



SHERIA SACCO SOCIETY LTD
Inspire, Equip, Empower

ANNUAL REPORT & Financial Statements for the Year Ended 31st December **2024**

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Our Vision

The Premier Financial Solutions
Provider



Our Mission

Empowering Members Economically
with Quality Financial Solutions



Our Motto

Inspire, Equip, Empower

Our Core Values



S

SHARED PROSPERITY

We are committed to the economic well-being of all our members and staff.



H

HUMILITY

We treat all members, employees, and stakeholders with respect, honesty and fairness.



E

EXCELLENCE

We continuously improve our processes, embrace best practices, and invest in the growth and development of our members and staff.



R

RESPONSIVENESS

We commit to a timely approach to issues and ensure that our members receive the support and solutions they need promptly.



I

INTEGRITY & INNOVATIVENESS

We are committed to upholding the highest ethical behaviour and transparency standards in all our endeavours. We foster a culture of innovation, encouraging creativity and adaptability.



A

ACCOUNTABILITY

We hold ourselves responsible for delivering on our promises and commitments.

Society Information

Board of Directors

- | | |
|--|---|
| 1. Hon. Lady Justice Philomena Mbete Mwilu, EGH, DCJ | - Chairman (22nd Mar. 2024 to Dec. 2024) |
| 2. Hon. Justice Patrick Omwenga Kiage, CBS, JA, DE | - Chairman (Jan. 2024 to 22nd Mar. 2024) |
| 3. Hon. Elizabeth Nyarangi Juma, OGW, DE | - Vice Chairman |
| 4. Mr. Simon P. K. Wasilwa, DE | - Hon. Secretary |
| 5. Mr. George Ochieng Nyaoke, DE | - Hon. Treasurer(22nd Mar. 2024 to Dec. 2024) |
| 6. CPA Arnold Kimanzi, DE | - Hon. Treasurer (Jan.2024 to 22nd Mar. 2024) |
| 7. Ms. Eunice Wangari, DE | - Director |
| 8. Hon. Lady Justice Roselyne Aburili, DE | - Director |
| 9. Hon. Sango Maewa, DE | - Director |

Supervisory Committee

- | | |
|---------------------------|---|
| 1. CPA Titus Mainga | - Chairman (22nd Mar. 2024 to Dec. 2024) |
| 2. Ms. Lilian Maina, D.E | - Chairman (Jan. 2024 to 22nd Mar. 2024) |
| 3. CPA Purity Kirema | - Secretary (22nd Mar. 2024 to Dec. 2024) |
| 4. CPA Titus Mainga | - Secretary (Jan. 2024 to 22nd Mar. 2024) |
| 5. Mr. Manase Wandera, DE | - Member |

Management Staff

- | | |
|-------------------------------|------------------------------------|
| 1. Mr. Fred Mogesa Ongoto, DE | - Ag. Chief Executive Officer |
| 2. CPA Anthony Monda, DE | - General Manager Finance |
| 3. CPA Cornelius Kibet, DE | - General Manager Credit |
| 4. Mr. Saidi Kisulu, D.E | - General Manager ICT |
| 5. CPA Humphrey Odanga | - Ag. FOSA Manager |
| 6. CPA John Okari, DE | - Audit, Risk & Compliance Manager |
| 7. Mr. John Awuor, DE | - Marketing Manager |
| 8. Ms. Teresia Mwaniki | - HR. & ADMIN.Manager |
| 9. Mr. James Ojanji | - Senior Records Officer |
| 10. Ms. Joyce Wanjeri | - Senior Legal Officer |

Registered Office

Sheria Sacco Society Limited
Matumbato Close, Upper Hill
LR NO. 209/14421
Tel - 020-7801500, Fax 020-2710420
P.O Box 34390-00100
Nairobi.

Principal Bankers

- 1 Co-operative Bank of Kenya
Upper Hill Branch
P.O Box 30415 - 00100
Nairobi.
- 2 Kenya Commercial Bank
High Court Branch
P.O Box 69695 - 00200
Nairobi.
- 3 NCBA Bank
NCBA House Branch
P.O. Box 44599-00100
Nairobi.
- 4 Equity Bank
Parliament Road Branch
P.O. Box 75104 - 00200,Nairobi
- 5 Family Bank
Family Bank Towers Branch
P.O. Box 74145 - Nairobi

Independent Auditor

Kaxton CPAS LLP
Certified Public Accountants, CPA (K)
Vision Plaza, 5th Floor, Suite 35
P.O. Box 16552 - 00100, Nairobi
Tel.020-403230

Board of Directors



Hon. Lady Justice Philomena Mbete Mwilu, EGH, DCJ
National Chairman



Hon. Elizabeth Nyarangi Juma, OGW, DE
Vice Chairman



Mr. Simon P. K. Wasilwa, DE
Hon. Secretary



Mr. George Ochieng Nyaoke, DE
Treasurer



Hon. Justice Patrick Omwenga Kiage, CBS, JA, DE
Board Member



CPA Arnold Kimanzi, DE
Board Member



Hon. Lady Justice Roselyne Aburili, DE
Board Member



Ms. Eunice Wangari, DE
Board Member



Mr. Sango Maewa, DE
Board Member

Supervisory Committee



CPA Titus Mainga
Chairman



CPA Purity Kirema
Secretary



Mr. Manase Wandera, DE
Member

Management Team



Mr. Fred Mogesa Ongoto, DE
Ag. Chief Executive Officer



CPA Anthony Monda, DE
General Manager, Finance



CPA Cornelius Kibet, DE
General Manager, Credit



Mr. Saidi Kisulu, DE
General Manager - ICT



CPA Humphrey Odanga
Ag. FOSA Manager



CPA John Okari, DE
Audit, Risk & Compliance Manager



Mr. John Awuor, DE
Marketing Manager



Ms. Teresia Mwaniki
HR & Admin Manager



Mr. James Ojanji
Senior Records Officer



Ms. Joyce Wanjeri
Senior Legal Officer

ADM Notice

SHSC/49THADM/2025/001

23rd January 2025

Dear Hon. Delegate,

RE: NOTICE OF SHERIA SACCO'S 49TH ANNUAL DELEGATES'S MEETING

Notice is hereby given that the 49th Annual Delegates Meeting of Sheria Sacco Society Ltd shall be held on Friday 14th February 2025 at the Sarova Panafric Hotel Nairobi from 8:30AM.

AGENDA

1. Notice of the 49th Annual Delegates' Meeting and Adoption of Agenda.
2. Confirmation of minutes of 48th Annual Delegates Meeting held on 15th March 2024.
3. Matters Arising from the Minutes of 15th March 2024.
4. Presentation and Adoption of the Chairman's Report for the Year 2024.
5. Address by Chief Guest and Presentation of Awards.
6. Presentation and Adoption of the Financial statements as at 31st December 2024 and the Auditors' Report.
7. Presentation and Adoption of the Supervisory Committee Report for the year 2024.
8. Presentation and Adoption of the Treasurer's Report and approval of disposal of Surplus (Dividends/Interest on Deposits/Board's Honoraria and Staff Bonus).
9. (a) Presentation and Adoption of the Year 2025 Revised and 2026 Proposed Budgets.
(b) Presentation and Adoption of year 2025 Capital Budget.
10. Appointment of year 2025 Auditors.
11. Approval of Borrowing Powers.
12. Resolutions.
13. Amendment of By-laws.
14. Any Other Business – A.O.B to be emailed to delegates@sheriasacco.coop not later than 7th February 2025.
15. Elections.
 - (a) Three (3) Board Members.
 - (b) One (1) Supervisory Committee Member.

BY ORDER OF THE BOARD


Mr. Simon P.K Wasilwa, DE

HON. SECRETARY

23.01.2025

National Chairman's Report

The Chief Guest,
The Board of Directors of Sheria Sacco,
Distinguished invited guests, Co-operative Partners
and our Stakeholders,
Esteemed Delegates, Ladies and gentlemen,

It is my greatest honor and special privilege to present to you this Chairman's report for the Financial Year Ending the 31st December 2024. This report depicts the remarkable journey we together as the Board took, the successes achieved, and the challenges we encountered and navigated.

ECONOMIC OVERVIEW.

During year 2024, Kenya's economic landscape was marked by both resilience and challenges. The World Bank revised its growth projection for Kenya to 4.7% for 2024, down from an earlier estimate of 5.0%, citing fiscal consolidation issues, floods, and anti-government protests as key factors influencing this adjustment.

The Kenya National Bureau of Statistics reported a deceleration in GDP growth to 4.0% in the third quarter of year 2024, compared to 6.0% in the same period the previous year. This slowdown was primarily attributed to contractions in the construction and mining sectors, which shrank by 2.0% and 11.1%, respectively. Despite these challenges, sectors such as agriculture, forestry and fishing, transportation, financial activities, real estate, wholesale and retail, and accommodation provided some support to the economy.

The year was also characterized by nationwide protests against proposed tax increases and calls for better governance, which disrupted economic activities. Although the government eventually scrapped the tax measures, demonstrations continued into the third quarter, further impacting economic stability.

In response to these macroeconomic conditions, Sheria SACCO remained steadfast in its commitment to its members as the premier financial solutions provider. By focusing on sound financial management, innovative product offerings, and member-centric services, the SACCO not only navigated the challenges of year 2024 but also reinforced its position as a trusted financial partner.

As we reflect on year 2024, we acknowledge the economic hurdles faced by our members and stakeholders. However, we remain optimistic about the future and the opportunities that lie ahead. Sheria SACCO is committed to navigating the evolving financial landscape, empowering its members, and contributing to broader economic prosperity.

PERFORMANCE HIGHLIGHTS

Financial Achievements

Sheria SACCO Ltd recorded significant milestones in 2024, with growth in key financial indicators:

- **Total Assets:** Grew by **11.61%** from Kshs. **9,139,553,490.00**, to Kshs. **10,200,353,147.00**.
- **Loan Portfolio:** Increased from Kshs. **7,999,781,377.00**, to Kshs. **8,008,806,195**, reflecting a **0.11% growth**.
- **Member Deposits:** Rose from Kshs. **6,439,619,545** to Kshs. **7,077,985,043**, indicating growing trust and confidence within the membership.
- **Gross Revenue and Surplus:** The year closed with a gross revenue of Kshs. **1,326,921,255** and a Net surplus of Kshs. **171,794,726.00**, and an improved liquidity position.

See the table below for emphasis:

	2024	2023
	Kshs.	Kshs.
Gross Revenue	1,326,921,255	1,261,549,675
Less 1) Interest Expense	(689,240,799)	(556,362,724)
2) Operating Expenses	(443,780,770)	(386,148,297)
Net Surplus Before Tax	193,899,686	319,038,654
Less Tax	(22,104,959)	(13,067,311)
Net Surplus After Tax	171,794,726	305,971,343

Member Benefits

This growth has enabled us to continue providing value to our members through competitive loan interest rates, and enhanced services.

GOVERNANCE AND LEADERSHIP

The Board of Directors remained steadfast in ensuring sound governance practices and compliance with regulatory requirements. During year 2024, we made significant strides in:

- Ensuring that there was a clear separation of duties and responsibilities between the Board and staff.
- Dutifully and conscientiously attending to Committee and Board engagements with result-oriented minds, arresting wasteful expenditure and following through on resolutions made.
- Strengthening internal controls to enhance transparency and accountability
- Undertaking Board and staff trainings to build and enhance capacity to align with emerging industry trends.
- Approving and reviewing critical policies, including the Liquidity Policy, Anti Money Laundering Policy, and the 2024-2028 Strategic Plan.

STRATEGIC ACHIEVEMENTS

The SACCO made notable advancements in line with its 2024-2028 strategic plan:

Technological innovation:

(a) Mobile Banking

The improved mobile banking application has enhanced convenience and accessibility for our members. Internet Banking and online member onboarding, and verification of member particulars are major technological advancements achieved.

(b) Salary Advance

The Sacco has constantly developed products to offer its members for alternative and immediate financial relief in times of need. A salary advance is a financial arrangement where Sheria Sacco provides a member with a portion of their salary before the scheduled payday. This advance is typically deducted from the Member's future salary in instalments.

(c) Dividend Advance

The Sacco launched its members' dividend advance in October 2024 at a favorable interest rate. The product is available in both USSD code & on our mobile Application.

(d) Membership Growth:

Through focused recruitment strategies, our active membership base grew by **5.02%**, rising to **15,391** in 2024, indicating successful outreach and retention efforts and ensuring a broader foundation for sustainability. Notably, a significant portion of new members came from outside the mainstream employer segments, including individual persons, Diaspora, and other entities. We encourage Delegates and members to continue recruiting new members into the SACCO.

(e) New Products:

During the year under review, two important and critical products were added to our product base. The **Jewel Account** innovatively targets young people just starting out in life while our Muslim brothers and sisters are now enjoying uniquely Islamic products under our **Shariah Banking** model. In the same period, we intentionally revitalized diaspora membership engagements and education.

(f) Deposit Mobilization:

New initiatives, such as engaging Top and Super Savers, retiring members, and onboarding high-value members, have strengthened our deposit base.

(g) Loan Products:

We introduced member-centric loan products designed to address diverse financial needs. These include:

- **Online Salary Advancement**, aimed at helping members in the short term to regain financial stability efficiently.
- **Refinancing Loans**, extending the repayment period from **24 months to 36 months**, providing greater flexibility and affordability for members

(h) Deliberate Investments:

Prompt and prudent investments of all idle funds spurring financial growth.

CHALLENGES AND OPPORTUNITIES

While we achieved much, year 2024 was not without its challenges. The SACCO faced:

- Rising non-performing loans, necessitating stricter credit risk management.
- A slowdown in loan uptake during certain months, prompting us to review and revise our lending policies and enhancing appraisals.

Liquidity

- Liquidity emerged as a thorn in the flesh in many Saccos. In the discharge of its leadership and guidance mandate, the Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development, State Department for Co-operatives, through the Office of the Commissioner of Cooperative Development in December 2024 issued a circular on the payment of dividends on shares and interest on deposits, urging SACCOs to adopt best practices.
- During the preceding financial year 2023, our SACCO faced significant liquidity constraints, mainly relying on overdraft facilities throughout that year, which continued into the first five months of the year under review, 2024. This situation was unsustainable, necessitating urgent corrective measures. The Board took decisive action to stabilize the SACCO's financial position, leading to a remarkable turnaround. As a result, the SACCO closed the year 2024 with a positive cash and cash equivalent of Kshs. 1,091,301,859.00, a substantial improvement from the previous year's position of Kshs. 81,814,519.00, which had also been sustained through overdraft reliance.
- The liquidity status significantly improved to a healthier position from July 2024 onwards. This improvement is attributed to the effective implementation of the **Liquidity Management Policy** and associated **Liquidity Management Strategies**. The enhanced liquidity position allowed for

the prudent investment of available funds, as illustrated in the table below

Investments with Financial Institutions	Year 2024 Amount in Kshs.	Year 2023 Amount in Kshs.
Family Bank – Fixed Deposit	368,813,852.00	183,173,193.00
Kenya Commercial Bank – On call Deposits	330,000,000.00	-
Kenya Commercial Bank – fixed Deposit	150,000,000.00	-
Co-operative Bank – Fixed Deposits	100,000,000.00	-
CIC Money Market Fund	16,754,857.00	2,021,717.00
Kenya Commercial Bank – Mavuno Investments	15,905,028.00	-
KUSCCO Special Deposit Fund	126,873,443.00	121,970,967.00
Sub-Total	1,108,347,180.00	307,165,877.00

Investment in KUSCCO Ltd and Current Financial Status

The SACCO had invested funds in KUSCCO Ltd to the tune of ;

1. Deposit in KUSCCO **Kshs.126,873,443.00**
2. Shares in KUSCCO **Kshs. 20,660,259.00**

However, considering prevailing circumstances there, these funds are unstable. We can only wish KUSCCO a fast financial recovery.

