Capital for the year	19	110,165,065	129,313,973
Net cash generated from/(used in) financing activities		(12,793,842)	72,664,736
Movement in cash and cash equivalents			
At start of year		356,114,547	222,475,024
Increase/(decrease) in cash and cash equivalents		19,316,194	133,639,524
At end of Year		375,430,739	356,114,547

The notes on pages 14 to 36 form an integral part of these financial statements.

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

The financial statement have been prepared in accordance with International Financial Reporting Standard (IFRS) and IFRS Interpretations Committee applicable to societies reporting under IFRS.

Going concern

The financial performance of the society is set out in the Management Board's report and in the statement of profit or loss and the other comprehensive income. The financial position of the society is set out in the statement of financial position. Disclosures in respect of risk management are set out in note 19.

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

These financial statements comply with the requirements of the Sacco Societies Act No. 14 of 2008. 'The statement of profit or loss and statement of comprehensive income represent the profit and loss 'account referred to in the Act. The statement of financial position represents the balance sheet 'referred to in the Act.

Basis of measurement

The financial statements have been prepared under the historical cost basis, except where otherwise 'stated in the accounting policies below

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

Fair values are categorised into three levels of fair value hierarchy based on the degree to which the inputs to the measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

Level 1 – fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are derived from inputs other than quoted prices used in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – fair values measurements are derived from valuation techniques that include inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical estimates and judgement

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

- Impairment losses on loans and advance

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

- Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data;

Useful lives of property and equipment - Management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial period, the management determined no significant changes in the useful lives and residual values.

- Retirement benefit obligation

Actuarial assumptions are made in valuing future defined benefit obligations and are updated periodically. The principal assumption relates to the discount rate. The discount rate is equal to the yield on government securities which have a term to maturity approximating that of the related liability, and is potentially subject to significant variation. As a result, there is uncertainty that this assumption will continue in the future.

b) Revenue recognition

Interest income and expense

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

Fee and commission income

Fees and commission income are generally recognised on an accrual basis when the service has been provided.

Other income

Dividend is recognised 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.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Property and equipment

All property and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation.

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

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

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

Increases in the carrying amount arising on revaluation are credited to other comprehensive income except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to profit or loss. Each period the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the retained earnings to revaluation reserve.

Depreciation on software is calculated on the straight line basis method

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

	<u>Rate %</u>
Furniture & Fittings	10%
Computers	25%
Office equipment	10%
Software	25%

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

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

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

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments (continued)

- *Financial assets (continued)*

Held-to-maturity: financial assets with fixed or determinable payments and fixed maturity where the management have the positive intent and ability to hold to maturity. Subsequent to initial recognition, such assets are carried at amortized cost using the effective interest method. Changes in the carrying amount are recognized in profit or loss.

Available-for-sale: financial assets that are held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rate. Such assets are classified as non-current assets except where the management intends to dispose the assets within 12 months of the reporting date. Subsequent to initial recognition, they are carried at fair value with gains or losses are recognised in other comprehensive income, net of deferred tax (where applicable).

Loans and receivables: financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date. All assets with maturities greater than 12 months after the reporting date are classified as non-current assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method. Changes in the carrying amount are recognised in profit or loss.

Financial assets at fair value through profit or loss: financial assets that are acquired or incurred principally for the purpose of generating a profit from short term fluctuation in price or dealer's margin. Such assets are carried at fair value and the fair value gains or losses are recognised in profit or loss. This category has two sub-categories: financial assets held-for-trading and those designated at fair value through profit or loss at inception.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern evidence of a recent actual pattern of short-term profit-taking.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the society commits to purchase or sell the asset.

Financial assets are de-recognized when the rights to receive cash flows from the assets have expired or have been transferred and the society has transferred substantially all risks and rewards of ownership.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments (continued)

- *Financial liabilities (continued)*

Fees associated with the acquisition of borrowing facilities are recognized as transaction costs of the borrowing to the extent that it is probable that some or all of the facilities will be acquired. In this case the fees are deferred until the drawn down occurs. If it is not probable that some or all of the facilities will be acquired the fees are accounted for as prepayments under trade and other receivables and amortized over the period of the facility.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

All financial liabilities are classified as current liabilities unless the society has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities are de-recognized when, and only when, the society's obligations, are discharged cancelled or expired.

