USHURU SACCO SOCIETY LIMITED
Huduma Maradufu

ANNUAL REPORT

& FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

Quality & Highly efficient Services to Members Since 1970

OUR VISION

To be a world leading Sacco in empowering members for quality life.

OUR MISSION

To provide quality, efficient and affordable products and services while exploiting new technological frontiers.

OUR OBJECTIVE

To improve the economic lives of our members through provision of quality products and services.

CORE VALUES

Ushuru Savings and Credit Co-operative Society Limited in its commitment to realise the vision and mission upholds the following core values:

Simplicity: We deliver quality services in a simple and friendly manner.

Proficient: We exercise professionalism, compe tence and best practice in all we do.

Cohesive: We stick together as a team in realizing our co-operative agenda.

Ethical: We uphold integrity and honesty in all our affairs.

TABLE OF CONTENTS

BOARD OF DIRECTORS

Isaac Kiprop
National Chairman

Dominic Mokaya
National Hon. Secretary

Onesmus Nzuki
National Vice Chairman

Samuel Wachiuri
National Treasurer

Kevin Maina
Director

William Ndiritu
Director

Boaz Chimasia
Director

Jemimah Munuve
Director

Clemence Wawuda
Director

SUPERVISORY COMMITEE

Thomas Ondara
Chairman

Isaac Mwangi
Secretary

Philgona Mwatha
Member

MANAGEMENT STAFF

William Pudha
Chief Executive Officer

Edward Obilo
Manager Finance

Cynthia Mwakalama
Manager Operations & HR

Wycliffe Mutuli
Manager ICT

Pamela Wanja
Head of Credit & FOSA

Elizabeth Ouko
Manager Internal Audit

SOCIETY PROFILE

Ushuru Savings and Credit Co-operative (Sacco) Limited was established in 1970 by employees of the Customs and Excise Department, Ministry of Finance, under the name **Customs & Excise Workers (CUEW) Sacco**. Initially, its membership was exclusive to employees of the Customs Department. However, over time, those who transferred to other government departments were allowed to retain their membership.

The Society later expanded its membership base by opening its bond to include members from reputable companies beyond the Kenya Revenue Authority and government ministries, enabling it to attract a diverse membership. Today, Ushuru Sacco proudly serves over 10,000 members from various organizations and institutions.

Ushuru Sacco operates under the mandate of the **Co-operative Societies Act 2004**, the revised **Act of 2012**, and its By-laws. The affairs of the Sacco are managed by a Board of Directors (BOD) elected by delegates at the Annual Delegates Meeting (ADM), with oversight provided by the Supervisory Committee. The core function of the Sacco is to gather funds through members' deposits and extend credit facilities to its members.

Ushuru Sacco offers a wide range of products through both its back office and front office operations. The **back office** provides long and short-term loan products for purposes such as property acquisition, development, education, and emergencies. The **front office** offers services such as salary accounts, children's accounts, and a full range of banking services.

To enhance member experience and convenience, the Sacco has partnered with several service providers, including the **M-Ushuru mobile banking platform**, which allows members to access services like digital loan applications, balance inquiries, and product information. Additionally, members can apply for loans, check loan guarantee status and track their account balances via the Sacco's online portal.

In pursuit of achieving its goals, Ushuru Sacco recognizes the importance of strategic planning. The Sacco is implementing its **4th Strategic Plan (2023-2027)**, designed to accelerate the achievement of its objectives. The plan is anchored on four key pillars: **People (staff), Processes, Customers, and Financial Management**. Through this plan, Ushuru Sacco has embraced performance management to track progress and ensure continued success.

As part of its commitment to growth and innovation, Ushuru Sacco has updated its mission statement to reflect its rebranding efforts, positioning the Society as a leader in the SACCO sector, with a strong emphasis on leveraging technology to better serve its members.

The Sacco continues to innovate its product offerings to align with member needs and expectations, ensuring its long-term sustainability and success in the evolving financial landscape.

CHAIRMAN'S REPORT

Introduction

Dear Esteemed Delegates, Fellow Board Members, Supervisory Committee, Management, and Stakeholders, it is my great pleasure and privilege to welcome you to the 39th Annual Delegates Meeting (ADM) of Ushuru DT Savings and Credit Co-operative Society Limited. As we gather today, we reflect on the journey of 2024—a year of growth, resilience, and transformation for our Sacco.

Economic review

The year 2024, Kenya's economy demonstrated resilience amidst significant challenges, with GDP growth projected at 4.7% by the World Bank, driven by a recovery in agriculture following favourable weather conditions. Key sectors showed robust performance, while construction and mining faced contractions, dampening overall growth. Fiscal challenges, including high debt servicing costs and revenue shortfalls, underscored the need for fiscal consolidation and governance reforms to mitigate risks of debt distress. Inflation remained relatively stable at 6.9% compared to 7.88% 2023 as the Central Bank supported economic resilience through monetary policy. Despite progress, structural imbalances and fiscal vulnerabilities highlighted the importance of sustained efforts for inclusive growth. Commercial banks average lending rate increased to about 15.15% in the FY2023/24 compared to 12.79% in the previous financial year while the Central Bank Rate (CBR) was raised to 13% (2023-10.5%) to mitigate the potential impact of the sustained inflationary pressures and the elevated global risks.

The Co-operative Sector Overview

In 2024, Kenya's cooperative sector faced a mix of challenges and advancements. The introduction of the Cooperatives Bill, 2024, aimed to modernize the legal framework governing cooperatives, addressing issues such as governance and dispute resolution. Despite these legislative efforts, the sector grappled with missed opportunities, notably the delay in establishing a Central Finance Facility (CFF) for inter-Sacco lending, which hindered liquidity management among Savings and Credit Cooperative Organizations (SACCOs). To enhance governance, the International Labour Organization (ILO) supported the adoption of Alternative Dispute Resolution (ADR) mechanisms, aiming for more efficient conflict resolution within cooperatives. The cooperative movement continued to play a vital role in Kenya's economy, contributing up to 30% of the GDP**,** with significant potential for growth in various value chains.