Impact on Financial Statements:

The board will reclassify the following investments as non-performing assets in the SACCOS's financial statements:

- Kshs. 126,873,443 in special deposits
- Kshs. 20,660,259 in shares

Provisions will be made for potential write-offs within a period of 10 years to accurately reflect the current financial status of these investments, unless they are earlier recovered.

Despite these challenges, our collective resilience ensured that Sheria SACCO remained financially sound and member-focused.

Looking Ahead

As we step into 2025, our focus will remain on:

- Enhancing member satisfaction through improved service delivery and tailored financial solutions.
- Expanding our digital footprint to ensure seamless access to services for all members, regardless of their location, while actively recruiting new members in line with the targets outlined in our current strategic plan.
- Strengthening our financial position by growing deposits, adopting investment options for monthly surplus monies, increasing loan uptake, and managing costs effectively.
- Deliberately building our reserves to comfortable levels beyond the statutory.
- Adhering strictly to Good Governance practices and enhancing integrity in all our undertakings and operations.

THE UPPER HILL PROJECT

The Board reviewed the building design proposed for the Upper Hill Project and resolved to change the same from a twin tower to a single tower. The initial financing options - special deposits through Mavuno, which raised a meagre Kshs. 15.9M, and pre-sale of units, which yielded no sales – have proven insufficient. As a result, the Board proposes adopting the **Engineering, Procurement, and Construction with Financing (EPC-F) model**. This project financing mechanism engages an EPC firm to provide the necessary funding for project implementation. This approach aims to ensure the project's financial sustainability and successful execution. The expected units are 624 and the cost per unit will range between Kshs. 4,750,000 – Kshs. 9,500,000 initially, but will change as the project progresses.

Departed Members

Sadly, year 2024 took away from us the following valued members:

- | | |
|----------------------------------|--|
| 1. Essau Oyalo Francis, | 17. Kevin Ouko Kodia |
| 2. Antony Mwangi Ngotho | 18. Lucy Waithira Gitau |
| 3. Jacqueline Muthoni Ojwang | 19. Silas Njiru Kariuki |
| 4. Jasmin Ndungwa Mutua | 20. Teresiah Wanjiru Mundia |
| 5. Alex Miganza Mbohani | 21. Hon. Justice David Amilcar Shikomera Majanja |
| 6. Justus Mwendwa Makau | 22. Nyukuri Wekunda Namasaka |
| 7. James Kirimi Ayub | 23. Hon. Justice Daniel Ogembo Ogola |
| 8. Philip Kipyegon Barchok | 24. Malio Leslie Jibbo |
| 9. Scholar Mukombe Chilumo | 25. James Gichana Onkundi |
| 10. Habiba Aisha Ibrahim | 26. Kevin Nyanaro |
| 11. Tumaini Wamocha | 27. Nelson Rutere Mugo |
| 12. Nasongo Samuel | 28. Jamila Engesia Mundia |
| 13. Ignatius Okore Obonyo Onyuka | 29. Kipyego Rugut Bernard |
| 14. Robert Kipkoech Kirui | 30. Adelaide Muhele Shilaho |
| 15. Christine Elianto Tamar | 31. John Tito Kanyuk, and |
| 16. Ignatius Sumba Esiba | 32. Dimo Orange Amos |

To assist their families during this difficult time, we disbursed a total of Kshs. 1,860,000 as per our policies to cover funeral expenses and deposit refunds.

I kindly request that we be upstanding and observe a moment of silence in their honor. **Eternal rest grant them, O Lord, and let perpetual light shine upon them. May their souls rest in eternal peace, Amen.**

APPRECIATION

I extend my heartfelt gratitude to the Office of the Commissioner for Cooperatives, the Director of Cooperatives Nairobi County, the Sub-County Cooperative officer, Sector Regulator SASRA, Fellow Delegates, Colleague Board Members, the Supervisory Committee, Sheria Sacco Staff, and all stakeholders for their unwavering trust and support for excellence.

I call on us all to focus on working together for Sheria SACCO to achieve greater heights. Our shared vision, collective efforts, and determination will undoubtedly lead us to greater success in the years to come.

CONCLUSION

In the end, I wish to remind all members that the strength of Sheria SACCO lies in our unity purpose, and unwavering commitment to mutual growth. As we embrace 2025, let us do so with renewed vigor and optimism, guided by our vision to be the premier financial solutions provider. Let this year's training theme, "**Leadership for Peak Performance**," inspire us to reach new heights in service delivery, innovation, and member satisfaction. We must collectively improve the social-economic conditions of the membership. Together, we can and must achieve greatness and secure a prosperous future for all. Our best is not in the past, it must be in the now and in our future years. We must keep improving, realizing our unrealized potential.



God bless us all. God bless Sheria SACCO.

Yours Sincerely,

Philomena Mbete Mwilu, EGH,

Deputy Chief Justice of the Republic of Kenya & Vice President of the Supreme Court of Kenya.
National Chairman, Sheria SACCO Society Limited

Treasurer's Report

Our Chief Guest,
Chairman and Board of Directors of Sheria Sacco Society Ltd,
Members of the Supervisory Committee,
Delegates, Ladies and Gentlemen,

It is with great pleasure that I present to you the financial report for SHERIA SACCO SOCIETY LTD for the financial year ended 31st December 2024. Last year was both challenging and rewarding. Despite the dynamic economic environment, our SACCO has continued to demonstrate resilience and growth. This report reflects our commitment to maintaining financial stability, ensuring transparency, and creating value for our members.

1. Financial Performance Highlights

(a) Revenue

Total Revenue grew from Kshs. 1.261 billion reported in the year 2023 to Kshs. 1.326 billion in the year 2024 representing a **5.18%** growth. This growth was primarily driven by improved income streams, including interest income from members' loans of Kshs. 1.1 billion, and non-interest income of Kshs. 50.8 million and diversification of revenue by investing in fixed deposits and call deposits totaling to Kshs. 77.5 million. The increase signifies the organization's continued efforts to enhance financial performance, optimize product offerings, and deepen member engagement.

Factors contributing to this revenue growth include increased non-interest income from investments, expansion of the membership base, introduction of new products, better asset utilization, and strategic partnerships. This performance reflects the SACCO's resilience and adaptability amidst changing economic and regulatory environments.

(b) Expenses

The Society's total expenses for the year 2024 amounted to Kshs. 443.7 million, representing an increase of Kshs. 57.6 million compared to Kshs. 386.1 million reported in 2023. Despite this rise, the Society remained within the revenue-to-expenditure ratio, which stood at **33.4%**, comfortably below the strategic target of **35%**.

The Board remains committed to further reducing expenditure in alignment with the cost-cutting objectives outlined in the strategic plan, ensuring the Society's financial sustainability and continued value creation for its members.

(c) Budget Performance Overview

The SACCO successfully operated within the approved budget limits for the year, demonstrating strong financial discipline and strategic planning. Despite facing various operational challenges, the SACCO adhered to financial guidelines, ensuring that expenses were closely monitored and controlled. This careful budget execution, led by the board, contributed to the overall financial stability, enabling the Sacco to fulfill its operational commitments without exceeding budget allocations. Resources were effectively channeled towards priority areas such as Member education and training, ICT system security enhancements, and staff training initiatives, all while maintaining cost efficiency.

As of 31st December 2024, the Sacco's Total Revenue was Kshs. 1,326,921,255, slightly below the budget target of Kshs. 1,400,185,204, resulting in a variance of Kshs. 73,263,949. However, Total Operating Expenditure for the same period was Kshs. 443,780,770, well

under the budgeted Kshs. 568,464,454, resulting in a saving of Kshs. 124,683,684, thus achieving the expenditure target of below **35%** (actual achievement for the year 2024 was **33.40%**).

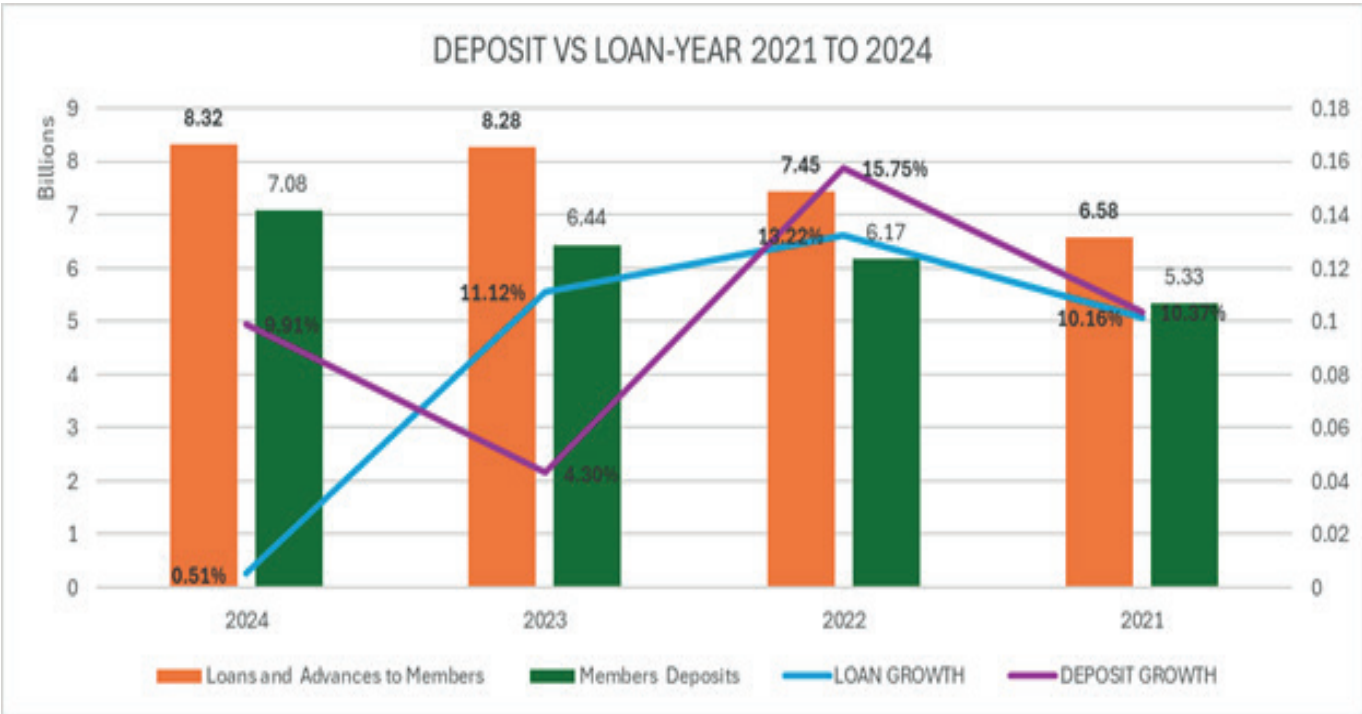
2. Assets

The Society's total assets as at the year 2024 were Kshs. 10.2 billion compared to KSHS.9.1 billion reported in the year 2023, this is an increase of Kshs. 1.06 billion representing a growth of 11.61%. The increase is attributed to Society's investment in short-term fixed deposits and call deposits totaling to Kshs. 1.0 billion. Additionally, the Society's prudent investment strategy and effective financial management played a key role in enhancing its asset base. The increased assets not only reflect the Society's strong financial position but also demonstrate its ability to capitalize on investment opportunities to foster long-term growth and stability. These investments contribute to the Society's ability to meet future financial obligations while continuing to focus on its core operational goals.

3. Members' Deposits & Savings, Loans and Advances

Members' deposits and savings stood at Kshs. 7.07 billion compared to Kshs.6.4 billion reported in the year 2023, an increase of Kshs. 638 million representing a growth rate of 9.91% against a **4.3%** growth rate in the year 2023.

Members net Loans and advances stood at Kshs.8.0 billion compared to Kshs.7.9billion in year 2023 representing a growth rate of **0.11%**. The below graph shows the comparative of Deposits vs Loans from year 2021 to year 2024.



Bridging the Loans-to-Deposits Gap

The current gap between loans and deposits stands at Kshs. 930 million. To meet and exceed the recommended minimum ratio of 1:1, all members are encouraged to increase their deposits. As leaders, we are committed to implementing effective deposit mobilization strategies to achieve this goal.

Proposed Strategies for Deposit Mobilization

(a) Reward for Capitalized Deposits:

A 2% reward will be granted on any amount capitalized into deposits. As your Board, we are leading by example by committing to capitalize 100% of our interest earnings into deposits. We encourage you, esteemed leaders, to follow suit—Usikule yote! (Do not spend everything.) This initiative will enhance liquidity, reduce loan waiting periods, and enable faster loan disbursements.

(b) Ongoing Member Education:

We will prioritize continuous education for members on the importance of saving and its impact on personal financial stability and the growth of Sheria SACCO.

(c) Daily Savings Goals:

Members will be encouraged to set and achieve **daily saving targets** through available saving channels. As we implement these strategies, let us reflect on the wisdom from Proverbs 21:20 (NIV): “The wise store up choice food and olive oil, but fools gulp theirs down.” This is a call to action for all of us to stand and be counted as leaders who played a pivotal role in making Sheria SACCO great. Together, we can build a brighter, more sustainable future.

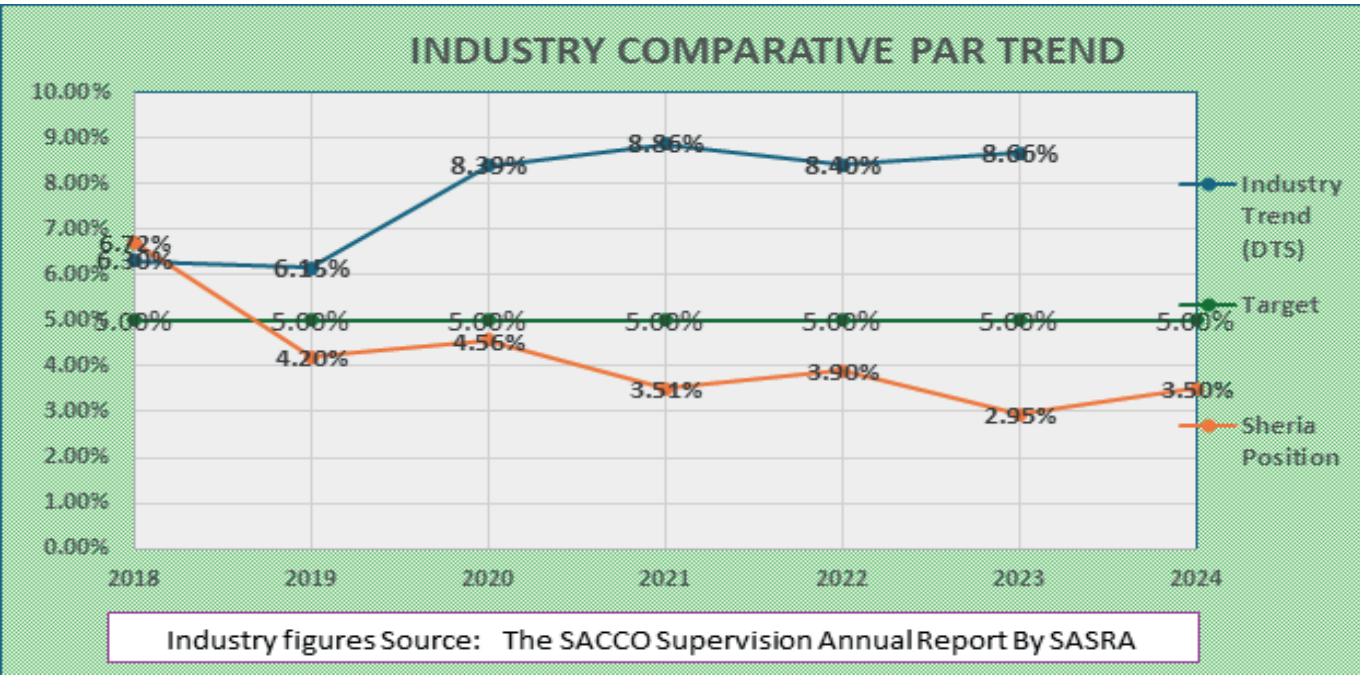
4. Share Capital

The Society’s share capital grew from Kshs. 553.7 million in 2023 to Kshs. 709 million in 2024, representing an impressive growth rate of **28.04%**. This significant growth is largely attributed to the 90-day shares drive campaign conducted between July and September 2024, one of the strategies employed by the Board to enhance liquidity. During this period, the campaign contributed Kshs. 155.2 million to the growth of share capital.