- *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and financial assets with maturities of less than 1 year, net of bank overdrafts and money market lines.

Restricted cash balances are those balances that the society cannot use for working capital purposes and are reduced from cash and cash equivalent.

In the statement of financial position, bank overdrafts are included within borrowings in current liabilities

f) Investment shares

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

g) Reserves

Statutory reserve

Transfers are made to the statutory reserve fund at a rate of 20% and General reserve at a rate of 5% of net operating surplus after tax in compliance with the provision of section 47 (1& 2) of the Co-operative Societies Act, CAP 490.

h) Dividends

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

i) Taxation

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

Current tax

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

Deferred tax

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

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

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Provisions

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

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

The amount recognised as a provision is the best estimate of the present value of expenditures expected to be incurred to settle the obligation using a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in profit or loss under finance costs.

k) Employee entitlements

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

l) Retirement benefit obligations

Employee entitlements to long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date.

m) Comparatives

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

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024

NOTES (CONTINUED)

	2024	2023
	Shs	Shs
2.a) Interest on Loan and Advances Loans and Advances		
Interest received on normal loans	591,431,124	512,954,386
Interest receivable on div advance	6,789,573	5,584,476
	598,220,697	518,538,861
2.b) Other Interest Income		
Interest from Co-operative bank of Kenya	50,980,387	21,219,799
Interest from CIC money market	4,202	-
Total Other Interest Income	50,984,589	21,219,799
3. Other Operating Income		
Dividend from Co-op Bank & CIC	122,864,786	113,745,156
Withdrawal Charges	225,000	184,200
Entrance fees	347,000	321,083
Sundry income	1,543,868	268
Loan processing fees	24,910,390	20,155,631
Early withdrawal fees	546,876	434,311
	150,437,919	134,840,648
4) Finance costs		
i) Interest & Other direct expense:		
Interest on members' deposits	404,611,506	352,959,331
Interest on Co-operative bank loan	50,249,174	38,237,352
Interest on savings scheme	5,257,883	8,048,230
	460,118,563	399,244,913
ii) Financial expenses		
Bank charges	417,497	319,450
Provision for loan losses	11,367,880	1,344,698
Bad debts	-	5,247,283
Interest Receivable Written off	874,466	-
	12,659,844	6,911,432

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024

NOTES (CONTINUED)	2024 Shs	2023 Shs
5. Expenses		
a Administration expenses		
Telephone and postages	269,806	242,844
Product development & Strategic planning	1,677,512	2,520,793
Office Running Expenses	615,841	487,902
Printing and Stationery	295,522	365,376
Subscription fees	312,400	132,320
Repairs and maintenance	232,783	368,479
End of year party	418,917	349,176
Software maintenance	267,513	201,300
Audit Fee	345,000	240,000
Rent and utilities	300,000	397,676
Ushirika Day Celebration	341,876	508,283
Team building expenses	448,978	416,590
Sasra Deposit Levy	3,218,642	-
Statutory Compliance audits, advisory costs & expenses	10,755,246	303,865
Amount written off on revaluation /Loss on asset disposal	-	69,807
Insurance Expenses	21,791	25,231
Corporate social responsibility	722,447	614,647
Consultancy and professional fees	1,499,473	1,639,398
Legal expenses	56,360	2,578,525
Marketing	513,824	-
	22,313,929	11,462,211
Depreciation and amortisation		
b Depreciation on property and equipment	379,917	389,858
	379,917	389,858

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024

NOTES (CONTINUED)		2024	2023
		Shs	Shs
c)	Governance expenses (Committee expenses)		
	Sitting allowance	4,482,307	4,631,791
	Education, training & seminars	4,025,303	2,496,157
	Housing Levy	118,826	141,493
	Governance expenses (Members related costs)		
	Education and training	6,746,056	6,068,884
	ADM Expenses	5,776,493	5,431,840
	Member Communications	126,001	-
	Total Governance expenses	21,274,987	18,770,165

Regulation 61(4) of The Sacco Societies (Non-Deposit Taking Business) Regulations 2020, requires a disclosure in the financial statements of the compensation received by the Directors and Supervisory Committee Member. Details of the compensation for the year ended 31 December 2024 is as tabulated below.