Performance overview

The Sacco recorded remarkable financial growth in 2024, reflecting resilience and trust of our members. Interest on loans and advances increased by 13% compared to the previous year. The SACCO recorded 12.6% increase in total assets with members' deposit and loans growing by 12.2% and 15.47% respectively. Growth has been realized on core capital and institutional capital which grew by 12.97% and 15% respectively while share capital grew by 9.34%. Our loan delinquency improved significantly by 47.7% and this is explained by the intense recovery, continuous follow-up and engaging the debt collectors to pursue loanees not consistently servicing their debt. This impressive financial performance is a testament to sound management, prudent risk control, and the unwavering support of our members.

Dividend & Interest Payments to Members

As a member-focused Sacco, we remain committed to ensuring that members receive competitive returns on their investments. The Board has therefore recommended a 15% dividend pay-out on share capital, maintaining the same level as in 2023. Further to that an interest on members' deposit and members' special savings pay-out recommended at 10.4% and 7% respectively ensuring continued wealth growth for our members and encouraging long-term savings. These rates have been determined based on the financial performance, compliance with regulatory requirements, and the need for sustainable growth.

Future Outlook

In 2025, the Society's strategic focus will center on five key pillars aimed at driving growth and sustainability. The Society will prioritize digital innovation by enhancing mobile and online banking services to provide seamless financial solutions. Membership growth remains a key objective, with plans to expand the member base by 20% through aggressive marketing and the introduction of new product offerings. Investment diversification will continue as we explore opportunities in structured financial products. To empower our members, the Society will roll out financial literacy programs that promote informed savings, investment decisions and responsible borrowing. Additionally, we aim to boost operational efficiency by implementing cost-cutting measures and streamlining processes for improved service delivery. These priorities will position the Society for continued success and sustainable value creation for its members.

Appreciation & Call to Action

In closing, I extend my heartfelt gratitude to our members and you Delegates for your unwavering trust and commitment to the Society, the Board of Directors and Supervisory Committee for their dedication and strategic guidance in maintaining financial stability, and our management and staff for their hard work in delivering quality financial services. I also appreciate the continued support of regulatory authorities and partners in ensuring compliance and operational efficiency. As we move forward, let us remain united in our shared vision of making the Sacco a leader in financial empowerment. Together, we can achieve even greater success. I encourage all members to actively participate in the Sacco's growth by saving more, borrowing responsibly, and engaging in our strategic initiatives. Thank you, and I wish you a fruitful ADM.

Isaac Kiprop
National Chairman

TAARIFA YA MWENYEKITI WA KITAIFA

Utangulizi

Waheshimiwa Wajumbe, Wajumbe wenzangu wa Bodi, Kamati ya Usimamizi, Uongozi, na Wadau, ni furaha yangu kubwa na heshima kukukaribisheni kwenye Mkutano wa 39 wa Wajumbe wa Mwaka (ADM) wa Shirika letu Ushuru DT Savings and Credit Co-operative Society Limited. Tunapokusanyika leo, tunatafakari safari ya mwaka 2024—mwaka wa ukuaji, ustahimilivu, na mabadiliko kwa Shirika letu.

Tathmini ya Kiuchumi

Katika mwaka wa 2024, uchumi wa Kenya ulionyesha uimara licha ya changamoto kubwa, huku ukuaji wa Pato la Taifa (GDP) ukikadiriwa kufikia 4.7% na Benki ya Dunia, ukiungwa mkono na kuimarika kwa sekta ya kilimo kutokana na hali nzuri ya hewa. Sekta kuu zilionyesha utendaji mzuri, ingawa sekta za ujenzi na madini zilipata kupungua, jambo lililodhoofisha ukuaji wa jumla wa uchumi. Changamoto za kifedha, ikiwa ni pamoja na gharama kubwa za kulipia madeni na mapungufu ya mapato, zilionyesha haja ya kuimarisha nidhamu ya matumizi ya serikali na kufanya mageuzi ya utawala ili kupunguza hatari ya matatizo ya madeni. Mfumuko wa bei ulisalia kuwa thabiti kwa kiwango cha 6.9% ikilinganishwa na 7.88% mwaka 2023, huku Benki Kuu ikisaidia ustahimilivu wa uchumi kupitia sera za kifedha. Licha ya maendeleo haya, kutokuwepo kwa uwiano wa kimuundo na udhaifu wa kifedha kulionyesha umuhimu wa juhudi endelevu za kukuza ukuaji wa kiuchumi jumuishi. Viwango vya wastani vya mikopo katika benki za kibiashara viliongezeka hadi takriban 15.15% katika mwaka wa fedha 2023/24, ikilinganishwa na 12.79% katika mwaka wa fedha uliopita, huku Kiwango cha Riba cha Benki Kuu (CBR) kikiongezwa hadi 13% (2023 - 10.5%) ili kupunguza athari zinazoweza kujitokeza kutokana na shinikizo la mfumuko wa bei na hatari za kiuchumi duniani.

Muhtasari wa Sekta ya Ushirika

Mwaka wa 2024, sekta ya Ushirika Kenya ilikumbana na mchanganyiko wa changamoto na mafanikio. Utangulizi wa Mswada wa Ushirika wa mwaka 2024 ulilenga kuboresha mfumo wa kisheria unaosimamia vyama vya ushirika, ukishughulikia maswala kama utawala na utatuzi wa migogoro. Licha ya juhudi hizi za kisheria, sekta ilikumbana na fursa zilizopotea, hasa kuchelewa kuanzishwa kwa Kituo cha Fedha Kuu (CFF) kwa mikopo kati ya mashirika, jambo lililoathiri usimamizi wa ukwasi miongoni mwa Vyama vya Akiba na Mikopo (SACCOs). Ili kuboresha utawala, Shirika la Kazi Duniani (ILO) liliunga mkono kupitishwa kwa mbinu za Utatuzi Mbadala wa Migogoro (ADR), likilenga utatuzi wa migogoro kwa ufanisi zaidi ndani ya vyama vya ushirika. Harakati ya ushirika iliendelea kuchukua nafasi muhimu katika uchumi wa Kenya, ikichangia hadi 30% ya GDP, ikiwa na uwezo mkubwa wa ukuaji katika minyororo mbalimbali ya thamani.