The Board remains mindful of the need to maintain balance in the Society’s shareholding structure and avoid an oversupply of shares. Consequently, following the conclusion of the shares drive campaign, the set limit of Kshs. 100,000 per member remains in effect.

Society’s Portfolio at Risk (PAR) Trend Over Five Years

Over the past five years, the Society has consistently maintained a Portfolio at Risk (PAR) below 5%, reflecting strong credit management practices. The graph below illustrates the Society’s PAR trend compared to industry performance during the same period.



In the current year, the Society experienced an increase in provision for non-performing loans amounting to Kshs. 33.1 million.

5. FOSA Performance Overview

The Front Office Service Activity (FOSA) remains a critical component of the SACCO’s financial operations, providing essential banking services to members. The FOSA Gross revenue as of 31st December 2024 was Kshs.260,553,341 against a budget of Kshs.325,579,542 hence adverse variance of Kshs.65,026,201 not met.

Summary Of FOSA Performance

	YEAR 2024 Kshs.	YEAR 2023 Kshs.
Gross Revenue	260,553,341	251,198,930
Less Expenses	(34,647,294)	(39,246,741)
Net Surplus	225,906,047	211,952,189

The year 2024 evaluation of FOSA’s performance in key areas, including deposit mobilization, revenue generation, FOSA account holders and overall financial stability.

a) FOSA Deposits and Savings Growth

FOSA has experienced steady growth in member deposits, with an increase of **10%** to the total Kshs. 754,043,197 in year 2024. This growth is attributed to:

- Improved member engagement and financial advisory services online and at the counter.
- Promotion of competitive savings products such as SHEWISHA, Childa, and Fixed deposit accounts.

b) Revenue generation

FOSA’s revenue streams, derived from transaction fees, loan interest, and other financial services, have shown positive trends. Notable revenue sources include:

- Interest from FOSA loans and advances, which contribute **87.89%** of FOSA revenue and **17.26%** of total overall revenue, has increased due to the higher uptake of salary advances and E-loan products.
- Commissions charged from third-party financial services
- Transactional fees charged fees from withdrawals, transfers, and bill payments

c) Operational efficiencies

Increased adoption of digital banking platforms, reducing in-branch congestion, and Strengthened compliance with regulatory requirements to enhance financial stability.

d) FOSA Account Holders

FOSA (Front Office Service Activity) account holders are members of the SACCO who utilize various financial services offered directly by the SACCO. These services include savings accounts, salary advances, E-loans, Business loans, and Personal loan credit facilities. FOSA account holders benefit from convenient access to their funds, competitive interest rates on loans, and seamless integration with other SACCO services. The diverse range of products available encourages member participation, contributing significantly to the SACCO’s revenue and fostering financial inclusion within the membership base.

FOSA Salary Accounts

As of 31st December 2024, 3,281 members channeled their salaries through FOSA as compared to 3,172 in the year 2023, translating to **109 new members**.

	Year 2024	Year 2023
Salary Accounts	3,281	3,172

Out of the Society's active membership of 15,391 as of 31st December 2024, only 3,281 members are currently channeling their salaries through FOSA, Kshs. 4,387,494 income was generated in the year 2024 as compared to Kshs. 5,251,739 in the year 2023 for salary processing commission.

Despite the good performance the FOSA patronization by members is still low and the Board wishes to encourage members to channel their monthly salaries to FOSA for quick and easy processing, also members to retain funds once paid to their FOSA Accounts in the form of loans disbursement and utilize of withdrawal channels like ATM cards, cheque books, mobile withdrawal and over the counter services. Continuous improvement in service delivery, risk management, and member engagement will be essential in sustaining this upward trajectory. Future strategies will focus on leveraging technology, expanding product offerings, and strengthening financial literacy among members.

7. Key ratios and Compliance

The Society has demonstrated strong adherence to all key financial ratios and statutory requirements for the year 2024, with the exception of the non-earning assets to total assets ratio. The Society has complied rigorously with regulatory obligations, ensuring that all required filings and documentation were completed accurately and within the stipulated deadlines. Furthermore, the Society has maintained a robust financial position, consistently meeting or exceeding the prescribed financial ratios, including liquidity, solvency, and profitability benchmarks, as illustrated in the table below:

COMPLIANCE RATIOS STATUS AS AT 31st DECEMBER 2024						
	Minimum Ratio Required	Current Status Dec-24	Previous Year Status Dec-23	Current Year V/S Previous Year	Minimum Ratio V/S Current Year Difference	Remarks
1) Core Capital Adequacy Ratios						
I) Core Capital to Total Assets	10%	18.10%	18.00%	0.10%	8.10%	COMPLIANT
II) Core Capital to Total Deposits	8%	26.00%	25.50%	0.50%	18.00%	COMPLIANT
III) Institutional Capital to Total Assets	8%	11.10%	11.90%	-0.80%	3.10%	COMPLIANT
2) Liquidity Ratio - Status As At 31/12/2024						
I) Liquid Assets to Total Deposits (Excluding Non Withdrawable Deposit and Short Term Liabilities)	> 15%	144.50%	12.00%	132.50%	129.50%	COMPLIANT
II) Liquid Assets to Total Deposits (Inclusive of Non Withdrawable Deposit)	> 15%	15.30%	1.30%	14.00%	0.30%	COMPLIANT
3) Asset Mix and Quality Ratios						
I) Property & Equipment to Total Assets	< 5%	2.89%	3.32%	-0.43%	2.11%	COMPLIANT
II) Non-Earning Assets To total Assets	< 10%	11.52%	10.04%	1.48%	1.52%	NON COMPLIANT
III) Non-Performing Loans to Gross Loans	< 5%	3.50%	2.95%	0.55%	1.50%	COMPLIANT
4) Earning Assets Ratios						
Equities And Investments to Deposits	< 5%	0.50%	0.58%	-0.08%	4.45%	COMPLIANT
Equities And Investments to Core Capital	< 40%	1.92%	2.27%	-0.35%	38.08%	COMPLIANT

8. Disposal of Surplus

The Board proposes payment of Dividends on Share Capital at **16%** (Kshs. 113.4 million), Interest on qualifying Deposits at **11%** (Kshs.664.2 million), Board Honoraria of Kshs. 6.5 million and staff bonus of Kshs. 6.5 million. The total return to members of Kshs. 777.6 million (dividend plus interest on deposits) represents **58.61%** of total income.

Conclusion

I would like to express my sincere appreciation to our key stakeholders, particularly the Office of the Commissioner for Cooperatives and our regulator, SASRA. I also extend my gratitude to our Members, Delegates, Directors, Management, and Staff of Sheria SACCO for their continued support.

“People make places; places don’t make people.” – Pepe Minambo, *Be Inspired Before You Expire*

Let us take this powerful reminder to heart and commit to making Sheria SACCO better than we found it. Together, through our collective efforts, we can create a legacy of growth, excellence, and prosperity.

Thank you.

May God bless you, and may God bless Sheria SACCO



Mr. George Nyaoke, DE
HON. TREASURER

Supervisory Committee Report

1. INTRODUCTION

Our Chief Guest,
Invited Guests,
Directors,
Hon Delegates,
Management and Staff,
Ladies and gentlemen.

On behalf of my Colleagues Supervisory Committee Directors, we welcome you on this occasion of the 49th Annual Delegates Meeting to review the year 2024 activities and plan for the year ahead.

In line with our mandate, the Supervisory Committee continued to fulfil its oversight responsibilities, ensuring that the society's activities and transactions remains aligned with the Cooperative Societies Act Cap 490, the SASRA Act and the Sheria Sacco By-laws and policy documents. Throughout the year, we maintained a rigorous reporting schedule, preparing quarterly reports that were duly submitted to the Commissioner of Cooperatives after discussions with the Board of Directors. This report provides a summary of the key findings and developments based on the insights gained from our quarterly assessments.

2. STRATEGIC DIRECTION

(i) Strategic Plan

Peter Drucker aptly stated, "Strategy is a commodity, execution is an art." This highlights that while many organizations can develop well-crafted strategies, it is the ability to effectively execute those plans that ultimately drives success.

The Society faced challenges during the year to attain set targets on Membership, Deposits, Assets, Revenue, and Expenditure growth. The impetus by the Board of Directors saw an improvement to achieving these targets towards the end of the year.

The Supervisory Committee noted an improvement in Governance, Risk Management, and Liquidity Management.

During the end of year review of the Strategic Plan, the Board identified key areas for improvement and has developed a set of corrective measures aimed at enhancing performance in the strategic objectives of the Society in 2025. These measures are intended to better position Sheria Sacco to meet its strategic goals going forward.

(ii) Society Policies

The Board reviewed all the Society's policies. This was done to align them to the Strategic Plan 2024 – 2028 and incorporate the emerging issues in the business environment.

The Supervisory Committee recommended to the Board to bring into being a sexual harassment policy in conformity with the Employment Act 2007. A Communication policy was also recommended to help address the communication challenges within and outside the Society. The Board considered the policies and is in the process of putting them in place.

3. PERFORMANCE

(i) Revenue and Expenditure

The total revenue generated in 2024 was Ksh 1.32 Billion, representing a 5.18% increase from the year 2023 (Ksh 1.26 Billion) compared to revenue growth of 22% in 2023. This depicts a decline in revenue generated, mainly due to the slow growth of interest on loans and advances at 0.24%.

Other interest income grew by Ksh 62 Million, representing 407% growth, mainly derived from fixed deposits and call deposits investments.

The net surplus for the year declined by 44% to Ksh 171.7 Million (2024) from Ksh 305.9 Million (2023). The decline is associated with higher returns to members and higher expenditure in the loan loss provisioning, KUSCCO impairment provisioning and income tax expense, as summarized below;

Expenditure Type	2024	2023	Variance
Interest Expense (to members)	689,240,799	556,362,724	132,878,075
Financial related expenses			
Loan impairment provision	33,105,233	217,659	32,887,574
Provision for KUSCCO investment impairment	14,753,370	-	14,753,370
Income Tax Expense	22,104,959	13,067,311	9,037,648

The operational expenses were 33.4% of income compared to 30.61% in 2023. The Society incurred Ksh 6.4 million for the renewal of approvals for the structures of the planned Upper Hill development project with relevant authorities.

(ii) Loans and Advances

Loans and advances were noted to have grown at a decreasing rate of 0.11% in the year 2024, compared to 11.55% in the year 2023, and against the strategic target of 15%. Subsequently, this translated to the slow growth of 0.24% in interest of loans income. The decreasing positive growth is attributed to the review of credit terms by the Board to improve the quality of the loan book.

(iii) Portfolio at Risk (PAR) and Delinquency

The Portfolio at Risk (PAR) on loans weakened in the year 2024 at 3.50% from the 2.95% rate in the year 2023, against the maximum required ratio of 5%. The non-performing loans were at Ksh 291.2 Million by the end of 2024 from 940 accounts.

The ratio of the total delinquent loans to gross loans portfolio was at 13.16% (2024), 12.68% (2023) and 7% (2022), above the limit requirement of 5%. The weakening of the PAR and the delinquency ratio is because some employers delay or fail to remit loan deductions made to their employees to the Society. The Board is following up the employers for the loan deductions made on behalf of members.

(iv) Liquidity

As we navigate the evolving financial landscape, liquidity challenge has emerged as a growing risk for SACCOs in Kenya due to the increasing demand for services and economic uncertainties.

The liquidity of Sheria Sacco Society has significantly improved increasing from Ksh 81.8 million in 2023 to Ksh 1.09 billion in 2024. This signifies a 1,233.87% improvement. This has helped the Society comply with the regulatory requirements on liquidity and reduce the financial costs associated with bank overdrafts.

(v) Financial Information

It is notable in the audited financial statements that the society registered growth in several financial aspects as listed below:

Item	2024	2023	Percentage Growth
Asset Base	10,200,353,147	9,139,553,490	11.61%
Non-Withdrawable Deposits	7,077,985,043	6,439,619,545	9.91%
Loans and Advances	8,008,806,195	7,999,781,377	0.11%
Revenue	1,326,921,255	1,261,549,675	5.18%
Core Capital	1,843,672,064	1,644,369,461	12.12%

4. COMPLIANCE

(i) SASRA Ratios

The Society was compliant with all the required SASRA ratios, except the non-earning assets to total assets ratio which had a variance of 1.52% from the requirement (current ratio of 11.52% against a minimum of 10%)

This is an improvement from the previous period where liquidity ratios were non-compliant.

(ii) Other Compliance Areas

The Society complied with the regulations of statutory regulatory bodies such as; Housing Levy Fund, Social Health Authority (SHA), National Social Security Fund (NSSF) and Kenya Revenue Authority (KRA).

5. INSIDER TRADING

The Board and employees made deposits and accessed loans with the society during the year as shown in the below;

Details	2024	2023
Non-withdrawable Deposits & FOSA Savings	Ksh	Ksh
Board of Directors	142,245,696	81,387,293
Secretariat - Staff	39,201,169	35,475,851
Total Non-Withdrawal Deposits and FOSA Savings	181,446,865	116,863,144
Loans & Advances		
Board of Directors	62,616,418	66,362,253
Secretariat - Staff	74,964,390	67,335,983
Total Loans and Advances	137,580,808	133,698,236

The deposits were made and loans accessed in the normal course of business and on terms and conditions laid down and applicable to members. All the loans advanced are performing as per the existing credit policies.

6. MEMBERSHIP

(i) Members' Deposits

Member Deposits grew from Ksh 6,439,619,545 in 2023 to Ksh 7,077,985,043 in 2024. This translates to 9.91% growth in 2024 as compared to 4.3% in 2023. This improvement is attributed to the strategies the Board put in place to mobilise deposits.

(ii) Membership Growth

The Society closed the year 2024 with a total of 20,571 members. 15,391 active members and 5,180 dormant members. The membership increased by 954. The dormant members increased by 4.4 % (218 members).

Membership recruitment is a continuous and collective effort for the entire membership. We urge all of us to make initiatives to recruit members to the Society.

(iii) Members' Education

It is within the cooperative principles that every member should be educated and informed about the society's operations, products, and responsibilities and be continually trained on the evolving trends within the cooperative practices.

The Society conducted members education across the country on the theme "Unlocking your financial potential from good to great". The aim of the education was to inform members on personal finance management.

7. KUSCCO INVESTMENT

Sheria Sacco has the following investments in KUSCCO;

Details	Amount (Ksh)
206,602 Ordinary Shares @100	20,660,259
KUSCCO Special Deposit Fund	126,873,443
Balance as at 31st December 2024	147,533,702

Interest income of Ksh 4,902,476 was recognized in the income statement for year 2024. This was to recognize the return on investment capitalized by KUSCCO during the year. A provision for the impairment loss of 10% of KUSCCO investments has been recognized in the books as advised by SASRA and in compliance with IFRS 9.