	2024	2023
	Kshs	Kshs
Directors and Supervisory Committee expenses		
AMOS MWITA	522,000	543,906
GEORGE RUKWARU	523,231	570,196
ELI MWANGI WAWERU	536,308	506,346
FRIDAH MITEI	523,538	493,099
PATRICK NDOMBI	403,692	414,973
LEWIS MBAE	454,154	414,973
MARTIN KIMONDO	416,308	-
JUDY OKERO	428,923	-
DALMAS MUKABALASI	492,000	391,544
JAMES KAMAU	391,231	305,183
ANN KAARI	353,231	316,897
DOUGLAS MUNENE	340,615	305,183
DENNIS LUSENAKA	25,538	492,281
CHRISTINE MURUKU	12,615	403,258
DENNIS ODAWO	-	23,714
FREDRICK GITAGIA	-	35,143
	5,423,384	5,216,696
d)	Personnel Expenses	
	Staff salary	27,579,076
	Provident fund	2,910,277
	Medical & Group life Insurance	2,022,548
	National Social Security Fund: Employer	306,720
	Leave allowances	180,000
	Parking fees allowance	119,650
	Staff transport and subsistence	518,784
	Fringe benefits	859,315
	Casual wages	45,658
	Staff training	1,772,216
	Staff recruitment	110,938
	Housing levy	362,582
	Leave provision	1,286,298
	Total Personnel Expenses	38,074,061
		29,216,477

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024

NOTES (CONTINUED)	2024 Kshs	2023 Kshs
6 Cash and cash equivalents		
Co-operative Bank Current account	8,069,032	4,918,749
Co-operative Bank savings account/PDT	188,804	137,961
Co-operative Bank savings account/collateral	3,207,019	2,727,018
Co-operative Bank Instant access 01120000544000	579,528	4,981,073
Co-operative Bank Fixed & Call deposits	360,000,000	338,000,000
Co-operative Bank Instant access 01120000544001	1,288,193	1,299,759
Co-operative Bank Settlement Account - E-Loan	2,069,702	4,024,333
CIC Money market account	21,919	17,716
Co-op money market account	-	(383)
Petty cash	6,542	8,320
	<u>375,430,739</u>	<u>356,114,547</u>
7 Interest bearing liabilities(Co-op bank loan)		
As at 1st January	324,188,214	347,612,219
Repayments during the year	(65,162,078)	(23,424,004)
As at 31st December	<u>259,026,136</u>	<u>324,188,214</u>
8 Trade and other Receivables		
Employer remittances receivable	9,271,649	6,896,180
Prepayments	400,704	282,265
Excise Duty claimable	411,658	411,658
Interest Receivable from Fixed deposits	3,419,178	2,128,245
	<u>13,503,189</u>	<u>9,718,347</u>
9 Interest Receivable		
As at 1st January	7,178,570	2,222,207
Interest charged	597,568,625	523,048,422
Interest Paid	(596,116,223)	(516,515,833)
Interest Written off	(2,450,692)	
Provision for accrued interest on loans	1,576,226	(1,576,226)
	<u>7,756,506</u>	<u>7,178,570</u>
10 Trade and other Payables		
Accrued Audit Fees & Disbursements	202,500	120,000
Accrued expenses	4,366,072	1,461,323
Share trading account	7,196,735	5,657,336
Provision for Honoraria	7,000,000	7,000,000
Provision for staff bonus	7,754,345	5,948,295
Receipts control account	509,064	567,157
Bank loan interest payable	20,505,549	16,699,128
Excise Duty	417,699	340,222
Total	<u><u>47,951,965</u></u>	<u><u>37,793,461</u></u>

NOTES (CONTINUED)