Muhtasari wa Utendaji

Shirika letu lilirekodi ukuaji mkubwa wa kifedha mwaka wa 2024, ikionesha ustahimilivu na uaminifu wa wanachama wetu. Riba ya mikopo na maendeleo iliongezeka kwa 13% ikilinganishwa na mwaka uliopita. Shirika lilirekodi ongezeko la 12.6% katika mali zote, huku amana na mikopo ya wanachama vikikua kwa 12.2% na 15.47% mtawalia. Ukuaji umeonekana katika mtaji wa msingi na mtaji wa taasisi ambao uliongezeka kwa 12.97% na 15% mtawalia huku mtaji wa hisa ukikua kwa 9.34%. Ucheleweshaji wa mikopo yetu ulipungua kwa kiasi kikubwa kwa 47.7%, jambo linaloelezewa na juhudi za urejeshaji, ufuatiliaji wa mara kwa mara, na kushirikisha wakusanya madeni kuwafuata wakopaji wasiolipa kwa mpangilio. Utendaji huu mzuri wa kifedha ni ushahidi wa usimamizi mzuri, udhibiti makini wa hatari, na msaada thabiti wa wanachama wetu.

Malipo ya Gawio na Riba kwa Wanachama

Kama Shirika linayojikita kwa wanachama, tumeendelea kujitolea kuhakikisha wanachama wanapata faida nzuri kutokana na uwekezaji wao. Bodi ya Wakurugenzi kwa hivyo imeshauri gawio la 15% kwa mtaji wa hisa, likibaki katika kiwango sawa na mwaka wa 2023. Zaidi ya hayo, riba kwenye amana za wanachama na akiba maalum za wanachama imeshauriwa kuwa 10.4% na 7% mtawalia, kuhakikisha ukuaji endelevu wa utajiri wa wanachama wetu na kuhamasisha akiba ya muda mrefu. Viwango hivi vimeamuliwa kulingana na utendaji wa kifedha, ufuasi wa masharti ya kisheria, na hitaji la ukuaji endelevu.

Mtazamo wa siku zijazo

Mwaka wa 2025, mkakati wa Shirika letu utajikita katika nguzo tano muhimu zinazolenga kuendesha ukuaji na ustawi wa muda mrefu. Shirika kitaweka kipaumbele katika ubunifu wa kidijitali kwa kuboresha huduma za benki ya simu na mtandaoni ili kutoa suluhisho rahisi za kifedha. Ukuaji wa uanachama utabaki kuwa lengo kuu, na mipango ya kuongeza wanachama kwa 20% kupitia uhamasishaji mkali na utangulizi wa bidhaa mpya. Utoaji wa uwekezaji utaendelea huku tukitafuta fursa katika bidhaa za kifedha zilizopangwa. Ili kuwawezesha wanachama wetu, Shirika kitaanzisha ratiba za elimu ya kifedha zinazokuza maamuzi sahihi ya akiba, uwekezaji, na mikopo ya uwajibikaji. Aidha, tunalenga kuongeza ufanisi wa kiutendaji kwa kutekeleza hatua za kupunguza gharama na kurahisisha michakato ili kuboresha utoaji wa huduma. Vipaumbele hivi vitaweka Shirika katika nafasi nzuri ya kufanikiwa na kuunda thamani endelevu kwa wanachama wake.

Shukrani na Wito wa Kuchukua Hatua

Kwa kumalizia, nawasilisha shukrani zangu za dhati kwa wanachama wetu na nyinyi Wajumbe kwa uaminifu wenu usioyumba na kujitolea kwa Shirika letu, Bodi ya Wakurugenzi na Kamati ya Usimamizi kwa kujitolea na mwongozo wa kistratejia katika kudumisha uthabiti wa kifedha, na uongozi wetu na wafanyakazi kwa kazi yao ngumu katika kutoa huduma bora za kifedha. Pia ninathamini msaada unaoendelea wa mamlaka za udhibiti na washirika katika kuhakikisha ufuasi wa kanuni na ufanisi wa kiutendaji. Tunaposonga mbele, hebu tubaki pamoja katika maono yetu ya pamoja ya kulifanya Shirika letu kuwa kiongozi katika kuwezesha kifedha. Pamoja, tunaweza kufikia mafanikio makubwa zaidi. Ninawahamasisha wanachama wote kushiriki kikamilifu katika ukuaji wa Shirika letu kwa kuokoa zaidi, kukopa kwa uwajibikaji, na kushiriki katika mikakati yetu ya kistratejia. Asanteni, na ninawatakia ADM yenye mafanikio.

Isaac Kiprop
Mwenye Kiti wa Kitaifa

CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

The year 2024 was marked by resilience, growth, and transformation as we navigated a dynamic economic environment. Despite challenges such as inflationary pressures, regulatory changes, and increasing digital transformation needs, our society remained committed to delivering value to members, strengthening financial stability, and driving innovation.

Financial Performance

I am pleased to report that the Society recorded strong financial growth in 2024. Key highlights include: Total Assets growth from Ksh 6.87 billion in 2023 to Ksh 7.73 billion in 2024, reflecting an increase of 12.5%. The Loan Portfolio expanded from Ksh 4.74 billion to Ksh 5.47 billion, demonstrating increased demand for credit facilities among our members. Member Deposits increased by 12.2%, reaching Ksh 5.8 billion compared to Ksh 5.18 billion in 2023. Net Surplus increased from Ksh 132.8 million in 2023 to Ksh 160 million in 2024, an impressive 20.5% growth driven by improved revenue generation and operational efficiency. Interest Income totalled Ksh 805 million, up from Ksh 713 million in 2023, mainly due to growth in the loan book and investments in high-yield financial instruments. Non-Performing Loans (NPLs) improved significantly from Ksh 33.7 million in 2023 to Ksh 23.3 million, reflecting enhanced loan recovery efforts and credit risk management. The Liquidity Ratio was maintained at 27%, well above the regulatory minimum of 15%, ensuring strong financial stability. This performance underscores our commitment to prudent financial management, growth, and sustainability.