8. RECONCILIATION

The Committee noted variances between the ledgers in the Trial balance and the reported financial statements as follows:

Item	Amount as per Ledger	Amount as per listing	Variance
Loans and Advances	8,318,825,543.99	8,319,514,665.32	(689,121.32)
Members Deposits	6,322,624,797.79	6,319,437,990.39	3,186,807.40
Other Deposits (Childa, Shewisa and Joint Accounts)	127,008,554.59	128,094,214.23	(1,085,659.64)
FOSA	456,473,618.67	456,183,386.41	290,232,26

The Board is engaged in the process of reconciling the variances.

9. COMMUNICATION

Communication has been identified as a key area of concern by our members, particularly regarding delays or lack of responses to issues raised. The Supervisory Committee observed a decrease in the number of pending issues raised by members; however, the current level remains below the standard outlined in the service charter. The Board has come up with a proposed Communication Policy to address these challenges. This policy will help improve both internal and external communication, ensuring timely and effective responses moving forward.

10. SHARIAH COMPLIANT PRODUCTS

SASRA gave approval to Sheria Sacco to offer Shariah compliant products. This was after the Society came up with a proposal of Shariah Compliant products with the assistance of a Shariah Advisory Board consisting of three Kadhis. The Shariah compliant products are meant to offer premier financial solutions to members of Islamic faith.

11. CONCLUSION

As I conclude, I implore that we reflect on the journey we have undertaken together. The strength of Sheria Sacco lies in our unity and through continuous cooperation, we have made significant strides toward greater financial stability and growth. Let us keep our commitment to saving, borrowing wisely, investing prudently, prompt repayment of loans, and fulfilling our obligations with the same dedication that has brought us this far.

Moving forward, let us continue to be **inspired** by our collective vision, **equipped** with the tools for financial empowerment, and **empowered** to face new opportunities and challenges. Together, we will rise to even greater heights, strengthening our bond and ensuring Sheria Sacco remains a beacon of hope for all its members.

As we look ahead, let us be reminded by the words of Robert Owen: ***"The cooperative principle is not simply a method of economic organization, but a way of building relationships that can change the world."***

May we continue to build those relationships, foster unity, and work towards a brighter future for all our members. Together, we can achieve more.

Lastly, allow me to appreciate the Office Commissioner of Cooperatives, SASRA, National Cooperative Organisations, other SACCOs, Stakeholders, the Board, Delegates, Management, Staff and the entire membership for their continued support.

God bless you all, God bless Sheria Sacco. Thank you.



Titus Mainga
Chair, Supervisory Committee
Sheria Sacco Society

Report of the Board of Directors

The Directors submit their report and the audited Financial Statements for the year ended 31 December 2024 which disclose the state of affairs of the Society.

INCORPORATION

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

PRINCIPAL ACTIVITIES

The Society continued with its principal activity of receiving Shares and Deposits and giving out Loans to its members.

RESULTS

	2024 Ksh.	2023 Ksh.
Surplus/(Deficit) Before Tax	193,899,686	319,038,654
Income Tax Expense	(22,104,959)	(13,067,311)
Surplus for the Year	171,794,726	305,971,343
Other Comprehensive Income /(Loss) Net of Tax	-	-
Total Comprehensive Income/ (Loss) for the Year	171,794,726	305,971,343
Interest on Members Deposits and Savings	689,240,799	556,362,724

INVESTMENT IN SHARES

The issued and paid up Share Capital of the Society increased during the year from Ksh.553,738,302 in Year 2023 to Ksh.709,002,491 in Year 2024

DIVIDENDS AND INTEREST ON MEMBERS DEPOSIT

The Directors have recommended payment of **16% (2023: 16%) as Dividend on Investment Shares and pay 11.00% (2023: 9.50%) Interest on Sacco Deposits. Mavuno 5 Year Savings 8.5% (2023: 8.50%),Mavuno 10Year Savings 10% (2023: 10%) and Pre-Sale of Units 10% (2023 10%l) 10% (2023:10%) and Pre-Sale of Units 10% (2023:10%).**

The Directors who held office during the year and to the date of this report are shown on page 4.


INDEPENDENT AUDITOR

The Society's External Auditors Kaxton CPAS LLP vacate office in accordance with Sacco Societies Act no.14 of 2008.

APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved at a meeting of the Board of Directors held on **20th January 2025.**

BY ORDER OF THE BOARD

Signature..........Date **8th Janury 2025**
HON. SIMON P.K.WASILWA,D.E
SECRETARY
NAIROBI.

Financial and Statistical Information

	2024	2023
Membership		
Active	15,391	14,655
Dormant	5,180	4,962
Total	20,571	19,617
Number of Branches	1	1
Number of Employees		
Male	23	24
Female	24	26
Total	47	50
Financial Highlights		
Total Assets	10,200,353,147	9,139,553,490
Members Deposits	7,077,985,043	6,439,619,545
Total Liabilities	8,069,725,211	7,208,228,159
Cash and Cash Equivalents	1,091,301,859	81,814,519
Loans and Advances to Members	8,008,806,195	7,999,781,377
Investments	35,329,507	37,395,533
Core Capital	1,843,672,064	1,644,369,461
Share Capital	709,002,491	553,738,302
Institutional Capital	1,134,669,573	1,090,631,159
Total Revenue	1,326,921,255	1,261,549,675
Interest Income on Members Loans	1,198,522,341	1,195,612,834
Dividends on Share Capital	113,440,399	88,598,128
Interest on Members Savings	687,906,485	555,154,138
Interest on Members Mavuno Savings	1,334,314	1,208,586
Total Expenses	443,780,770	386,148,297
Key Ratios:		
Capital Adequacy Ratio	%	%
Core Capital/Total Assets	18.1%	18.0%
Minimum Ratio	10%	10%
Core Capital/Total Deposits	26.0%	25.5%
Minimum Ratio	8%	8%
Institutional Capital/Total Assets	11.1%	11.9%
Minimum Ratio	8%	8%

Liquidity Ratio			
Liquid Assets/ Total Deposits and Short Term Liabilities		15.3%	1.3%
	Minimum Ratio	15%	15%
Liquid Assets/ Total Short Term Savings and Short Term Liabilities		144.5%	12%
	Minimum Ratio	15%	15%
External Borrowing Ratio			
	Minimum Ratio	25%	25%
Operating Efficiency			
Total Expenses/Total Revenue		33.4%	30.6%
Interest Rate on Members Deposits		11.00%	9.50%
Dividend Rate on Share Capital		16.0%	16.0%
Interest Rate on Mavuno 5 Year Savings		8.50%	8.50%
Interest Rate on Mavuno 10 Year Savings and Units Pre - Sale		10.0%	10.00%
Debt to Equity Financing		437.70%	438.36%
Total Non-Performing Loans/ Gross Loans Portfolio (PAR)		3.50%	2.95%
	Minimum Ratio	≤ 5%	≤ 5%
Total Delinquent Loans/Gross Loans Portfolio		13.16%	12.68%
	Minimum Ratio	≤ 5%	≤ 5%

Corporate Governance Statement

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 year under review, unless otherwise indicated. The Society is committed to business integrity and professionalism in all its activities.

Board of Directors

The Board has nine (9) members and a Chief Executive Officer(CEO) as 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 committee and deal with any strategic issues and opportunities for the Sacco.

Board Committees

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

1. Administrative Committee	Chaired by	Hon. Lady Justice Philomena Mbete Mwilu, EGH, DCJ
2. Finance and Investment Committee	Chaired by	Mr. George Nyaoke, DE
3. Credit Committee	Chaired by	Hon. Philemon Maewa, DE
4. Education Committee	Chaired by	Hon. Elizabeth Juma Nyarangi, OGW, DE
5. Audit & Risk Management Committee	Chaired by	CPA Arnold Kimanzi, DE
6. Human Resource Committee	Chaired by	Mr. Simon P.K. Wasilwa, DE

The above Committees meet regularly at least once a month to deliberate issues that fall under their mandate.

Internal Controls

The Society's control procedures are designed to ensure accurate accounting for financial transactions and to limit the potential exposure to loss of assets due to error or fraud. Measures taken include: physical control, segregation of duties and review by management, internal and external audits, an organisational structure that defines lines of responsibility, delegations of authority and reporting requirements.

Business Ethics

The Society is committed to adherence to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders through enforcement of a formal code of ethics for both board of directors and staff.

Communication with Members & Stakeholders

The Society provides information regarding its performance by distribution of its Annual Report and Financial Statements to all members as discussed at the branch/station meetings and ADM.

Statement of Board of Directors' Responsibilities

The Sacco Societies Act No. 14 of 2008 requires the directors to ensure that the management maintains proper and accurate records that reflect the true and fair position of the society's financial condition, establish adequate and effective internal control systems and policies, safeguard the assets of the society and take reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for the production of annual audited financial statements.

The Directors accept responsibility for the preparation and fair presentation of these Financial Statements in accordance with the International Financial Reporting Standards and in the manner required by the Sacco Societies Act No. 14 of 2008. 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 Directors are of the opinion that the Financial Statements give a true and fair view of the Financial Position of the Society as at 31 December 2024 and of the Society's Financial Performance and Cash Flows for the year that ended in accordance with International Financial Reporting Standards and the requirements of the Sacco Societies Act No. 14 of 2008.

In preparing these Financial Statements, the Directors have assessed the Society's ability to continue as a going concern. Nothing has come to the attention of the Directors to indicate that the Society will not remain a going concern for at least the next twelve (12) 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.

Approved by the Board of Directors on **8th January 2025** and signed on its behalf by:



CHAIRMAN



TREASURER



HON. SECRETARY

Report of the Independent Auditors to the Members of Sheria Savings & Credit Co-Operative Society Limited

Opinion

We have audited the financial statements of Sheria Savings and Credit Co-operative Society Limited (the Society) set out on pages 35 to 62, which comprise the statement of Financial Position as at 31 December 2024, the Statement of Profit or Loss and other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the society's financial position 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 No. 14 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other 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

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 we do not provide a separate opinion on these matters.

Key Audit Matters

How our Audit addressed the key Audit Matters

Investment in KUSCCO Ltd.	How our Audit addressed the key Audit Matters
The investment in the KUSCCO Ltd,represents a significant asset of the Financial Statements of the Society.However,KUSCCO Ltd.has been identified as being insolvent,with liabilities exceeding Assets and an inability to meet its financial obligations. given the KUSCCOS Ltd.insolvency status,there is a heightened risk of impairment to the value of this investment.	We reviewed the financial health of KUSCCO Ltd,including recent Financial Statements,available information regarding its Liabilities and potential recovery options.We also evaluated managements impairment testing process and assumptions and considered any external reports or legal advice regarding the potential recovery of the investment. In addition,we assessed whether tthe disclosures made in the Financial Statements regarding the investment in KUSCCO Ltd.are adequate and aligned with the requirements of the relevant Accounting Standards,particularly in relation to the valuation and impairment of Financial Assets
Slow Implementation of the Accounting System	
We noted that the Society faced significant delays in the full implementation of its new Accounting System.The System,which is intended to streamline Financial Reporting and improve Operational Efficiency,was not fully operational as of the year end.Additionally,the Systems inability to generate accurate and comprehensive Financial Reports,with all necessary data,raised concerns over the reliability of the Financial Information produced.The slow pace of System Implementation and the inaccuracies in the Reports may result in incomplete or unreliable Financial Data being used for decision making and Reporting.	In response to this issue,we evaluated the extent of the Systems Implementttion and tested the accuracy of the Reports generated during the Audit period.We performed additional procedures to Reconcile the Financial Data to alternative reliable sources,such as manual records to assess the completeness and accuarcy of the Financial information.We also examined managements plans to address to address the Systems deficiencies and accelerate the implementation process.This included reviewing progress Reports on System upgrades,user Training and the engagement of External Consultants or IT Experts.

Other information

The directors are responsible for the other information. The other information comprises of the Chairman's report, Treasurer's report, Supervisory committee report, and the Corporate governance statement which are attached in this report.

Our opinion on the financial statements does not cover the other information and we do not and will 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 that we obtained prior to the date of this report of the independent auditor, 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.

When we read the other reports expected to be made to us after date of report of the independent auditor, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation 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 No. 14 of 2008, and for such internal controls 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. In preparing the financial statements, the directors are responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the directors either intend to liquidate the society or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's independent opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the independent auditor to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the independent auditor. 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our report of the independent auditor unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

The Kenyan Sacco Societies Act of 2008 requires that we report the following matters to the Sacco

Societies Regulatory Authority (SASRA). We report that:

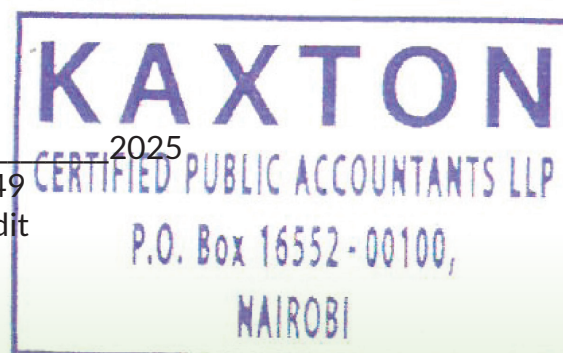
- We have obtained all the information and explanations which, to the best of our knowledge and belief, were considered necessary for the purpose of our audit.
- We are not aware of any irregularities or illegal acts that have been committed by the directors, employees or the Sacco Society itself and
- We have no grounds to believe that the Sacco Society is insolvent or that there is a significant risk that it may become insolvent.