		2024 Shs	2023 Shs
11 Loans and advances			
a) Loans to members			
Outstanding			
At the start of the year		4,267,651,681	3,667,568,485
Issued during the year		5,591,113,055	4,299,103,121
Paid during the year		(4,936,839,354)	(3,699,021,926)
Total loans		4,921,924,979	4,267,651,681
Less provision for loan losses		(97,026,084)	(90,650,976)
Total loans and advances After provision		4,824,898,894.96	4,177,000,705
<i>*Loans amounting to 4,992,772 to be written off against the loan provision</i>			
b) LOAN CLASSIFICATIONS			
i) RISK CLASSIFICATION OF LOANS			
	Accounts	Outstanding Loan Portfolio(Kshs)	Required Provision Amt(Kshs)
0 Days (performing 1% provision)	8817	4,842,575,682	1%
1-30 days (watch 5%provision)	38	553,042	5%
31-180 Days (substandard 25% provision)	256	29,350,000	25%
181-360 Days(Doubtful -50%provision)	129	16,800,147	50%
Over 361 Days or 12 instalments over due(loss account 100%)	218	37,827,874	100%
	9,458	4,927,106,745	102,018,856
Provision at the end of the period		97,026,084	90,650,976
Provision as at beginning of the period		90,650,976	89,306,278
Increase/decrease in provision		6,375,108	1,344,698
ii INSIDERS LOANS			
Loan to directors & Supervisory Committee		32,901,828	27,302,216
Loan to Sacco Employees		50,838,754	27,101,909
		83,740,582	54,404,124
iii Deposits			
Directors & Supervisory Committee		25,469,811	22,134,434
Sacco Employees		12,765,984	5,943,478
		38,235,795	28,077,912

12 OTHER FINANCIAL ASSETS

Financial assets comprise the following:

(a) Owned by society

KUSCCO shares (100 shares @ sh.10)

CIC Class A Shares 29,268,136

New NSE 9,443,400 shares @12.30

NSE shares

Co-op holdings NSE (shares 124,400 @12.30)

Co-op class A Shares 72,859,132 @ par

CIC Class B Shares 649,800 @1.95

Total

2024 Shs	2023 Shs
1,000	1,000
36,589,106	36,349,106
155,343,930	107,654,760
2,046,380	1,418,160
488,244,982	487,824,982
1,397,070	1,455,552
683,622,467	634,703,559

(b) Held in trust on behalf of members

Member shares in CIC : 157,849,811 shares

Coop Holdings 23,244,699

Total investments

175,673,431	175,913,431
23,010,747	23,010,747
198,684,178	198,924,178
882,306,646	833,627,738

c) Shares Valuation

	2024 Number	2024 Unit value	2023 Unit Value	Net Change	2024 Change in Value
Shares					
Coop Holding NSE 124,400 shares @11.4 (2019 @ 16.35)	124,400	16.45	11.40	5.05	628,220
New NSE 9,443,400 shares @11.4 (Kshs. 16.35 on acquisition)	9,443,400	16.45	11.40	5.05	47,689,170
CIC class B shares 649,800 @ 2.24 (2019 @ 2.68)	649,800	2.15	2.24	(0.09)	(58,482)
Total	10,217,600				48,258,908

NOTES (CONTINUED)

13 Property and equipment

	Furniture Fittings Shs	Computers Printers Shs	Office Equipment Shs	Total Shs
Cost or valuation				
At 01 January 2024	701,348	1,612,740	476,744	2,790,832
Additions	75,600	215,325		290,925
At 31st December 2024	776,948	1,828,065	476,744	3,081,757
Depreciation				
At 01 January 2024	337,536	1,245,159	173,645	1,756,340
Charge for the year	72,655	262,488	44,774	379,917
At 31st December 2024	410,191	1,507,647	218,419	2,136,257
Net book value (31.12.2024)	366,757	320,418	258,325	945,500
Net book value(31.12.2023)	363,812	367,581	303,099	1,034,492

	Furniture Fittings Shs	Computers Printers Shs	Office Equipment Shs	Total Shs
Cost or valuation				
At start of year 2023	971,303	3,647,692	791,932	5,410,927
Additions	-	-	209,159	209,159
Adjustments	(269,955)	(2,034,952)	(524,347)	(2,829,254)
At end of year 2023	701,348	1,612,740	476,744	2,790,832
Depreciation				
At start of year	494,736	3,263,118	557,673	4,315,527
Adjustments	(205,911)	(2,148,457)	(405,079)	(2,759,447)
Charge for the year	48,711	130,497	21,051	200,260
At end of year 2023	337,536	1,245,159	173,645	1,756,340
Net book value(31.12.2023)	363,812	367,581	303,099	1,034,492
Net book value(31.12.2022)	476,567	384,574	234,259	1,095,400

NOTES (CONTINUED)