Operational Achievements & Milestones

Throughout 2024, we implemented key strategic initiatives to enhance our operations. Our digital transformation efforts led to significant improvements in mobile banking services, streamlined digital loan application processes as well as introducing an alternative mobile channel, and the introduction of secure online transactions, all aimed at increasing member convenience. In expanding our financial services, we diversified the society's investment portfolio by increasing investments in government securities and fixed-income instruments, which provided stable returns. To improve customer service, we reduced loan processing times, enhanced response rates to member inquiries, and introduced more self-service options through digital platforms. We also strengthened our risk and compliance framework by enhancing cybersecurity measures, improving internal audit mechanisms, and ensuring full compliance with regulations. As a result of these initiatives, the society experienced growth in membership, increasing from 9,846 in 2023 to 10,152 in 2024, reflecting the confidence our members have in our services.

Challenges & Risk Mitigation

Despite the successes, we faced some key challenges, including, high Inflation, high-interest rates and changes in regulations which affected borrowing patterns. Managing loan defaults remained a priority, and our enhanced loan appraisal and recovery strategies helped mitigate risks. The increasing shift to digital platforms posed cybersecurity risks, which we countered through investment in fraud detection and multi-layer authentication security systems. Moving forward, the Society will continue to enhance risk management frameworks, implement cost-cutting strategies, and leverage technology to drive efficiency.

Strategic Focus for 2025

As we look ahead to 2025, our key priorities include growing our asset base by Kshs. 928m, growing our revenue by Kshs. 175m and expanding digital financial solutions by launching a revamped mobile banking platform and improving online loan processing. We aim to achieve 20% membership growth by attracting more youth, professionals, and cash members to the Sacco. To maximize member returns, we plan to diversify our investment portfolio by exploring opportunities beyond government securities. Additionally, we will enhance member service by education and awareness through strengthened financial literacy programs, empowering members to make informed financial decisions. We are also committed to strengthening compliance and risk management by ensuring full adherence to SASRA regulations, improving internal audit processes, and reinforcing cybersecurity. Through these strategies, we aim to position the Society as a leading financial institution in the cooperative sector, ensuring long-term stability and prosperity for our members.

Conclusion

In conclusion, I extend my deepest appreciation to our Board of Directors, Supervisory Committee, Delegates, staff, and members for their unwavering support and commitment. Your trust and confidence have been the driving force behind our continued success. As we move forward, let us remain focused, united, and committed to achieving greater milestones in 2025 and beyond. Together, we will continue to build a financially strong and member-focused Sacco.

Thank you, and may we have a fruitful ADM.

William Pudha

Chief Executive Officer

TAARIFA YA AFISA MKUU MTENDAJI

Utangulizi

Mwaka wa 2024 uliashiria ustahimilivu, ukuaji, na mageuzi tulipokuwa tukikabili mazingira ya kiuchumi yenye mabadiliko. Licha ya changamoto kama vile shinikizo la mfumuko wa bei, mabadiliko ya kanuni, na ongezeko la mahitaji ya mageuzi ya kidijitali, Shirika letu liliendelea kujitolea kutoa thamani kwa wanachama, kuimarisha uthabiti wa kifedha, na kuendesha ubunifu.

Utendaji wa Kifedha

Nina furaha kuripoti kuwa Shirika letu lilirekodi ukuaji mkubwa wa kifedha mwaka wa 2024. Mambo muhimu ni pamoja na: Ukuaji wa Jumla ya Mali kutoka Ksh 6.87 bilioni mwaka 2023 hadi Ksh 7.73 bilioni mwaka 2024, ikionyesha ongezeko la 12.5%. Mkopo wa Shirika uliongezeka kutoka Ksh 4.74 bilioni hadi Ksh 5.47 bilioni, ukionyesha kuongezeka kwa mahitaji ya mikopo miongoni mwa wanachama wetu. Amana za Wanachama ziliongezeka kwa 12.2%, kufikia Ksh 5.8 bilioni ikilinganishwa na Ksh 5.18 bilioni mwaka 2023. Faida Halisi iliongezeka kutoka Ksh 132.8 milioni mwaka 2023 hadi Ksh 160 milioni mwaka 2024, ongezeko la kuvutia la 20.5% lililosababishwa na ongezeko la mapato na ufanisi wa kiutendaji. Mapato ya Riba yalifikia Ksh 805 milioni, kutoka Ksh 713 milioni mwaka 2023, hasa kutokana na ukuaji wa kitabu cha mikopo na uwekezaji katika vyombo vya kifedha vya kutoa faida kubwa. Mikopo Isiyolipika (NPLs) ilipungua kwa kiasi kikubwa kutoka Ksh 33.7 milioni mwaka 2023 hadi Ksh 23.3 milioni, ikionyesha juhudi bora za urejeshaji mikopo na usimamizi wa hatari za mikopo. Uwiano wa Ulikaji (Liquidity Ratio) ulidumishwa kwa 27%, juu zaidi ya kiwango cha chini cha kisheria cha 15%, kuhakikisha uthabiti wa kifedha. Utendaji huu unaonyesha dhamira yetu ya usimamizi bora wa kifedha, ukuaji, na uendelevu.

Mafanikio ya Kiutendaji na Hatua Muhimu

Mwaka wa 2024, tulitekeleza mipango mikuu ya kimkakati kuboresha shughuli zetu. Juhudi zetu za mageuzi ya kidijitali zilileta maboresho makubwa katika huduma za benki ya simu, kurahisisha mchakato wa maombi ya mikopo ya kidijitali, na kuanzisha njia mbadala za simu pamoja na miamala salama mtandaoni, yote yakiwa na lengo la kuongeza urahisi kwa wanachama. Katika kupanua huduma zetu za kifedha, tulitanua mkakati wa uwekezaji wa Shirika kwa kuongeza uwekezaji katika hati za serikali na vyombo vya mapato ya kudumu, ambavyo vilitoa mapato thabiti. Ili kuboresha huduma kwa wateja, tulipunguza muda wa kushughulikia mikopo, tukaboresha kasi ya majibu kwa maswali ya wanachama, na kuanzisha chaguo zaidi za kujihudumia kupitia majukwaa ya kidijitali.