KAXTON CERTIFIED PUBLIC ACCOUNTS LLP

Nairobi

CPA Douglas Kebeno, Practicing Certificate No. 2449

Signing Partner responsible for the independent audit



Statement of Comprehensive Income

	Notes	2024 Ksh	2023 Ksh
Revenue			
Interest Income			
Interest on Loans and Advances	2(a)	1,198,522,341	1,195,612,834
Other Interest Income	2(b)	77,534,354	15,289,111
Total Interest Income		1,276,056,695	1,210,901,945
Interest Expense	3	(689,240,799)	(556,362,724)
Net Interest Income		586,815,896	654,539,221
Other Operating Income	4	50,864,560	50,647,730
Total Income		637,680,456	705,186,951
Expenses			
Administration Expenses	5	(88,662,195)	(68,978,001)
Establishment Expenses	6	(27,727,985)	(32,146,042)
Staff Expenses	7	(113,661,107)	(118,988,524)
Governance Expenses	8	(92,613,671)	(76,183,073)
Marketing Expenses	9	(31,715,552)	(33,523,745)
Professional Expenses	10	(1,381,626)	(3,065,073)
Financial and Related Expenses	11	(88,018,635)	(53,263,840)
Total Operating Expenses		(443,780,770)	(386,148,297)
Net Operating Surplus before Income Tax		193,899,686	319,038,654
Income Tax Expense	18	(22,104,959)	(13,067,311)
Net Surplus for the Period		171,794,726	305,971,343
20% Transfer to Statutory Reserve		34,358,945	61,194,269
Total Net Comprehensive Profit/(Loss) for the Year		137,435,781	244,777,074

Statement of Financial Position

	Notes	2024 Ksh	2023 Ksh
ASSETS			
Cash and Cash Equivalent	12	1,091,301,859	81,814,519
Receivables and Prepayments	13	647,748,396	587,764,958
Loans and Advances to Members	14	8,008,806,195	7,999,781,377
Investments	15	35,329,507	37,395,533
Property, Plant and Equipment	16(a)	295,206,507	303,256,117
Intangible Assets	16(b)	55,533,776	66,181,388
Upper Hill Development - Preliminary Costs	16(c)	66,426,907	60,026,907
Income Tax Claimable	18	-	3,332,689
Total Assets		10,200,353,147	9,139,553,490
LIABILITIES			
Members Deposits	17	7,077,985,043	6,439,619,545
Payables and Accruals	19	69,788,332	60,604,356
Other Provisions	20	894,263,848	702,649,089
Tax Payable	18	11,060,596	-
Burial Benevolent Fund	21	16,627,392	5,355,169
Total Liabilities		8,069,725,211	7,208,228,159
FINANCED BY			
Other Reserves	24	1,421,625,444	1,377,587,030
Share Capital	23	709,002,491	553,738,302
Total Shareholders' Funds		2,130,627,935	1,931,325,332
Total Liabilities and Capital		10,200,353,147	9,139,553,490

The Financial Statements were approved by the Board of Directors on **8th January 2025**. and signed by:



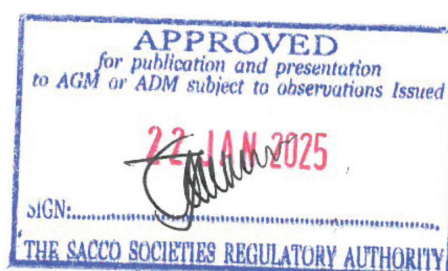
CHAIRMAN



TREASURER



HON SECRETARY



Statement of Changes in Equity

	Share Capital Ksh	Statutory Reserves Ksh	Retained Earnings Ksh	Revaluation Reserve Ksh	Benevolent Reserve Ksh	Total Ksh
At 1st January 2024	553,738,302	322,812,352	671,254,579	286,955,871	96,564,228	1,931,325,332
Changes in Equity in 2024						
Surplus for the Year	-	-	171,794,726	-	-	171,794,726
Contribution for the Year	155,264,189	-	-	-	-	155,264,189
Transfer to Statutory Reserves	-	34,358,945	(34,358,945)	-	-	-
Year 2024-Proposed Dividends	-	-	(113,440,399)	-	-	(113,440,399)
Year 2024 -Proposed Board Honorarium	-	-	(6,500,000)	-	-	(6,500,000)
Year 2024-Proposed Staff Bonus	-	-	(6,500,000)	-	-	(6,500,000)
Prior year adjustments - Note 25	-	-	(1,315,914)	-	-	(1,315,914)
At 31st December 2024	709,002,491	357,171,297	680,934,048	286,955,871	96,564,228	2,130,627,935
At 1st January 2023	464,035,852	261,618,083	526,202,060	286,955,871	96,564,228	1,635,376,094
Changes in Equity in 2023						
Surplus for the Year	-	-	305,971,343	-	-	305,971,343
Contribution for the Year	89,702,450	-	-	-	-	89,702,450
Transfer to Statutory Reserves	-	61,194,269	(61,194,269)	-	-	-
Year 2023-Proposed Dividends	-	-	(88,598,128)	-	-	(88,598,128)
Year 2023-Proposed Honorarium	-	-	(6,500,000)	-	-	(6,500,000)
Year 2023-Staff Bonus Proposed	-	-	(7,000,000)	-	-	(7,000,000)
Prior year adjustments-Note 25	-	-	2,373,573	-	-	2,373,573
At 31st December 2023	553,738,302	322,812,352	671,254,579	286,955,871	96,564,228	1,931,325,332

Statement of Cashflows

	Note	2024 Ksh	2023 Ksh
Cash Flow from Operating Activities			
Interest on Loans Income and Other Interest Income	2 a& b	1,276,056,695	1,210,901,945
Other Operating Income	4	42,212,480	41,747,425
Interest Payment	20	(522,652,397)	(474,258,791)
Payment to Employees and Suppliers	5-11	(389,263,461)	(360,784,596)
Net Cashflow Before Working Capital Changes		406,353,317	417,605,983
(Increase)/Decrease in Operating Assets			
Receivables and Prepayments	13	(59,983,438)	3,429,012
Member Loans and Advances	14	(42,130,051)	(828,500,971)
Increase/(Decrease) in Operating Liabilities			
Members Deposits and Savings	17	638,365,498	265,744,311
Payables and Accruals	19	9,183,976	(30,676,411)
Net Cash from Operating Activities before Income Taxes		545,435,985	(590,004,059)
Net Cash from Operating Activities before Tax		951,789,302	(172,398,076)
Income Tax Paid	18	(7,711,674)	(19,641,093)
Net Cash from Operating Activities		944,077,628	(192,039,169)
Cash Flow from Investing Activities			
Impairment of Investments	15	2,066,026	(254,866)
Purchase of Property and Equipment and Computer Software	16a&b	(9,030,762)	(41,261,270)
Dividends Received	2b	8,652,080	8,900,304
Upper Hill Development - Preliminary Costs Additions	16c	(6,400,000)	-
Net Cash from Investing Activities		(4,712,656)	(32,615,832)
Cash Flow from Financing Activities			
Payment of Dividends and Honoraria	20	(96,414,042)	(80,491,026)
Share Capital Contributions	23	155,264,189	89,702,450
Burial Benevolent Fund	21	11,272,223	3,417,081
Net Cash Flow used in Financing Activities		70,122,371	12,628,505
Increase/(Decrease) in Cash and Cash Equivalents		1,009,487,343	(212,026,496)
Movement in Cash and Cash Equivalents			
At Start of the year		81,814,519	293,841,018
At End of the year	12	1,091,301,859	81,814,519

NOTES

BASIS PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with international Financial Reporting Standards and the Co-operative Societies Act.

For Co-operative Societies Act reporting purposes, the balance sheet is represented by statement of financial position and the income and expenditure account by the statement of profit or loss and other comprehensive income, in these financial statements. The Financial statements are prepared under the historical basis except for fair valuation of certain assets

(b) Going Concern

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

(c) Use of Estimates and Judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during reported period. Although these statements are based on the directors' best knowledge of current events and actions actual results ultimately may differ from the estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in financial statements are described in Note 1.

(d) Functional and Presentation Currency

The financial statements are presented in Kenyan shillings which is also the Society's functional currency. Except as otherwise indicated, financial information presented in Kenyan shillings (Ksh) has been rounded to the nearest shilling.

SIGNIFICANT ACCOUNTING POLICIES

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

(a) Revenue Recognition

Revenue is derived substantially from Sacco business and related activities and comprise net interest income and non-interest income. Prior year revenue was recognized on an accrual basis in the period in which it is earned.

i. Interest

In current year interest income and expense for all interest bearing instruments and recognized in profit or loss as it accrues considering the effective interest rate of the asset or an applicable floating rate. The effective interest rate is the rate that exactly discounts the estimated future cash flow through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. Interest income and expense includes the amortization of any discount or premium

or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Interest income and expense are recognized in profit or loss using effective interest method .The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset; or the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit impaired assets, the Sacco estimates future cash flows considering all contractual terms of the financial instrument but not expected credit losses. For credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset of financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

However for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit -impaired, then the calculation of the interest income reverts to the gross basis

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the assets improves.

ii. Fees and Commission Income

Fees and commission income is recognized on an accrual basis when the service is provided.

This income comprises of appraisal and facility fees charged on advances, commissions charged on use of channels and ledger fees levied on current and savings accounts.

Fees and commission on a financial asset of financial liability are included in the effective interest rate. Loan fees that are recognized using the effective interest method are included with loan balances in the consolidated statement of financial position.

Other fee and commission income -including account servicing fees, loan discharge and administration fees are recognized as the related services are performed.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

iii. Dividend Income

Dividend income is recognized when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net income from other financial instruments at a Fair Value Through Profit and Loss (FVTPL) or other revenue based on the underlying classification of the equity investment.

Dividends on equity instruments designated as at Fair Value Through Other Comprehensive

Income(FVOCI) that clearly represent a recovery of part of the cost of the investment in Other Comprehensive Income(OCI).

1. Summary of Significant Accounting Policies

(b) Members' Deposits and Savings

Members' deposits and savings are stated at their normal value. Interest payable on the members' savings are accounted for an accrual basis and are added to carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(c) Property and Equipment

i. Recognition and Measurement

Items of Property and Equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

ii. Depreciation

All property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the reducing balancing method to write down the cost of each asset to its residual value over its estimated useful life.

Computer Software	25.0%
Buildings	2.5%
Computer Hardware	25.0%
Office Equipments	10.0%
Furniture & Fittings	10.0%
Generator	10.0%
Motor Vehicles	25.0%

Land is depreciated over 85 years during the lifetime of the lease

Leasehold land is depreciated over the remaining useful life of the lease.

Depreciation methods, useful lives and residual values are reassessed and adjusted, if appropriate, at each reporting date.

iii Subsequent Costs

The cost of replacing a component of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Sacco and its cost can be measured reliably.

The costs of the day to day servicing of property and equipment are recognized in profit or loss as incurred.

iv. Disposal of Property and Equipment

Gains and losses on disposal of Property and equipment are determined by reference to their carrying amount and are recognized in profit or loss in the year in which they arise.

(d) Intangible Assets (Software)

Computer software licenses are stated at cost less accumulated amortization and accumulated impairment losses.

The cost incurred to acquire and bring to use specific computer software licenses are capitalized costs are amortized on a reducing balance basis over the expected useful lives, using an annual rate 30% and are recognized in profit or loss. Costs associated with maintaining software are recognized as an expense as incurred.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure when incurred.

Amortization methods useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Statutory Reserves

Transfers are made to the statutory reserve fund at a rate 20% of net operating surplus after tax in compliance with the provision of section 47(1&2) of the Co-operatives Societies Act 1969.

(f) Financial Instruments

Financial assets and financial liabilities are recognized when the society becomes a party to the contractual provisions of the instrument. Management determines the classification of financial instruments at initial recognition.

Financial Assets

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in profit or loss.

The society's financial assets fall into the following categories:

Amortized Cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent Solely Payments of Principal and Interest (SPPI), and that they are not designated at Fair Value Through Profit or Loss (FVTPL), are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance measured and recognized. Interest income from these financial assets is included in 'interest and similar income' using the effective interest method.

Fair Value Through Other Comprehensive Income (FVTOCI) - Debt instruments:

Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for recognition of impairment gains or losses, interest revenue and recognized in OCI are reclassified from equity to profit or loss on disposal of such instruments. Foreign exchange gains and losses, which are computed in the same manner as for financial assets measured at amortized cost and recognized in profit or loss. Gains and losses previously recognized in OCI are reclassified from equity to profit and loss on disposal of such instruments.

Financial Assets designated at fair value through OCI (Equity Instruments)

Upon initial recognition, the Society can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis recognized as other income in profit or loss when the right of payment has been established.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit and loss when the right of payment has been established except when the Society benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The society elected to classify irrevocably its non-listed equity investments under this category.

Fair Value Through Profit or Loss (FVTPL):

Financial assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit or loss and other comprehensive income.

For the purpose of SPPI the test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

- Useful lives of Property and Equipment and Intangible Assets

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

(g)New and amended Standards adopted by the Society

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

At the date of authorization of these financial statements the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

- Amendments to IAS 12 'Income Taxes' effective for annual periods beginning on or after 1 January 2019 clarifying on the recognition of income tax consequences of dividends.
- Amendments to IAS 19 'Employee Benefits' effective for annual periods beginning on or after 1 January 2019 clarifying the effects of a retirement benefit plan amendment, curtailment or settlement.
- Amendments to IAS 23 'Borrowing Costs' effective for annual periods beginning on or after 1 January 2019 clarifying that specific borrowings remaining unpaid at the time the related asset is ready for its intended use or sale will comprise general borrowings.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' effective for annual periods beginning on or after 1 January 2019 clarifying that IFRS 9 is only applicable to investments to which the equity method is not applied.
- Amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' effective for annual periods beginning on or after 1 January 2019 in relation to remeasurement of previously held interests on a joint operation on obtaining control.
- Amendments to IFRS 9 'Financial Instruments' effective for annual periods beginning on or after 1 January 2019 clarifying that the existence of prepayment features with negative compensation will not in itself cause the instrument to fail the amortized cost classification.

- IFRS 16 'Leases' (issued in January 2017) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease' and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

The Society applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Society has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the society's financial statements.

Amendments to IAS 1 and IAS 8 Definition of Material (issued in October 2018)

The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform (issued in September 2019)

The amendments, applicable to annual periods beginning on or after 1 January 2020, provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the society's financial statements as it does not have any interest rate hedge relationships.

(h) New standards, amendments and interpretations issued but not effective

At the date of authorization of these consolidated financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current' (issued in January 2020), effective for annual periods beginning on or after 1 January 2023, clarify a criterion for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date.
- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be available for use. Instead, an entity recognizes the proceeds from selling such items, and the entity is capable of operating in the manner intended by the costs of producing those items, in profit or loss.
- Amendments to IAS 37 'Onerous Contracts – Costs of Fulfilling a Contract' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022, specify 'which costs an entity needs to include when assessing whether a contract is onerous or loss-making.'
- Amendment to IFRS 1 'First-time Adoption of International Financial Reporting Standards' 'Subsidiary as a first-time adopter' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, permits a 'subsidiary

that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation 'differences using the amounts reported by the parent, based on the parent's date of 'transition to IFRS. This amendment is also applied to an associate or joint venture that elects 'to apply paragraph D16(a) of IFRS 1.

- Amendment to IFRS 9 Financial Instruments 'Fees in the '10 per cent' test for derecognition 'of financial liabilities' (issued in May 2020), effective for annual reporting periods beginning 'on or after 1 January 2022 with earlier adoption permitted, clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (issued in September 2014), applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.
- IFRS 17 'Insurance Contracts' (issued in May 2017), effective for annual periods beginning on or after 1 January 2023, establishes the principles for the recognition, measurement, to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully insurance contracts represents those contracts. The Group does not issue insurance contracts.

FINANCIAL RISK MANAGEMENT

The Sacco's operations are exposed of financial risks. These risks include market risk (including currency risk, fair value, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Sacco's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Sacco's financial performance.

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

The sub-committee reports monthly to the Board of Directors on all aspects of risks including nature of risks, measures instituted to mitigate risk exposures etc. The Sacco has exposure to the following financial risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

(a) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Sacco and arises principally from the Sacco's loans and advances to its members. The amount presented in the statement of financial position are net of impairment for doubtful debts, estimated by the board based on prior experience, assessment of the current economic environment and the prudential guidelines from SASRA.

Management of Credit Risk

The Sacco has adopted a policy (as contained in its by-laws) of only dealing with credit worthy counterparties and obtaining sufficient collateral, and guarantors where appropriate, as a means of mitigating the risk of financial loss from defaults. The Sacco also structures the level of credit risk it undertakes by placing limits on amount of risk accepted in relation to one borrower or group of borrowers.

Trade receivables consist mainly of insurance claims of loans held by deceased members. Ongoing credit evaluation is performed on the financial condition of account receivable and , where appropriate , credit guarantee insurance cover may be purchased. The Sacco does not hold any receivables from individuals or entities that have been declared bankrupt/insolvent.

(b) Liquidity Risk

Management of liquidity risk

The board has built an appropriate liquidity risk management framework for the management of the Sacco's Short, Medium and long- term funding and liquidity management requirements.

The Sacco Managers liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities. The Sacco maintains a minimum of 15% of its saving deposits and short term liabilities in liquid assets.

Source of funding

The Sacco has access to financing facilities in addition to internal sources. The Sacco expects to meet its other obligations from operating cash flows and proceeds of maturing fixed deposits.

Exposure to liquidity risk

The key measures used by the regulator for managing liquidity risk is that minimum of 15% of savings, deposits and short term liabilities should be held in liquid assets. For this purpose net liquid assets include notes and coins, balances at institutions licensed under the banking act after deducting there from balances owed to those institutions, treasury bills and bonds and deposits held at other Saccos of a maturity of not exceeding 90 days.