14 INTANGIBLE ASSET(SOFTWARE)

YEAR 2024

	Kshs 0%	Kshs 25%	Kshs 25%
	Acquisition of New System W.I.P	Existing System	Total
COST			
As at 1st January	-	1,999,203	1,999,203
Additional	275,413	-	275,413
As at 31st December	275,413	1,999,203	2,274,616
Amortization			
As at 1st January	-	1,999,203	1,809,605
Charges for the year	-	-	-
As at 31st December	-	1,999,203	1,809,605
NET BOOK VALUE	275,413	-	275,413

YEAR 2023

	Kshs 0%	Kshs 25%	Kshs 25%
	Acquisition of New System W.I.P	Existing System	Total
COST			
As at 1st January	-	1,999,203	1,999,203
Additional	-	-	-
As at 31st December	-	1,999,203	1,999,203
Amortization			
As at 1st January	-	1,809,605	1,809,605
Charges for the year	-	189,598	189,598
As at 31st December	-	1,999,203	1,999,203
NET BOOK VALUE	-	-	-

15 Other Assets

They are valued at the lower of cost or the net realizable value

	2024	2023
Office Consumables	16,250	36,600
Total Inventory	16,250	36,600

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024

NOTES (CONTINUED)

	2024 Shs	2023 Shs
16 (i) Member deposits		
At the start of the year	3,181,403,657	2,727,564,312
Deposits during the year	993,461,873	915,256,745
Withdrawals/Refunds during the year	(570,955,924)	(461,417,401)
Totals	3,603,909,879	3,181,403,657
16 (ii) Member's savings		
At the start of the year	37,238,036	61,124,764
Deposit During the year	118,008,220	124,877,088
Refunds during the year	(126,334,157)	(148,763,816)
	28,912,100	37,238,036
Total Savings and deposits	3,632,821,978	3,218,641,693
17 Interest on members deposits		
At the start of the year	353,406,023	302,834,160
Provisions during the year	404,611,506	352,959,331
Paid during the year	(353,418,699)	(302,387,468)
	404,598,830	353,406,023
18 Proposed dividends		
At the start of the year	57,673,646	33,224,317
Provisions during the year	83,370,611	57,674,562
Paid during the year	(57,796,828)	(33,225,233)
	83,247,429	57,673,646
19 Share Capital		
At the start of the year	338,035,996	208,722,023
Deposit during the year	110,165,065	129,313,973
	448,201,061	338,035,996

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024

NOTES (CONTINUED)

	2024 Kshs	2023 Kshs
20 Reserves		
i) Statutory reserves		
At start of the year	216,022,755	174,893,951
Transfer during the year	55,193,884	41,128,804
At the end of the year	271,216,639	216,022,755
ii) General Reserves		
At start of the year	242,775,000	241,000,000
Transfer during the year	27,596,942	1,775,000
At the end of the year	270,371,942	242,775,000
iii) Revaluation Reserves		
At start of the year	5,531,226	13,954,347
Revaluation of shares investments	48,258,908	(8,423,122)
At the end of the year	53,790,134	5,531,226
TOTAL RESERVES	595,378,715	464,328,981
21 Retained Earning		
At start of the year	373,394,756	279,498,397
Surplus for the year	227,710,511	205,644,021
Proposed staff ex -gratia	(7,754,345)	(5,944,295)
Proposed honoraria	(7,000,000)	(7,000,000)
Proposed dividends	(83,370,611)	(57,674,562)
Transfer to reserves	(82,790,826)	(41,128,804)
At the end of the year	420,189,485	373,394,757
22 Insurance fund		
At the start of the year	16,604,289	23,163,993
Additions /contributions	29,068,418	22,016,503
Premiums paid	(31,456,284)	(28,576,207)
At the end of the year	14,216,423	16,604,289

Co-operative Bank Regulated Non-WDT Sacco Society Limited
Annual Report and Financial Statements
For The Year Ended 31st December 2024

NOTES (CONTINUED)

	2024	2023
	Kshs	Kshs
23 Tax Liability		
As at start of the year	1,719,761	(127,530)
Provision for the year	17,111,394	2,960,231
Payments during the year	(4,415,523)	(1,112,940)
Tax withheld	(13,598,693)	-
Tax payable	816,939	1,719,761

NOTES (CONTINUED)

24 Risk management objectives and policies

Financial risk management

The society's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The society's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the society's financial performance.