Tuliongeza nguvu katika mfumo wa usimamizi wa hatari na utiifu kwa kuboresha hatua za usalama wa mtandaoni, kuimarisha mifumo ya ukaguzi wa ndani, na kuhakikisha utiifu kamili wa kanuni. Matokeo ya mipango hii yalileta ukuaji wa wanachama kutoka 9,846 mwaka 2023 hadi 10,152 mwaka 2024, ikionyesha imani ambayo wanachama wetu wanayo kwa huduma zetu.

Changamoto na Mikakati ya Kukabili Hatari

Licha ya mafanikio, tulikumbana na changamoto kuu kama vile mfumuko wa bei wa juu, viwango vya juu vya riba, na mabadiliko ya kanuni yaliyovuruga mienendo ya mikopo. Kusimamia mikopo isiyolipika kuliendelea kuwa kipaumbele, na mikakati yetu iliyoboreshwa ya tathmini na urejeshaji mikopo ilisaidia kupunguza hatari. Kuongezeka kwa matumizi ya majukwaa ya kidijitali kuliweka hatari za usalama wa mtandao, ambazo tulikabiliana nazo kwa kuwekeza katika mifumo ya kugundua udanganyifu na hatua za usalama za uthibitishaji wa viwango vingi. Tukielekea mbele, Shirika letu litaendelea kuimarisha mifumo ya usimamizi wa hatari, kutekeleza mikakati ya kupunguza gharama, na kutumia teknolojia kuongeza ufanisi.

Mwelekeo wa Kimkakati kwa 2025

Tunapotazama mwaka 2025, vipaumbele vyetu vikuu ni pamoja na kuongeza thamani ya mali zetu kwa Shillingi 928 milioni, kukuza mapato yetu kwa Shillingi 175 milioni, na kupanua suluhisho za kifedha za kidijitali kwa kuzindua jukwaa jipya la benki ya simu na kuboresha mchakato wa mkopo mtandaoni. Tunakusudia kufikia ongezeko la wanachama kwa 20% kwa kuvutia vijana zaidi, wataalamu, na wanachama wa malipo ya pesa taslimu kujiunga na Shirika. Ili kuongeza faida kwa wanachama, tunapanga kupanua wigo wa uwekezaji wetu kwa kuchunguza fursa nje ya dhamana za serikali. Vilevile, tutaboresha huduma kwa wanachama kupitia elimu na uhamasishaji kwa kuimarisha ratiba za maarifa ya kifedha, ili kuwawezesha wanachama kufanya maamuzi sahihi ya kifedha. Tumejizatiti pia kuimarisha uzingatiaji wa kanuni na usimamizi wa hatari kwa kuhakikisha tunazingatia kikamilifu kanuni za SASRA, kuboresha michakato ya ukaguzi wa ndani, na kuimarisha usalama wa mitandao. Kupitia mikakati hii, tunalenga kuiweka Jumuiya kama taasisi inayoongoza kifedha katika sekta ya ushirika, tukihakikisha utulivu na mafanikio ya muda mrefu kwa wanachama wetu.

Hitimisho

Kwa kumalizia, ninatoa shukrani zangu za dhati kwa Bodi ya Wakurugenzi, Kamati ya Usimamizi, Wajumbe, wafanyakazi, na wanachama kwa msaada na kujitolea kwao bila kuyumba. Imani yenu na kujiamini kwenu kumeendelea kuwa nguvu inayotupeleka mbele katika mafanikio yetu. Tunapoendelea mbele, tuendelee kuwa na umoja, ari, na kujitolea kufikia mafanikio makubwa zaidi mwaka 2025 na kuendelea. Pamoja, tutaendelea kujenga Sacco yenye nguvu ya kifedha na inayowalenga wanachama wake.

Asanteni, na tuwe na Mkutano wa ADM wenye mafanikio.