(c) Market risk

Interest rate risk management

The Sacco is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. Interest rate risk is managed through maintaining an appropriate mix between fixed and floating rate borrowings. The Sacco's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk stress test.

The impact that an immediate hypothetical increase or decrease in interest rate of 4% applied at the beginning of the year would have on the profit for the year and retained earnings assuming a growing financial position and current interest rate risk profile.

Price risks

The Sacco is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Sacco does not actively trade these investments hence no significant risk. The Sacco's sensitivity to equal prices has not changed significantly from the prior year.

(d) Fair Value of financial Assets and Financial Liabilities

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which fair value is observable.

- **Level 1:** fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2a. Sacco Interest on Loans Income

BOSA Loans

FOSA Loans

2b. Other Interest Income

Interest income from CIC, FAMILY BANK, KUSCCO,

CO-OPERATIVE BANK AND KCB BANK

Total other Interest Income

3 Sacco Interest Expense

Interest Payable on BOSA Deposits (11.00%)

Interest on Member Savings-Shewisa/Child/Fixed dep.

Interest on Members Mavuno Savings

Total Interest Expense

4 Other Operating Income

Commission on Member Transactions

Dividends from Co-op.Bank,Kuscco and Sheria Housing

M-Pesa,ATM,Frequency Fees and SMS Fees

Sundry Income

Shop Sales and Photocopier Business

Standing Orders and Statement Charges

Entrance Fees Income

Cheque Clearance Charges

Total Operating Income

2024 Ksh	2023 Ksh
969,534,978	977,086,356
228,987,363	218,526,478
1,198,522,341	1,195,612,834
77,534,354	15,289,111
77,534,354	15,289,111
664,215,111	522,122,571
23,691,374	33,031,567
1,334,314	1,208,586
689,240,799	556,362,724
35,241,606	35,523,632
8,652,080	8,900,304
329,627	886,874
3,104,890	2,077,867
1,511,206	1,151,580
1,241,141	653,673
757,550	1,420,600
26,460	33,200
50,864,560	50,647,730

5 Sacco Administration Expenses

	2024 Ksh	2023 Ksh
Loan Insurance and Asset Premiums	32,602,427	29,094,049
Computer Hardware and Software Expenses	23,228,810	13,901,356
Telephone, Airtime, Postage and Internet	5,778,642	4,947,052
Strategic Plan Review Expenses	6,142,180	6,044,128
Security Expenses	3,236,314	3,224,209
Motor Vehicle Running Expenses	1,308,891	1,646,816
Cleaning Materials, Sundries and Contingencies	883,628	1,405,215
Electricity and Water	1,111,084	1,087,504
Subscriptions and Licences	921,060	765,745
Printing and Stationery	1,782,481	2,407,728
Shop Purchases	575,932	614,434
Website and Government Computer Services	4,118,478	1,219,040
Rent and Rates	1,330,272	1,016,093
Repairs and Maintenance	285,429	556,849
System Audit and Off-Site Back up Expenses	3,473,934	431,520
Office Utilities, Books and Periodicals	528,470	442,423
Bad Debts Written Off	214,400	-
Vat Claimable on Audit and Supervision Disbursements	123,840	123,840
KRA Tax Penalties and Arrears	1,015,925	50,000
	88,662,195	68,978,001

6 Sacco Establishment Expenses

Depreciation	9,216,727	10,085,579
Amortization	18,511,259	22,060,463
	27,727,985	32,146,042

7 Personnel Expenses

	2024 Ksh	2023 Ksh
Salaries and Wages (Basic Salary)	45,908,624	45,886,587
Staff Training and Education	14,012,138	17,321,272
Group Medical Cover Expenses - Staff	13,733,896	14,370,514
House Allowance	11,934,600	12,235,500
Staff Travelling and Subsistence Allowance	8,835,976	10,950,360
Commuter Allowance	5,750,000	5,870,000
NSSF and Pension Contribution	7,298,651	6,389,593
Staff Extraneous Allowance	1,496,386	1,741,602
Responsibility Allowance	1,275,000	1,380,000
Gratuity Provision	364,696	803,420
Staff Leave Allowance	786,778	655,000
Staff Entertainment Allowance	288,600	456,500
Staff Uniforms	228,000	246,701
Staff BBF Insurance Cover	235,000	126,720
Housing Levy and National Industrial Training Authority Expenses	970,914	554,755
Staff Acting and Special Duty Allowance	541,847	-
	113,661,107	118,988,524

8 Sacco Governance Expenses

Board Training/Seminars	23,014,834	19,247,084
Annual Delegates Meeting Expenses	20,989,490	22,335,281
Education - Members	13,096,334	913,516
Education - Delegates	15,227,677	15,341,558
Board Meeting Expenses and Subsistence Allowance	8,698,892	7,489,618
Board Sitting Allowances	3,798,083	3,797,036
Group Medical Cover Expenses - Board	3,490,951	2,498,799
Delegates Telephone /Airtime Expenses	2,355,106	2,442,405
Ushirika Day Celebrations Expenses	931,803	1,469,350
Board and Delegates BBF Insurance Cover	1,010,500	587,980
National Housing Levy Expenses - Board	-	60,446
	92,613,671	76,183,073

	2024	2023
	Ksh	Ksh
9 Marketing Expenses		
Marketing Expenses	31,388,952	31,741,197
Corporate Social Responsibility	80,400	944,850
Public Relations and Advertisement	246,200	837,698
	31,715,552	33,523,745
10 Professional Expenses		
Consultancy Fees	-	1,925,088
Audit Fees	774,000	774,000
Debt Collection Expenses	607,626	12,760
Legal Fees	-	353,225
	1,381,626	3,065,073
11 Financial & Related Expenses		
Loan Impairment Provision - Loan Loss Provision	33,105,233	217,659
Interest on Members Loans Suspense Provision	15,165,154	22,800,351
Sasra Levy on Members' Deposits	10,000,000	9,334,140
Bank Charges	14,994,877	20,911,690
Provision for Investments at KUSCCO LTD.	14,753,370	-
Impairment Loss		
	88,018,635	53,263,840

12 Sacco Cash & Cash Equivalent

1) Cash in Hand

Treasury Account (FOSA)	6,817,962	4,258,237
Cash in Hand - Sheria Hse (MPESA Holding Float)	800,000	800,000
Cash in Hand - FOSA OFFICE Milimani (MPESA Holding Float)	400,000	400,000
Cash in Hand - Milimani (MPESA Holding Float)	300,000	300,000
M-Sacco Account - Mobile Banking	21,303,149	14,114,891
Petty Cash Account (Bosa)	35,897	35,080
Petty Cash Account - FOSA NAIROBI Branch	50,000	50,000
Petty Cash Account - FOSA KISUMU Branch	23,630	23,630
Utilities Payment Account	(166,674)	(166,674)

Sub-Total

29,563,963 **19,815,164**

2) Bank Balances With Commercial Banks

Co-op Bank Current Account (Main)	27,265,260	(98,325,696)
Co-operative Bank - Current Account (FOSA)	14,861,460	5,033,986
Equity Bank	401,064	9,064
Co-op Bank Sheria House - Photocopier	1,129,616	(2,925,562)
Co-op.Bank ATM Settlement Account (FOSA)	10,463,840	9,966,808
Family Bank Current Account	506,828	46,833
Co-op Bank General Savings Account	725,297	725,297
Family Bank Overdraft Account	-	(50,000,000)
NCBA Bank Account	9,178,417	2,105,217
Co-op Bank Collateral Account	10,803,810	9,603,810
KCB Current Account (FOSA)	4,722,030	358,154
BBF Savings Account	206,535	206,535

Sub-Total

80,264,159 **(123,195,554)**

3) Balances With Other Financial Institutions

CIC Money Market Fund	16,754,857	2,021,717
Co-operative Bank Fixed Deposits	100,000,000	-
Family Bank Fixed Deposits	368,813,852	183,173,193
Kenya Commercial Bank on Call Deposits	330,000,000	-
Kenya Commercial Bank Fixed Deposits	150,000,000	-
Kenya Commercial Bank - Mavuno Investments	15,905,028	-

Sub - Total

981,473,737 **185,194,910**

Total Cash and Cash Equivalents by Close of Year

1,091,301,859 **81,814,519**

13 Sacco Receivables & Prepayments

	2024 Ksh	2023 Ksh
Interest on Loans Receivable - Bosa	124,754,962	120,176,411
Receivables from Employers - Check off Remittances	395,239,867	354,283,604
Interest on Loans Receivable - Fosa	45,681,782	41,699,731
Prepaid Staff and Directors Medical Insurance Cover	12,221,688	10,859,780
Prepaid Computer Software Maintenance Expenses	7,978,714	11,148,196
Prepaid Delegates Education Expenses	2,464,656	-
Prepaid SASRA License/Subscription	70,000	70,000
Prepaid ADM Expenses	2,227,500	-
Prepaid Assets Insurance Premium - Capex Life Assurance Ltd.	464,750	-
Debtors	751,384	696,384
CIC BBF Insurance Claim Control Account-CIC Insurance Ltd.	2,520,000	970,000
Sky World Ltd. Charges	157,313	-
KUSCCO Mutual Insurance Ltd.- Members Loans Control Account	525,281	675,281
Interest Income Receivable on Short Term Investments	28,454,951	-
KUSCCO Special Deposits Fund	126,873,443	121,970,967
Total Sacco Receivables and Prepayments	750,386,290	662,550,354
Less: Interest Suspense Provision (Interest Receivable)		
Balance b/f	74,785,396	51,985,045
Interest Written Off	-	-
Increase in Provision for Interest on Members Loans Suspended	15,165,154	22,800,351
Cumulative Interest on Members Loans Suspense Provision	89,950,550	74,785,396
Less: Provision for KUSCCO Special Deposits Fund Investment at KUSCCO LTD. Impairment Loss		
Balance B/F 1st January	-	-
Charge for the Year	12,687,344	-
Closing Balance as at 31st December	12,687,344	-
Net Receivables & Prepayments	647,748,396	587,764,958

KUSCCO Ltd.Special Deposits Fund being impaired is Kshs.126,873,443
The Board approved provision for impairment loss at 10% per year
in accordance with the provisions of the SACCO Society Act,2008 (Cap 490 B),
Section 33 (3b) and IFRS 9 requirements

14 Sacco Loans to Members

Loans with Bosa Members		7,028,700,189		6,969,411,442
Fosa Loans and Advances with Members		1,290,125,355		1,307,284,050
		8,318,825,544		8,276,695,493
	A			
Provision for Delinquency-Loan Loss Provisioning				
Balance b/f		276,914,116		276,696,457
Bad Loans Written Off		-		-
Charge for the year		33,105,233		217,659
Loan Loss Allowance year end		310,019,349		276,914,116
Net Loans & Advances		8,008,806,195		7,999,781,377
Member’s Personal Accounts Listings	B	8,319,514,665		8,277,426,379
Unreconciled Difference	A-B	(689,121)		(730,887)
AGEING OF PAST DUE IMPAIRED	No.of Accounts	Outstanding Portfolio (Ksh)	Rates	Provision (Ksh.)
Performing Loans	21,883	7,224,276,266	1%	72,242,763
Watch	1,242	803,994,422	5%	40,199,721
Substandard	229	92,346,789	25%	23,086,697
Doubtful	136	48,814,042	50%	24,407,021
Loss	575	150,083,147	100%	150,083,147
	24,065	8,319,514,665		310,019,349
Summary of Gross Loans Movement				
Balance B/F		8,276,695,493		7,448,194,522
Loans Disbursed/Issued During the Year		3,021,719,713		3,802,224,434
Repayments During the Year		(2,979,589,662)		(2,973,723,463)
Closing Balance as at end of Year		8,318,825,544		8,276,695,493

15 Sacco Investments

Un-quoted Equities at Cost - Available for Sales

	2024 Ksh	2023 Ksh
206,602 Ordinary Shares with KUSCCO @ Ksh 100	20,660,259	20,660,259
5,520,232 Ordinary Shares with CIC of @ Ksh 1	5,520,232	5,520,232
5,180,000 Shares with Co-op Holding Ltd of @Ksh. 1	5,180,000	5,180,000
UTAWALA Plots with Sheria Housing	3,600,000	3,600,000
Shares with Sheria Housing	1,785,043	1,785,043
Mpesa Holding Investment	500,000	500,000
Ordinary Shares with CODIC	50,000	50,000
Share Capital with SASRA SACCO CENTRAL FINANCE	100,000	100,000
	37,395,533	37,395,533
Less:-Impairment Loss Provision as shown below	(2,066,026)	-
Net Sacco Investments by Close Year	35,329,507	37,395,533
Provision for KUSCCO Ordinary Shares Investment at KUSCCO LTD.Impairment Loss		
Balance B/F 1st January	-	-
Charge for the Year	2,066,026	-
Closing Balance as at 31st December	2,066,026	-

206,602 Ordinary Shares @ Kshs.100 with KUSCCO Ltd.being impaired is Kshs.20,660,259
The Board approved provision for impairment loss at 10% per year in accordance with the provisions of the SACCO Society Act,2008 (Cap 490 B),Section 33 (3b) and IFRS 9 requirements.

16a. Property, Plant & Equipment

	Computers Hardware	Motor Vehicle/Cycle	Furniture & Fittings	Land	Building	Generator	Office Equipments	Total Ksh
	Ksh 25%	Ksh 25%	Ksh 10.0%	Ksh 83 Yrs.	Ksh 2.5%	Ksh 10.0%	Ksh 10.0%	
Year ended 2023								
Cost As at 1st January 2023	39,441,751	8,971,205	10,516,810	300,000,000	55,877,463	1,284,182	22,829,290	438,920,701
Additions	2,012,600	-	1,007,000	-	-	-	941,068	3,960,668
Disposal	-	-	-	-	-	-	-	-
As at 31st December 2023	41,454,351	8,971,205	11,523,810	300,000,000	55,877,463	1,284,182	23,770,358	442,881,369
Depreciation								
As at 01 January 2023	29,298,912	4,744,957	7,719,705	60,139,705	11,994,226	1,080,489	14,561,679	129,539,673
Charge for the year	3,038,860	1,056,562	380,411	3,571,429	1,097,081	20,369	920,868	10,085,579
Disposal	-	-	-	-	-	-	-	-
As at 31st December 2023	32,337,772	5,801,519	8,100,116	63,711,133	13,091,307	1,100,858	15,482,547	139,625,252
Year ended 2024								
Cost								
As at 1st January 2024	41,454,351	8,971,205	11,523,810	300,000,000	55,877,463	1,284,182	23,770,358	442,881,369
Additions	1,032,360	-	18,000	-	-	-	116,756	1,167,116
Disposal	-	-	-	-	-	-	-	-
As at 31st December 2024	42,486,711	8,971,205.00	11,541,810	300,000,000	55,877,463	1,284,182	23,887,114	444,048,485
Depreciation								
As at 1st January 2024	32,337,772	5,801,519	8,100,116	63,711,133	13,091,307	1,100,858	15,482,547	139,625,252
Charge for year	2,537,235	792,422	344,169	3,614,458	1,069,654	18,332	840,457	9,216,727
Eliminated on Disposal	-	-	-	-	-	-	-	-
As at 31st December 2024	34,875,007	6,593,941	8,444,285	67,325,590	14,160,961	1,119,191	16,323,004	148,841,978
Net Book Value								
As at 31st December 2023	9,116,579	3,169,686	3,423,695	236,288,867	42,786,156	183,324	8,287,811	303,256,117
As at 31st December 2024	7,611,704	2,377,265	3,097,525	232,674,410	41,716,502	164,991	7,564,110	295,206,507

16b. Intangible Assets, Patents and Trade Marks

Sacco Software	2024	2023
	Ksh	Ksh
Amortization Rate	25.00%	25.00%
As at 1st January 2024	142,515,557	105,214,955
Additions	7,863,646	37,300,602
Disposal	-	-
As at 31st December 2024	150,379,203	142,515,557
Amortization		
As at 1st January 2024	76,334,169	54,273,706
Charge for the year	18,511,259	22,060,463
As at 31st December 2024	94,845,428	76,334,169
Net Book Value		
As at 31st December 2024	55,533,776	66,181,388

16c. Upper Hill Development

Preliminary Cost for Developing balance b/f	60,026,907	60,026,907
Additions during the year	6,400,000	-
Balance as at 31st December 2024	66,426,907	60,026,907

This relates to architectural works and designs paid for the building that the Society intends to construct. ADM UNDER MINUTE NO.10/44/ADM/2019 approved a capital budget KSHS.50,000,000 towards development of the plot. The costs will be capitalized once the project commences.