Risk management is carried out by the risk sub-committees under policies approved by the directors. The risk sub-committee identifies, evaluates and manage financial risks in close co-operation with various departmental heads. The directors provides written principles for overall risk management, as well as written policies covering specific areas, such as liquidity risk, interest rate risk, credit risk, and investment of excess liquidity.

The sub-committee reports to the directors on all aspects of risks including nature of risks, measures instituted to mitigate risk exposures etc.

(a) Market risk

- Interest rate risk

The society's exposure to interest rate risk arises from borrowings/interest bearing creditors and interest bearing debtors/advances/financial assets.

Financial assets and liabilities advanced and obtained at different rates expose the society to interest rate risk. Financial assets and liabilities obtained at fixed rates expose the society to fair value interest rate risk, except where the instruments are carried at amortized costs. The society maintains adequate ratios of borrowings when compared to total borrowings in fixed interest rates.

NOTES (CONTINUED)

25 Risk management objectives and policies (continued)

(b) Credit risk

Credit risk is the risk of suffering financial loss, should any of the society's member fail to fulfil their contractual obligations to the society. Credit risk arises mainly from member's loans and advances

The society is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio assets, derivatives and settlement balances with market counterparties and reverse repurchase loans.

Credit risk is the single largest risk for the society's business; the directors therefore carefully manage the exposure to credit risk. The credit risk management and control are centralised in a credit risk committee, which reports to the Board of Directors and head of each business unit regularly.

(i) Credit risk measurement

The Society takes on exposure to credit risk which is the risk of financial loss to the Society if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Society's loans and advances to members and other banks and investment securities.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral against loans and advances in the form of registered securities over assets and guarantees from members. Credit risk in the society, is also managed through a framework of policies and procedures. Origination and approval roles are segregated.

To aid Credit managers in portfolio management, regular internal risk management reports contain information on key environmental and economic trends across major portfolios, portfolio delinquency and loan impairment performance as well as information on migration across credit grades and other trends. Expected loss is the long-run average credit loss across a range of typical economic conditions. It is used in the delegation of credit approval authority and must be calculated for every transaction to determine the appropriate level of approval. To assist risk officers in monitoring the portfolio, various internal risk management reports are available on a regular basis, providing individual counterparty, counterparty society and portfolio exposure information, the status of accounts showing signs of weakness or financial deterioration and updates on credit markets.

The society' grading systems is based on the basic principles issued by the regulatory authority SASRA. In addition to nominal aggregate exposure, expected loss is used in the assessment of individual exposures and for portfolio analysis.

The credit grades within society are based on a probability of default. The Society structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to the nature and type of loans. The society grades its loans into five categories on the basis of the following criteria;

- (1) **Performing loans**, being loans which are well documented and performing according to contractual terms;
- (2) **Watch loans**, being loans whose principal or interest have remained un-paid for one day to thirty days or where one instalment is outstanding;
- (3) **Substandard loan**, being loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between thirty-one to one hundred and eighty days or where two to six instalments have remained outstanding;
- (4) **Doubtful loans**, being loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between one hundred and eighty one to three hundred and sixty days or where seven to twelve instalments have remained outstanding;

NOTES (CONTINUED)

26 Risk management objectives and policies (continued)

(b) Credit risk (continued)

(i) Credit risk measurement (continued)

5) Loss loans - being loans which are considered uncollectible or of such little value that their continued recognition as receivable assets is not warranted, not adequately protected and have remained un-paid for more than three hundred and sixty days or where more than twelve instalments have remained outstanding.

Problem credit management and provisioning

Across all its loan portfolios, the Society employs a disciplined approach to impairment allowances evaluation, with prompt identification of problem loans being a key risk management objective. The Society maintains both collective and specific impairment allowances for credit losses, the sum of which is sufficient to reduce the book value of credit assets to their estimated realisable value.

A primary indicator of potential impairment is delinquency. However, not all delinquent loans (particularly those in the early stage of delinquency) will be impaired. An account is considered to be delinquent when payment is not received on the due date. Accounts that are overdue by more than 30 days are considered delinquent. For delinquency reporting purposes, the Society follows industry standards, measuring delinquency as of 1, 30, 180, 360 and above 361 days past due. Accounts that are overdue by more than 30 days are closely monitored and subject to specific collection processes.