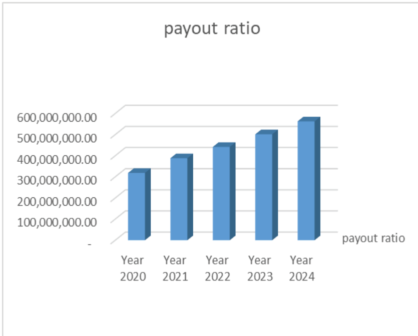
William Pudha

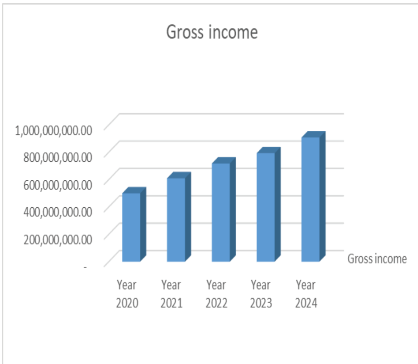
<u>Afisa Mkuu Mtendaji</u>

FIVE YEAR PERFOMANCE REVIEW

Year	Year 2024	Year 2023	Year 2022	Year 2021	Year 2020
Membership	10,152	9,846	8,115	7,571	7,152
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Loan balances	5,477,681,989	4,743,894,944	4,287,333,839	3,734,819,701	3,275,732,047
Members deposit	5,809,578,506	5,178,932,047	4,619,712,658	4,171,346,151	3,788,517,156
Payout ratio	562,530,397	501,144,489	441,509,259	387,996,826	318,238,304
Gross income	907,993,421	793,210,692	717,569,793	609,868,602	499,749,535
Share capital	354,873,462	324,559,505	291,174,220	272,835,552	257,292,052
Total assets	7,728,809,561	6,869,489,343	6,122,334,170	5,436,211,329	4,848,102,663
Core Capital	988,014,324	879,623,902	784,746,844	683,591,487	580,239,552
Institutional capital	633,140,862	555,064,397	493,061,495	410,755,935	322,947,500
Capital adequacy (%)					
Core Capital/ Total Assets	12.8	12.8	12.8	12.5	12
Core Capital/ Total Deposit	17.1	17.0	17.0	16.4	15.3
Institutional Capital/Total Assets	8.2	8.1	8.1	7.6	6.7
Liquidity Ratio					
Liquid assets/ Total deposits and short-term liabilities	27	27	25	29	28
Growth Rate (%)					
Total Income	14.4	10.5	18	22	13
Total Assets	12.5	12.2	13	12	14
Members deposits	12.2	12.1	11	10	11
Loans to members	15.5	10.6	15	14	6
Share Capital	9.3	11.5	7	6	8
Membership	3	21.3	7.2	5.9	5.7
Other Disclosures (% Rate)					
Interest on deposit rate	10.4	10.4	10.2	10	9.0
Dividend Rate	15	15	15	-	-
Delinquent Loans Rate	0.46	0.88	1.40	0.51	1.65

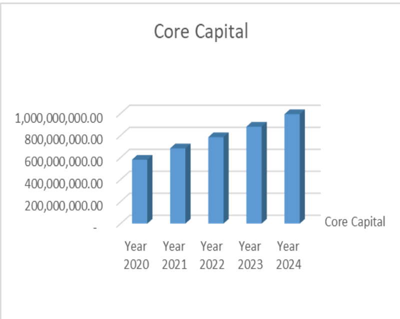
FIVE YEAR PERFOMANCE REVIEW-GRAPHICAL PRESENTATION



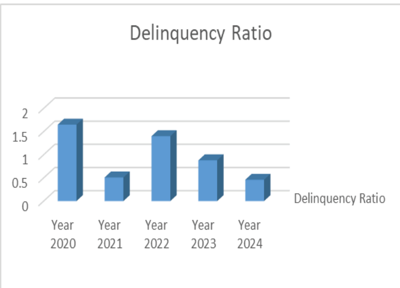



share capital
400,000,000.00
300,000,000.00
200,000,000.00
100,000,000.00
-
Year 2020
Year 2021
Year 2022
Year 2023
Year 2024
share capital


Total assets
8,000,000,000.00
6,000,000,000.00
4,000,000,000.00
2,000,000,000.00
-
Year 2020
Year 2021
Year 2022
Year 2023
Year 2024
Total assets


Core Capital
1,000,000,000.00
800,000,000.00
600,000,000.00
400,000,000.00
200,000,000.00
-
Year 2020
Year 2021
Year 2022
Year 2023
Year 2024
Core Capital


Institutional capital
800,000,000.00
600,000,000.00
400,000,000.00
200,000,000.00
-
Year 2020
Year 2021
Year 2022
Year 2023
Year 2024
Institutional capital


Delinquency Ratio
2
1.5
1
0.5
0
Year 2020
Year 2021
Year 2022
Year 2023
Year 2024
Delinquency Ratio


Liquidity Ratio
30
28
26
24
22
Year 2020
Year 2021
Year 2022
Year 2023
Year 2024
Liquidity Ratio

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors is responsible for the corporate governance practices of the Society. This report 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.

Ushuru Sacco has recognized the importance of effective corporate governance structure and takes all necessary steps to implement policies, procedures and systems to ensure full compliance with the applicable statutes and regulations, the requirements of all regulatory bodies and international best practise.

Supreme Authority of the Sacco

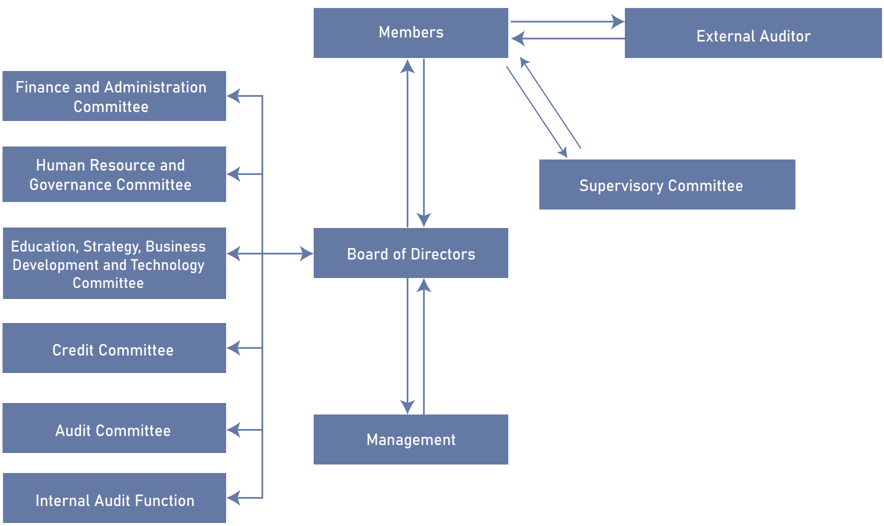
Section 39 of the Society By-laws, provides that the supreme authority (of the Sacco) is vested in the annual delegates meeting (ADM) which is to be constituted by the elected delegates. The delegates in turn elect amongst themselves Board of Directors that is accountable to the members and other stakeholders through the ADM.

The Delegates Meeting is held within four months after the end of the financial period and is presided over by the Chairman and in his absence the Vice Chairman. The quorum of the delegates meeting shall be 67% as per the Society's By-law. All business at the delegates Meeting is recorded in a minute book whose final record and resolutions are signed by the Chairman and the Secretary of the Board.

The members at the Delegates Meeting appoints external auditors each year from the list of three recommended names presented by the Board.

Governance Structure

The key players in the corporate governance structure of Ushuru Sacco is as shown in the chart below.