16d Provision for Investments at KUSCCO LTD. Impairment Loss

206,602 Ordinary Shares with KUSCCO @ Ksh 100	20,660,259	-
KUSCCO Ltd.Special Deposits Fund	126,873,443	-
Balance as at 31st December 2024	147,533,702	-
Provision for Impairment Loss per year	14,753,370	-

The Board approved provision for impairment loss at 10% per year in accordance with the provisions of the SACCO Society Act, 2008 (Cap 490B) Section 33 (3 b) and IFRS 9 requirements

17 Sacco Members' Deposits

a) Saving Deposit

	2024 Ksh	2023 Ksh
Fosa Savings	460,408,145	440,793,513
Shewisa Savings	76,279,357	71,275,047
Children Savings	50,535,690	42,242,345
Sheria Housing Savings	1,293,045	1,309,045
Balance at the end of the year	588,516,236	555,619,950

b) Non withdrawable Deposits

Members Deposits		
Members Deposits-Bosa	6,322,624,798	5,738,906,177
Members Deposits-Fosa Fixed Deposits	166,844,009	145,093,418
Balance at the end of the year	6,489,468,807	5,883,999,595
Total Deposits	7,077,985,043	6,439,619,545
Total Deposits as per listing	7,075,594,437	6,435,633,400
Variance - Unreconciled Difference	2,390,607	3,986,145

Note-The difference of Ksh.2,390,607 between the listing and the general ledger is being reconciled by the management. The management staff has committed to provide a way forward to close the reconciliations by end of year 2025.

Summary of Non Withdrawable Members Deposits Movement

Balance B/f	5,738,906,177	5,246,601,682
Contributions During the Year	1,059,236,109	1,014,684,942
Refunds/Withdrawals During the Year	(475,517,489)	(522,380,446)
Closing Balance as at end of Year	6,322,624,798	5,738,906,177

18 Sacco Taxation

Balance brought forward	(3,332,689)	5,614,666
Prior year adjustment - Note 25 - Year 2022 Tax Over Provision	-	(2,373,573)
Current Year Tax (Refer to Tax Computation Note 27)	22,104,959	13,067,311
	18,772,270	16,308,404
Withholding Tax - Tax Credits	(3,181,362)	-
Instalment Tax Paid during the Year	(4,530,312)	(16,400,000)
Tax Paid during the Year	-	(3,241,093)
Balance Carried Forward - Payable/(Claimable)	11,060,596	(3,332,689)

19 Sacco Payables & Accruals

	2024 Ksh	2023 Ksh
Sundry Creditors	15,903,314	14,312,008
Proposed Staff Bonus - Year 2024	6,500,000	7,000,000
Provision for Interest on SHEWISA and Children Savings	8,877,053	7,945,910
Provision for Interest on Mavuno Savings	1,334,314	1,208,586
Statutory Deduction - PAYE DEC.2024	1,509,684	2,519,984
CIC Staff Pension Contributions Payable DEC.2024	801,082	756,838
Excise Duty Tax Payable DEC.2024	1,012,361	1,271,963
Audit Fees and VAT Payable	448,920	359,136
KRA Withholding Tax on Fosa Fixed Deposits	108,234	126,431
Statutory Deduction - SHA DEC.2024	167,118	76,900
Jubilee Insurance Payable DEC.2024	10,031	31,231
Staff Welfare Contributions	31,500	35,000
Statutory Deduction - NSSF DEC.2024	147,350	108,848
Statutory Deduction - HELB DEC.2024	-	6,632
Statutory Deduction - National Housing Levy Payable DEC.2024	349,226	178,852
Sky World Charges Payable	-	280,474
PIONEER Assurance - BBF Insurance Claim Control Account	-	3,606,371
KRA Withholding Tax on VAT Payable	42,990	95,714
M-PESA Deposits Suspense Control Account	337,994	327,342
FOSA Bankers Cheque Control Account	6,969,962	1,658,212
PCK Interest Charged on Members Loans Payable	9,265,825	5,745,747
MAVUNO 5 Year Savings	6,709,500	5,775,500
MAVUNO 10 Year Savings	9,261,876	6,176,678
Unit Pre Sale Savings	-	1,000,000
Total	69,788,332	60,604,356

20 Payments due to Members & Board

	2024 Ksh	2023 Ksh
As at January 2023 - Interest on Members deposits	607,550,961	525,692,318
As at January 2023 - Dividends	88,598,128	74,245,736
As at January 2023 - Honoraria	6,500,000	6,000,000
Honoraria Paid	(5,000,000)	(6,000,000)
Honoraria ploughed back to Reserves	1,500,000	-
Dividends on Share Capital Paid	(91,414,042)	(74,491,026)
Interest on Deposits Paid during the Year	(497,626,709)	(440,018,638)
At 31st December	110,108,338	85,428,390
Proposed Interest on Members' Deposits - Year 2024	664,215,111	522,122,571
Proposed Dividends on Share Capital - Year 2024	113,440,399	88,598,128
Proposed Honorarium - Year 2024	6,500,000	6,500,000
	894,263,848	702,649,089

21 Sacco Burial Benevolent Fund

At 1st January	5,355,169	1,938,088
Contributions during the year	41,792,768	36,075,821
Payments during the year	(30,520,545)	(32,658,740)
At 31st December	16,627,392	5,355,169

23 Sacco Share Capital

At 1st January	553,738,302	464,035,852
Contributions during the year	155,264,189	89,702,450
At 31st December	709,002,491	553,738,302

24 Sacco Reserves

Retained Earnings	680,934,048	671,254,579
Revaluation Reserve	286,955,871	286,955,871
Statutory Reserves	357,171,297	322,812,352
Burial Benevolent Reserve	96,564,228	96,564,228
Total Sacco Reserves	1,421,625,444	1,377,587,030

25 Prior Year Adjustments

Correction of Year 2022 Over Provision of Tax ploughed back to Retained Earnings

Approved Board Honoraria Kshs.5,000,000 by 48th ADM,Kshs.6,500,000 provided for,thus Kshs.1,500,000 ploughed back to Retained Earnings

Year 2023 Dividend on Share Capital paid to members but not provided for in Year 2023 Provision

2024 Ksh	2023 Ksh
-	2,373,573
1,500,000	-
(2,815,914)	
(1,315,914)	2,373,573

26 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Placings are made in the Sacco by Board of Directors and the staff. All transactions with related parties are at arms's length in the normal course of business, and on terms and conditions similar to those applicable to members.

Loans & Advances

Board of Directors

Secretariat - Staff

62,616,418	66,362,253
74,964,390	67,335,983
137,580,808	133,698,236
142,245,696	81,387,293
39,201,169	35,475,851
181,446,865	116,863,144

Non withdrawable Deposits & Fosa Savings

Board of Directors

Secretariat - Staff

27 CURRENCY

Financial Statements are presented in Kenya Shillings (Ksh).

27. TAX COMPUTATION

			2024 Ksh
OTHER INTEREST INCOME			
Interest from Deposits - Money Market Funds			77,534,354.16
			<u>77,534,354.16</u>
Taxable income @ 50%			<u>38,767,177.08</u>
OTHER OPERATING INCOME			
Commission on Member Transactions			35,241,606
Dividend Income			8,652,080
Other Operating Income - FOSA			6,213,324
Sundry Income			757,550
			<u>50,864,560</u>
Total Operating Taxable Income			50,864,560
Apportioned Expenses			
Taxable Income	50,864,560		
Non-Taxable Income	1,198,522,341		
Total	1,249,386,901		
Total Overheads	443,780,770		
Less: Provision for Bad Debts	(33,105,233)		
Depreciation & Amortization	(23,043,873)		
Wear & Tear Allowance	4,112,542		
	391,744,206		
Apportioned Expenses	<u>50,864,560</u>	x	391,744,206
	1,249,386,901		<u>15,948,540</u>
Net Taxable Income			34,916,020
Tax @ 30% on Operating Income			10,474,806
Tax @30% on other Interest Income			11,630,153
Tax Payable brought forward			(3,332,689)
Prior year adjustment			-
Withholding Tax - Tax Credits			(3,181,362)
Tax Paid during the Year			-
Less: Instalment Tax Paid			(4,530,312)
Tax Payable/(claimable)			<u>11,060,596</u>

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 members' deposits (as shown in the Statement of Financial Position) less Cash and Cash Equivalents and Equity (comprising Investment Shares, Reserves and Appropriation Account).

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 the capital structure, the society may adjust the amounts of dividends paid to members or sell assets to reduce debt. The society's overall strategy remain unchanged from 2021

Externally imposed Capital Requirements

The Sacco Societies Act No. 14 of 2008 has established certain guidelines for the management of capital and working capital for deposit taking Societies.

- 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 fifteen percent of its Savings Deposits and Short Term Liabilities in Liquid Assets.

The Ratios at 31 December 2024 and 2023 were as follows:

	2024 Ksh	2023 Ksh
a) Core Capital of not less than Shs 10 million		
As per Statement of Financial Position	1,843,672,064	1,644,369,461
b) Core Capital of not less than 10% of Total Assets		
As per Statement of Financial Position	18%	18%
c) Institutional Capital of not less than 8% of Total Assets		
As per Statement of Financial Position	11%	12%
d) Core Capital of not less than 8% of Total Deposits		
As per Statement of Financial Position	26%	26%

Summary Budget: Year 2025 Revised and Proposed Year 2026

PARTICULARS		AC/ NO	ACTUAL YEAR 2024	APPROVED BUDGET YEAR 2024	APPROVED BUDGET YEAR 2025	REVISED BUDGET YEAR 2025	PROPOSED BUDGET YEAR 2026	% CHANGE REVISED VS
			KSHS	KSHS	KSHS	KSHS	KSHS	ACTUAL
SOCIETY'S INCOME								
Interest on Loans and Advances		1	1,198,522,341	1,333,097,515	1,518,474,123	1,512,832,731	1,723,992,888	26%
Other Interest Income		2	86,186,434	24,240,000	24,240,000	21,240,000	21,240,000	-75%
Total Interest Income		3	1,284,708,775	1,357,337,515	1,542,714,123	1,534,072,731	1,745,232,888	19%
Less: Interest Expenses		4	689,240,799	687,253,358	764,797,929	764,797,929	893,538,327	11%
Net Interest Income		5	595,467,976	670,084,157	777,916,194	769,274,802	851,694,561	29%
Other Operating Income		6	42,212,481	42,847,689	46,429,603	67,911,052	71,631,157	61%
TOTAL INCOME		7	637,680,457	712,931,846	824,345,796	837,185,854	923,325,718	31%
SOCIETY'S EXPENDITURE								
1) Financial Expenses		8	115,961,019	100,053,105	108,819,067	129,265,759	137,822,835	11%
AS A % OF TOTAL EXPENSES			26.13%	20.43%	20.70%	23.06%	23.05%	
NEW STRATEGIC PLAN TARGET			20.00%	20.00%	20.00%	26.00%	26.00%	
VARIANCE			-6.13%	-0.43%	-0.70%	2.94%	2.95%	
2) Governance&Members Expenditure		9	92,613,671	97,790,000	103,000,000	109,700,000	115,300,000	18%
AS A % OF TOTAL EXPENSES			20.87%	19.97%	19.60%	19.57%	19.28%	
NEW STRATEGIC PLAN TARGET			23.00%	23.00%	23.00%	20.00%	20.00%	
VARIANCE			2.13%	3.03%	3.40%	0.43%	0.72%	
3) Personnel/Staff Costs		10	113,661,107	142,110,000	147,114,900	147,114,900	155,930,600	29%
AS A % OF TOTAL EXPENSES			25.61%	29.02%	27.99%	26.24%	26.08%	
NEW STRATEGIC PLAN TARGET			30.00%	30.00%	30.00%	29.00%	29.00%	
VARIANCE			4.39%	0.98%	2.01%	2.76%	2.92%	
4) Administration Expenses		11	88,447,796	97,755,509	107,176,760	107,683,760	123,657,136	22%
AS A % OF TOTAL EXPENSES			19.93%	19.96%	20.39%	19.21%	20.68%	

	14.00%	14.00%	14.00%	14.00%	15.00%	15.00%
	-5.93%	-5.96%	-6.39%	-4.21%	-5.68%	
12	31,715,552	42,373,000	47,900,000	52,400,000	52,500,000	65%
	7.15%	8.65%	9.11%	9.35%	8.78%	
	11.00%	11.00%	11.00%	8.00%	8.00%	
	3.85%	2.35%	1.89%	-1.35%	-0.78%	
13	1,381,626	9,600,000	11,600,000	14,485,000	12,760,000	948%
	0.31%	1.96%	2.21%	2.58%	2.13%	
	2.00%	2.00%	2.00%	2.00%	2.00%	
	1.69%	0.04%	-0.21%	-0.58%	-0.13%	
14	443,780,771	489,681,614	525,610,727	560,649,419	597,970,570	26%
15	193,899,686	223,250,232	298,735,070	276,536,435	325,355,148	43%
16	22,104,959	8,288,172	9,406,682	9,482,686	10,754,636	-57%
17	171,794,727	214,962,060	289,328,388	267,053,749	314,600,512	55%
	1,326,921,256	1,400,185,204	1,589,143,725	1,601,983,783	1,816,864,045	
	443,780,771	489,681,614	525,610,727	560,649,419	597,970,570	
	33%	35%	33%	35%	33%	

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CHAIRMAN



TREASURER

20

HON. SECRETARY

Consolidated Budget (Bosa & Fosa) Year 2025 Revised and Proposed Year 2026

REF NO	PARTICULARS	ACTUAL YEAR 2024 KSHS	APPROVED BUDGET YEAR 2024 KSHS	APPROVED BUDGET YEAR 2025 KSHS	REVISED BUDGET YEAR 2025 KSHS	PROPOSED BUDGET YEAR 2026 KSHS
	INCOME:					
1	CO-OP. Bank Dividend	7,916,076	8,200,000	8,200,000	8,200,000	8,200,000
2	CIC Dividend	566,425	540,000	540,000	540,000	540,000
3	KUSCCO Dividend	-	1,018,550	1,018,550	-	-
4	Britam Money Market Interest	-	3,000,000	3,000,000	-	-
5	CIC Money Market Interest	1,983,140	4,500,000	4,500,000	4,500,000	4,500,000
6	Sheria Housing Dividend	169,579	160,000	160,000	160,000	160,000
7	KUSCCO SACCO Special Fixed Deposits	4,902,476	2,300,000	2,500,000	-	-
8	Family Bank Interest on Fixed Deposits	33,612,247	8,000,000	8,000,000	8,000,000	8,000,000
9	Interest on Members Loans-Bosa	969,534,978	1,041,337,112	1,197,537,679	1,197,537,679	1,377,168,331
10	Sacco Assurance	32,160	121,000	133,100	133,100	146,410
11	Entrance Fee- Deposits	634,350	1,000,000	1,000,000	1,000,000	1,000,000
12	Entrance Fee- BBF	123,200	200,000	200,000	200,000	200,000
13	Sundry Income -Bosa	3,104,890	2,000,000	2,000,000	2,000,000	2,000,000
14	Sale of Scratch Card/Stationery/Photocopy	1,306,407	2,000,000	2,000,000	2,000,000	2,000,000
15	Mpesa Commission-Shops	204,799	350,000	350,000	350,000	350,000
16	M-pesa Commission-Fosa	167,673	190,054	209,059	209,059	229,965
17	M-banking -Withdrawal Cash Charges	19,894,009	17,241,233	18,965,356	18,965,356	20,861,892
18	M-banking - Cash SMS Charges	-	84,132	92,545	92,545	101,800
19	Interest on Personal Loan	66,982,164	95,897,843	105,487,627	105,487,627	116,036,390
20	Interest on Business Loan	117,151,710	145,249,182	159,774,100	159,774,100	175,751,510
21	Interest on Salary Advance	1,778,131	405,670	446,237	446,237	490,861