Specific impairment allowances reduce the aggregate carrying value of credit assets where there is specific evidence of deterioration in credit quality. In line with regulatory guidelines, a collective allowance is maintained to cover potential impairment in the existing portfolio that cannot be associated with specific credit. These allowances are reviewed and updated on a regularly basis.

The process used for recognizing the impairment provisions is are generally raised at the difference between the outstanding amount of the loan and the present value of the estimated future cash flows which includes the realization of collateral except where the collateral value is typically realized in less than 12 months then the loan impairment is calculated using the forced sale value of the collateral without further discounting. In certain cases involving bankruptcy, fraud and death, the loss recognition process is accelerated.

The Society writes off loans and advances net of any related allowances for impairment losses when it determines that the loans are uncollectable and securities unrealizable. This determination is reached after accessing objective evidence or occurrence of significant changes in the borrower or issuer's financial position such that they are no longer able to repay the obligation, or that proceeds from the sale of collateral will not be sufficient to pay back the entire exposure. This is done after exhausting all other means including litigation.

Loans and advances that are neither past due nor impaired

The Society classifies loans and advances under this category if they are up to date and in line with their contractual agreements such loans would have demonstrated the meeting of their financial and non-financial conditions and the borrowers would have proven capacity to repay the loans. These exposures will normally be maintained largely within approved facility program and with no depiction of impairment or distress signs. These exposures are categorized as normal accounts (category 1) in line with internal guidelines and those issued by regulators where applicable. A collective provision on the total outstanding balances is made and appropriated from revenue reserves to statutory credit risk reserves.

NOTES (CONTINUED)

27 Risk management objectives and policies (continued)

(b) Credit risk (continued)

Past due but not impaired

This category includes exposures that are between 1 – 30 days past due, where losses have been incurred but have not been identified. These exposures are graded as category 2 in line with our internal guidelines and those issued by banking regulators. A collective impairment allowance is made to cover losses which have been incurred but have not yet been identified.

Impaired loans and advances

Impaired loans and advances are those which the Society determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan securities agreement(s). These loans are graded between categories 3 (31-180 days), 4(181 -360 days) and 5 (over 360 days) using the Society's internal credit rating system. These clients, under guidelines issued by the SASRA in the regions we operate in, are termed as non-performing loans. The Society establishes a specific allowance for impairment losses that represents the estimate of losses that will be incurred in its loan portfolio.

(c) Liquidity risk

Cash flow forecasting is performed by the finance department of the group by monitoring the society's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the society does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the society's management maintains flexibility in funding by maintaining availability under committed credit lines.

A disclosure of the undrawn facilities is as per Note 11. This is the society's liquidity reserve.

Notes 10 disclose the maturity analysis of trade and other payables.

28 Capital management

Internally imposed capital requirements

The society manages its capital to ensure that it will be able to continue as a going concern while maximising the return to members through the optimisation of the debt and equity balance.

The capital structure of the society consists of net debt calculated as sum of total borrowings and member's deposit (as shown in the Statement of Financial Position) less cash and cash equivalents and equity (comprising issued capital, reserves and retained earnings). The directors review the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the society may adjust the amounts of dividends paid to members or sell assets to reduce debt.

NOTES (CONTINUED)

28 Capital management (continued)

Externally imposed capital requirements

The Sacco Society's Act has established certain guidelines for the management of capital and working capital for deposit taking Sacco.

- core capital of not less than ten million shillings;
- core capital of not less than ten percent of total assets;
- institutional capital of not less than eight percent of total assets; and
- core capital of not less than eight percent of total deposits.
- maintain ten percent of its savings deposits and short term liabilities in liquid assets.

	2024	2023
The ratios at 31st December 2024 and 31 December 2023 were as follows:	Shs	Shs
a) Core capital of not less than Shs 10 million		
As per statement of financial position	726,356,659	535,524,948
b) Core capital of not less than 10% of total assets;		
As per statement of financial position	12%	10%
c) Institutional capital of not less than 8% of total assets		
As per statement of financial position	140%	156%
d) Core capital of not less than 8% of total deposits.		
As per statement of financial position	20%	17%
e) 10% of savings deposits and short term liabilities in liquid assets.		
As per statement of financial position	13%	13%

29 Presentation currency

The financial statements are presented in Kenya Shillings (Kshs.)