THE BOARD OF DIRECTORS, STRUCTURE, POWERS AND FUNCTIONS

The Board of Directors is the governing Authority of the Sacco and it consists of nine members who include the National Chairman, National Vice Chairman, Honorary Secretary and the National Treasurer. The Chief Executive Officer (CEO) is an Ex-officio member of the Board. The Board is collectively responsible for the Society's vision, strategic direction, its values, and governance and is accountable to the Society's membership for the performance of the business. The Board is expected to provide effective leadership to the Society towards the following matters;

- ✓ Sustainable long-term success through the exercise of objective and informed judgement in determining the strategy of the Society.
- ✓ Having the right team in place to execute the strategy through effective succession planning;
- ✓ Setting up appropriate governance structures for the management of the business operations;
- ✓ Monitoring business performance and maintaining an effective framework of controls to mitigate risks facing the business; and
- ✓ Ensuring ethical behaviour and compliance with the laws, regulations and internal policies.

The Board meets every month to deliberate on management accounts and to discuss reports from each subcommittee besides dealing with any strategic issues and opportunities for the SACCO in the course of its business. The Society has laid solid foundations for the Directors and oversight of its operations and administration, including clear guidelines on who the Board comprises; well understood delineations on the roles of Chairman, Society's Secretary and CEO; and clear proclamation of the Board's priorities. The composition of the Board is determined in accordance with the Society's By-law.

Board Appointment And Induction

Election to the Board is through a vetting and nomination process handled by a nomination committee leading to the Annual delegates meeting where democratic elections are held to appoint the winning candidates to the Board. The nomination committee consist of a lawyer from the Society's panel of lawyers, the Commissioner of Co-operatives or his representative, the Chief Executive Officer or his representative. The committee vets all the nominees to ensure they meet all the set criteria for appointment as Directors.

The Board comprises Directors with an appropriate range of qualifications and experience. In accordance with the Board Election Policy, the Directors are rotated through the mechanisms contained in Society's By-law, which require a third of Directors to retire each year, with a three-year Rotation Period for each Director. Directors retiring by rotation may stand for re-appointment. This process is used to periodically review and recommend changes in the composition of the Board.

The Society is committed to equipping its directors with the necessary skills and knowledge to perform their duties effectively. Newly appointed directors undergo a comprehensive induction program to familiarize themselves with the institution's operations, governance structure, and regulatory framework. Continuous training and professional development opportunities are provided to ensure directors remain updated on industry trends, regulatory changes, and best practices.

Supervisory Committee

The Supervisory Committee members are elected by and from the members of the Annual Delegates Meeting and it consist of three members. The members of the Committee retire on rotational basis. They are charged with safeguarding members fund by ensuring that proper policies are in place and the internal control system is adequate. No member of the Board of Directors may be elected to the Supervisory Committee.

Governance Audit and Board performance

To enhance governance practices, the Society conducted governance audit. The audit assessed the effectiveness of governance structures, policies, and processes. Recommendations from the audit are to be implemented in phases to address gaps and continuously improve governance performance. Additionally, assessments of Directors' performance were conducted in the year to evaluate their contribution to the board's effectiveness. Performance reviews focused on individual and collective competencies, participation in decision-making, and alignment with the institution's strategic objectives. Feedback from these evaluations informs strategies for enhancing board performance.

Board Work Plan

The Sacco Board of Directors operate under a structured work plan that outlines their roles, responsibilities, and timelines. The work plan aligns with the Society's strategic objectives and ensures efficient use of resources. It is reviewed periodically to accommodate changing priorities and emerging challenges.

Board committees

In order to efficiently drive its corporate governance mandate, the Board constitute specific committees which work independent of each other reporting directly to the Board. The Committees purpose, composition, structures, duties, responsibilities and reporting lines are defined separately in the By-laws. The mentioned committees are as follows;

1.	Finance, Investment and Administration Committee	- Chaired by Mr. Isaac Kiprop
2.	Credit Committee	- Chaired by Mr. Boaz Chimasia
3.	Education, Strategy, Business Development and Technology Committee	- Chaired by Mr. Onesmus Nzuki
4.	Human Resource and Governance Committee	- Chaired by Mr. Samuel Wachiuri
5.	Audit, Risk Management and Compliance Committee	- Chaired by Mr. Jemimah Munuve

Finance, Investment and Administration Committee

This consists of the Chairman, Vice Chairman, Secretary and Treasurer. The Finance & Administration Committee assists the Board in its oversight of the integrity of the Society's financial operations, long-term economic health, and allocation of resources. This is in addition to those duties as prescribed in the By-laws.

Credit Committee

The credit committee is made up of three members drawn from the Board, none of the executive committee members can be part of the committee. The committee has the general responsibility of approving or disapproving all requests from members for loans. It is entitled to inquire carefully into the character and financial conditions of each loan applicant, and the guarantors, to ascertain ability of the applicant to repay the loan fully and promptly.

Human Resource and Governance Committee

The committee assists the Board in fulfilling its responsibilities with respect to hiring, evaluation, compensation and succession planning for officers and other employees. The committee consists of three Directors.

Education, Strategy, Business Development and Technology Committee

This committee consists of four members of the Board with the vice-chairman as the chair of the committee. This committee is responsible for organizing educational forums for members, educational tours, seminars and training to both members of the Board and staff. Additionally, they give advice to the on the business strategies as well as technological advancement to implemented in order for the Society to realize its goals.

Audit, Risk Management and Compliance Committee

The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of risk oversight and management policies that set out the roles and respective accountabilities of the Board, the Committee and management. It consists of not more than three members appointed from the Board, one of whom has to be conversant with financial and accounting matters and a member of the Institute of Certified Public Accountants (ICPAK). None of the members of Credit and Finance Committee should be part of the Audit Committee.