Interest on Salary In Advance	22	14,365	60,860	66,946	66,946	73,641
Interest on E-Loan	23	43,060,993	50,146,848	55,161,533	49,520,142	54,472,156
Sale of Personal Cheque Books	24	-	7,986	8,785	8,785	9,664
Cash Withdrawal Charges	25	289,243	518,425	570,268	570,268	627,295
Cheque Clearance Charges	26	26,460	104,723	115,195	115,195	126,715
Atm Withdrawal Charges	27	333,179	692,967	762,264	762,264	838,490
Atm Card Income	28	161,954	109,475	120,423	120,423	132,465
Bounced Cheque Commission	29	30,374	33,142	36,456	36,456	40,102
Bankers Cheque Commission	30	72,360	334,480	367,928	367,928	404,721
Statement Charge Commission	31	235,370	163,314	179,645	179,645	197,610
Transfer Fee Commission	32	882,500	877,129	964,842	964,842	1,061,326
Salary Processing Commission	33	4,387,494	4,845,519	5,330,071	5,330,071	5,863,078
Dividend Processing Commission	34	2,794,547	3,028,291	3,331,120	3,331,120	3,664,232
Standing Order Charges	35	1,005,771	1,227,894	1,350,683	1,350,683	1,485,751
Ledger/Service Fee	36	1,153,339	4,101,636	4,511,800	4,511,800	4,962,980
Scratch Cards Commission	37	-	2,103	2,313	2,313	2,544
POS Commission	38	98,345	57,373	63,110	63,110	69,421
Dormant Account Reactivation Charges-Fosa	39	1,200	78,263	86,089	86,089	94,698
Interest on Fixed Deposits Investments	40	6,203,963	-	-	10,000,000	10,000,000
Interest Income on Call Deposits	41	30,832,528	-	-	10,000,000	10,000,000
Commission on Loan Express - BOSA	42	5,272,857	-	-	5,000,000	5,000,000
TOTAL INCOME		1,326,921,256	1,400,185,204	1,589,143,725	1,601,983,783	1,816,864,045
EXPENDITURE:						
1) PERSONNEL EXPENSES						
Casual Labour	43	287,306	600,000	650,000	650,000	650,000
Salaries and Wages (Basic Salary)	44	45,621,318	50,500,000	51,500,000	51,500,000	56,000,000
House Allowance	45	11,934,600	16,000,000	17,000,000	17,000,000	17,500,000
Commuter Allowance	46	5,750,000	7,500,000	8,000,000	8,000,000	8,500,000
Responsibility Allowance	47	1,275,000	1,500,000	1,600,000	1,600,000	1,700,000

Extraneous Allowance	48	1,496,386	2,000,000	2,500,000	2,500,000	3,000,000
Staff Entertainment Allowance	49	288,600	700,000	800,000	800,000	850,000
Special Duty and Acting Allowance	50	541,847	700,000	800,000	800,000	800,000
NSSF	51	1,153,576	1,400,000	1,600,000	1,600,000	1,600,000
National Housing Levy Fund	52	934,014	1,200,000	1,400,000	1,400,000	2,000,000
Staff Pension Contributions	53	6,145,076	7,200,000	7,334,900	7,334,900	7,985,600
Staff Gratuity	54	364,696	1,200,000	1,400,000	1,400,000	1,500,000
Leave Allowance	55	786,778	1,000,000	1,000,000	1,000,000	1,100,000
Staff Training	56	14,012,138	23,300,000	23,500,000	23,500,000	24,000,000
Staff Travel and Subsistence	57	8,835,976	11,200,000	11,350,000	11,350,000	11,500,000
Staff Rewards Expenses	58	-	120,000	120,000	120,000	120,000
Staff Relocation Expenses	59	-	200,000	200,000	200,000	200,000
National Industrial Training Levy	60	36,900	40,000	40,000	40,000	50,000
Staff Uniform and Cleaning Expenses	61	228,000	450,000	520,000	520,000	575,000
Group Medical Cover - Staff	62	13,733,896	15,000,000	15,500,000	15,500,000	16,000,000
Staff BBF Insurance Cover	63	235,000	300,000	300,000	300,000	300,000
TOTAL PERSONNEL EXPENSES		113,661,107	142,110,000	147,114,900	147,114,900	155,930,600
2) ADMINISTRATION EXPENSES						
Electricity, Water & Conservancy	64	1,111,084	1,200,000	1,300,000	1,300,000	1,980,000
Security Services	65	3,236,314	3,798,234	3,928,057	3,928,057	5,270,863
Repairs and Maintenance	66	285,429	1,200,000	1,420,000	1,420,000	2,692,000
Motor Vehicle Expenses	67	1,308,891	2,700,000	3,000,000	3,000,000	3,300,000
Loans Collateral Verification Expenses	68	-	-	-	960,000	1,000,000
Government Computer Services	69	3,928,078	1,200,000	1,500,000	1,500,000	1,800,000
System Audit, Back - Up Services & Data Recovery Site	70	3,473,934	4,200,000	4,700,000	700,000	800,000
Audit Supervision and VAT	71	123,840	200,000	200,000	240,000	240,000
Insurance of Assets	72	1,136,274	2,000,000	2,500,000	2,500,000	3,000,000
Group Life Insurance	73	460,000	1,575,000	1,750,000	1,750,000	1,950,000

Group Personal Accident Insurance	74	304,327	610,000	700,000	700,000	800,000
Members Loan Insurance Cover	75	30,701,826	30,000,000	35,000,000	35,000,000	36,750,000
Office Entertainment/ Utilities Expenses	76	491,490	1,000,000	1,050,000	1,050,000	1,150,000
Printing and Stationery	77	1,782,481	2,266,200	2,292,820	2,292,820	2,922,102
Postage and Telephone	78	1,823,013	2,195,000	2,330,000	2,330,000	2,363,000
Website,E-Mail and Internet Connectivity	79	4,146,029	3,698,775	4,368,653	4,368,653	4,445,518
System Notifications/Alerts	80	575,931	1,200,000	1,300,000	1,300,000	1,300,000
Subscriptions and Licenses	81	921,060	1,000,000	1,200,000	1,200,000	1,400,000
Computer Hardware Maintenance	82	-	500,000	550,000	550,000	550,000
Computer Software Maintenance	83	23,228,810	27,966,200	27,992,820	27,992,820	30,822,102
Cyber Insurance (Cyber Security)	84	-	-	-	3,000,000	3,500,000
Rent and Rates	85	1,330,272	1,063,000	1,193,000	1,700,000	1,800,000
Sundry Expenses	86	297,106	633,100	746,410	746,410	861,051
Books and Periodicals	87	36,980	50,000	55,000	55,000	60,500
Cleaning Expenses	88	334,412	500,000	600,000	600,000	700,000
Contingency	89	252,110	1,000,000	1,000,000	1,000,000	1,000,000
Strategic Plan Reviews Expenses	90	6,142,180	6,000,000	6,500,000	6,500,000	11,200,000
KRA Tax Penalties and Arrears	91	1,015,925	-	-	-	-
TOTAL ADMINISTRATION EXPENSES		88,447,796	97,755,509	107,176,760	107,683,760	123,657,136
3) GOVERNANCE EXPENSES						
Board Sitting Allowance	92	3,798,083	3,800,000	3,800,000	3,800,000	3,800,000
Board Travel and Subsistence	93	8,698,892	8,700,000	8,700,000	8,700,000	8,700,000
Board Seminars	94	23,014,834	23,000,000	23,500,000	25,400,000	26,000,000
Members Education	95	13,096,334	15,000,000	16,000,000	16,000,000	17,000,000
Delegates Training/Education	96	15,227,677	17,300,000	18,500,000	18,500,000	19,500,000
Group Medical Cover - Board	97	3,490,951	3,500,000	4,000,000	4,000,000	4,500,000
ADM Expenses	98	20,989,491	20,200,000	20,200,000	25,000,000	27,000,000
Ushirika Day Activities	99	931,803	2,000,000	3,500,000	3,500,000	4,000,000
Delegates Telephone Expenses	100	2,355,106	2,800,000	2,800,000	2,800,000	2,800,000

Board & Delegates BBF Insurance Cover	101	1,010,500	990,000	1,500,000	1,500,000	1,500,000
Ntional Housing Levy - Board	102	-	500,000	500,000	500,000	500,000
TOTAL GOVERNANCE EXPENSES		92,613,671	97,790,000	103,000,000	109,700,000	115,300,000
4) MARKETING EXPENSES						
Corporate Social Responsibility	103	80,400	1,000,000	1,500,000	1,500,000	1,500,000
Marketing and Advertisement	104	31,388,952	40,573,000	45,500,000	50,000,000	50,000,000
Public Relation and Advertisement	105	246,200	800,000	900,000	900,000	1,000,000
TOTAL MARKETING EXPENSES		31,715,552	42,373,000	47,900,000	52,400,000	52,500,000
5) PROFESSIONAL EXPENSES						
Legal Fees	106	-	1,000,000	1,500,000	1,725,000	1,500,000
Audit Fees	107	774,000	1,100,000	1,100,000	1,260,000	1,260,000
Consultancy Fees	108	-	7,000,000	8,500,000	10,500,000	8,500,000
Debt Collection Expenses	109	607,626	500,000	500,000	1,000,000	1,500,000
TOTAL PROFESSIONAL EXPENSES		1,381,626	9,600,000	11,600,000	14,485,000	12,760,000
6) FINANCIAL EXPENSES						
Bank Charges	110	14,994,877	16,934,855	18,228,341	18,228,341	19,301,175
Provision for Loan Loss Allowance	111	33,105,233	30,000,000	35,000,000	35,000,000	40,000,000
SASRA Levy on Members Deposits	112	10,000,000	10,232,537	11,460,442	12,152,134	13,367,347
Depreciation and Amortization	113	27,727,985	27,445,713	27,690,284	27,690,284	27,959,312
Bad Debts Written Off	114	214,400	5,000,000	6,000,000	6,000,000	7,000,000
Provision for Interest on Loans Suspended	115	15,165,154	10,440,000	10,440,000	15,440,000	15,440,000
Provision for Kuscco Impairment Loss	116	14,753,370	-	-	14,755,000	14,755,000
TOTAL FINANCIAL EXPENSES		115,961,019	100,053,105	108,819,067	129,265,759	137,822,835
7) INTEREST EXPENSE						
Shewisa Savings Interest	117	5,339,555	5,250,000	5,600,000	5,600,000	5,950,000
Children Savings Interest	118	3,537,498	3,500,000	3,850,000	3,850,000	4,200,000

119	Interest on Members Deposits	664,215,111	608,470,518	678,241,805	678,241,805	798,221,591
120	Interest on Fixed Deposits	14,814,321	17,303,000	19,033,300	19,033,300	20,936,630
121	Interest on FOSA Ordinary Savings Account	-	51,429,840	56,572,824	56,572,824	62,230,106
122	Interest on Mavuno Savings	1,334,314	1,300,000	1,500,000	1,500,000	2,000,000
	TOTAL INTEREST EXPENSE	689,240,799	687,253,358	764,797,929	764,797,929	893,538,327
	TOTAL EXPENDITURE					
	TOTAL EXPENDITURE as a % of Income	1,133,021,570	1,176,934,972	1,290,408,656	1,325,447,348	1,491,508,898
	Net Surplus Before Tax	85%	84%	81%	83%	82%
	Net Operating Expense as a % of Income	193,899,686	223,250,232	298,735,070	276,536,435	325,355,148
	Less Corporate Tax	15%	16%	19%	17%	18%
	Net Surplus/(Deficit) After Tax	22,104,959	8,288,172	9,406,682	9,482,686	10,754,636
	Net Surplus as a % of Income	171,794,727	214,962,060	289,328,388	267,053,749	314,600,512
	Total Operating Expenses excluding interest on deposits as a % of Income	13%	15%	18%	17%	17%
		33%	35%	33%	35%	33%



CHAIRMAN



TREASURER



HON. SECRETARY

Capital Budget for Year 2025

	ITEM	QUANTITY	KSHS
1	Islamic Finance Banking System		10,000,000
2	EDMS Integration,Licenses and User Training		5,000,000
3	Purchase of Lap Tops	9	2,300,000
4	Windows Server Licenses		1,000,000
5	Smoke Detector,CCTV,Biometrics,for Server Room		2,000,000
6	Establishment Cost for Personal Cheque Printing		1,000,000
7	Kisumu Office Renovation and Branding		750,000
8	Mini Air Conditioners for Kisumu and ICT Cabinet	2	100,000
9	Server Room Core Switch		600,000
10	Fire Proof Safe	1	400,000
11	Personal Cheques Printing Licenses	3	300,000
12	Chloride Exide Batteries	4	600,000
13	Purchase of IPADS	2	300,000
14	Purchase of Executive Board Room Seats	15	900,000
15	Kitchen Cabinets		100,000
16	Board Room Repair and Repainting		50,000
17	Office Seats/Chairs	3	110,000
18	Office Orthopaedic Chairs	5	225,000
19	Customer Care Head Phones - Jabra Evolve Model	7	210,000
20	Purchase of UPS	1	30,000
21	Executive Office Desk	1	56,000
22	Metallic Filing Cabinet	2	60,000
	Incidentals		159,000
	TOTAL		26,250,000



NATIONAL CHAIRMAN



TREASURER



HON. SECRETARY

Capital Budget for Upper Hill Plot Development Project

OPTION C		
Developers Equity		KSHS.
1	Development Costs	226,400,000
2	Promotional,Selling and Administrative Costs	112,054,000
3	Retention (Upper Limit of 5% of Construction Cost)	133,300,000
Total Capital Budget		471,754,000



CHAIRMAN



TREASURER



HON. SECRETARY

Appointment of External Auditors for Year 2025

The three shortlisted audit firms were interviewed by the Audit Committee and their report was adopted and approved by the Board as per the recommendation below.

BOARD RECOMMENDATION

Based on the analysis below and in the best interest of the Sacco members, the Board recommends that the below three names be presented to the ADM for the delegates to appoint the external Auditor for the year 2025 as required by law.

FIRM NAMES
GRANT THORNTON LLP
J. MEMBA & ASSOCIATES
MWANGI & KAMWARA ASSOCIATES

PREPARED BY:
THE BOARD.

NOTES

[illegible]

 **Matumbato Close, Upperhill, Nairobi, Kenya**

 **Sheria i-Sacco**

 ***472#**

 **Sheria Senti App**

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 **Sheria Sacco Society Ltd**