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THE SACCO SOCIETIES REGULATORY AUTHORITY (SASRA)

Our Ref: SASRA/700/CS.4217/N-WDTS/VOL. 1 (16)

21st January, 2025

**The Chairman, Board of Directors,
Co-operative Bank Regulated Non-WDT Sacco Society Ltd,
P.O Box 48231-00100,
NAIROBI.**



Dear Sir,

RE: APPROVAL AND OBSERVATION OF THE AUTHORITY ON THE SACCO'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 2024

Pursuant to provisions of Section 41 of the Saccos Societies Act, 2008 as read with Reg. 56 (1) of the Sacco Societies (Non-Deposit-Taking Sacco Business) Regulations, 2020, the Authority has considered the Sacco's audited financial statements for the year ending 31st December 2024 for approval.

The Board of Directors of the Sacco was responsible for the preparation of the Audited Financial Statements of the Sacco in accordance with Section 40 of the said Act and in accordance with IFRS takes responsibility for the same, while the External Auditor was responsible for auditing the said financial statements of the Sacco in accordance with Section 44 of the said Act as read with Reg. 57 of the aforesaid Regulations and reports thereon and takes responsibility for the same.

The External Auditor was responsible for auditing the said financial statements of the Sacco in accordance with Section 44 of the said Act as read with Reg. 57 of the aforesaid Regulations, and to give reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue auditor's report thereon.

However, the Authority makes the following observations on the said Audited Financial Statements on the basis of the Authority's statutory mandate of on-site and off-site supervision of the Sacco.

1. The audited financial statements fairly comply with Reg. 56 (2) of the said Regulations subject to the External Auditors opinion, in respect of the level of disclosures required.
2. The Authority observes that the ongoing declaration of a high dividend payout rate, currently at 20%, may lead to unrealistic expectations among members. It advises the Sacco Board and management to consider reducing the payout rate in future financial

periods. Furthermore, the Authority recommends that members be properly informed about the impact of high payout rates on the pricing of loan products and services.

3. The Authority takes cognizance of the issues raised by the external auditor in the Management Letter especially in regard to; management of defaulter loan accounts, variances between ledgers and listing-Deposits listing, unknown I-tax credit amounts among others. These are pertinent concerns, which require the Sacco's urgent action to mitigate the risks and the Authority shall be monitoring the implementation process thereof..
4. The board of directors shall present to the members the observations made herein in approving the audited financial statements in accordance with Regulation 56 (4) (b).

Subject to the foregoing observations and the auditor's opinion on the said audited financial statements, the Authority hereby approves the same for publication and presentation to the Sacco's Annual General Meeting.

Yours faithfully,



Joseph Osoro
FOR: CHIEF EXECUTIVE OFFICER

CC: **The Chief Executive Officer,**
Co-operative Bank Regulated Non-WDT Sacco Society Ltd,
P.O Box 48231-01000,
NAIROBI

D.K Wambua & Associates
Certified Public Accountants (K)
P.O Box 5957-00100,
NAIROBI