The key roles and responsibilities of the Committees are as summarised below:

Finance & Admin.Comm.	Credit Committee	HR & Gov. Committee	Audit, Risk & Ass. Committee	Education, Bus. Dev. &tech. Comm
✓ Formulate and monitor the institution's budgets.	✓ Assess and approve loan applications.	✓ Develop and implement HR policies.	✓ Review internal and external audit reports.	✓ Organize member education programs on financial literacy.
✓ Ensure compliance with financial policies.	✓ Monitor the loan portfolio to minimize defaults.	✓ Oversee staff recruitment, training, and performance evaluation.	✓ Identify and manage financial, operational, and compliance risks.	✓ Develop strategies for business growth and diversification.
✓ Review financial performance and reports.	✓ Develop and update credit policies.	✓ Ensure governance compliance with regulatory frameworks.	✓ Ensure adherence to risk management policies.	✓ Oversee the adoption and implementation of technology solutions.
✓ Oversee administrative operations and procurement.	✓ Ensure fair and transparent credit allocation.	✓ Handle leadership development and succession planning.	✓ Provide assurance on the effectiveness of internal controls.	✓ Monitor market trends and innovation

Board/Committee meetings and attendance

The full Board meets regularly, with at least twelve Monthly meetings a year, and serves a notice indicating a schedule of matters reserved for discussion. Comprehensive Board papers are prepared and circulated to all Directors for all substantive agenda items prior to the meeting. This allows time for the Directors to undertake an appropriate review of the Board papers to facilitate full and effective discussions at the meetings. A careful balance of formal and informal meetings throughout the year exists and there is an atmosphere of cordial relations. This creates an environment that encourages challenge, consultation, information sharing, innovative thinking and openness in communication.

The Directors have full access to corporate information and sufficient detail to enable a productive and open discussion and there is diversity in terms of professional competence which ensures that the level of debate is both detailed and of a high technical standard.

The table below is a summary of the meeting attendance record of the Board of Directors for the year 2024.

BOARD OF DIRECTORS MEETING ATTENDANCE				
NAME	**ROLE**	**WHEN APPOINTED**	**WHEN RETIRED**	**ATTENDANCE**
Isaac Kiprop	National Chairman	Re-elected 24th March 2024	31st December 2023	14/14
Dominic Mokaya	Hon. Secretary	11th March 2023		14/14
Onesmus Nzuki	National Vice Chairman	19th March 2022		14/14
Samuel Wachiuri	National Treasurer	11th March 2023		14/14
William Ndiritu	Member	Re-elected 24th March 2024	31st December 2023	14/14
Jemimah Munuve	Member	11th March 2023		14/14
Kevin Maina	Member	24th March 2024		12/14
Boaz Chimasia	Member	19th March 2022		14/14
Clemence Wawuda	Member	19th March 2022		14/14

The table below is a summary of the meeting attendance record of the Various Committees for the year 2024.

COMMITTEE MEETING ATTENDANCE						
NAME	Finance, Investment & Administration	Human Resource & Governance	Credit	Audit, Risk Management & Compliance	Education, Strategy, Business Development & Technology	Supervisory
Isaac Kiprop	12/12	6/6				
Dominic Mokaya	12/12			6/6		
Onesmus Nzuki	12/12				4/4	
Samuel Wachiuri	12/12	6/6				
Kevin Maina				6/6	3/4	
Jemimah Munuve				6/6	4/4	
William Ndiritu			12/12		4/4	
Boaz Chimasia		6/6	12/12			
Clemence Wawuda		6/6	12/12			
Philgona Mwatha						5/7
Isaac Mwangi						7/7
Thomas Ondara						7/7

The Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for the leadership and management of the Society. The Board delegates the responsibility for the execution and administration of operations to the CEO, and this includes responsibility for implementing Society's strategic direction and managing Society's day-to-day operations. The scope, and specific limits, of the authority delegated to the CEO and the Management team are clearly documented. These delegations balance effective oversight with appropriate empowerment and accountability of management.

All members of the management staff are appointed by the Board of Directors. The management team oversees day to day operations in their respective functions. They meet on monthly basis to review the operations of the Society. The team is comprised of the following;

William Pudha	- Chief Executive Officer (CEO)
Edward Obilo	- Manager Finance
Pamela Wanja	- Manager Credit and FOSA
Cynthia Mwakalama	- Manager Operations and Human Resource
Wycliffe Mutuli	- Manager Information, Communication and Technology (ICT)
Elizabeth Ouko	- Manager Internal Audit, Risk and Assurance

Separation of powers and duties of the Chairman and the Chief Executive Officer (CEO)

National Chairman

- ✓ Provides overall leadership and direction to the Board of Directors.
- ✓ Ensures that the Board functions effectively and fulfills its governance role.
- ✓ Presides over board meetings and the Annual Delegates Meeting (ADM).
- ✓ Acts as the main representative and spokesperson of the society at public and official functions.
- ✓ Oversees the implementation of board policies and ensures compliance with regulatory and legal requirements.
- ✓ Facilitates effective communication between the board, management, and members.

Chief Executive Officer

- ✓ Responsible for the overall management and operations of the society.
- ✓ Implements the policies and strategies approved by the Board.
- ✓ Prepares and presents budgets, financial reports, and operational plans to the Board.
- ✓ Oversees the development and implementation of the society's strategic plan.
- ✓ Leads and manages the staff to achieve the society's goals and objectives.
- ✓ Acts as a liaison between the Board and staff, ensuring smooth communication and alignment of goals.
- ✓ Ensures compliance with statutory, regulatory, and reporting requirements.

Senior Management

- ✓ Supports the CEO in the day-to-day operations of the society.
- ✓ Heads specific functional areas which include finance, operations, credit management, human resources, ICT and audit and risk.
- ✓ Develops and executes operational plans to achieve departmental and overall Society goals.
- ✓ Prepares detailed reports and analyses for decision-making by the CEO and Board.
- ✓ Monitors and evaluates the performance of their respective departments.
- ✓ Ensures that staff in their areas of responsibility adhere to internal policies, standards, and regulatory requirements.
- ✓ Participates in policy formulation, strategic planning, and risk management.

Procurement

Procurement in the Sacco is guided by the procurement laws and best practice. The Sacco has a Procurement Committee independent of the Board to handle procurement matters in the Sacco and they also meet to open and evaluate tenders as part of the procurement process. The Committee draws its membership from the Heads of Departments except for the Internal Audit department who performs the oversight role and Finance department to manage conflict of interest.

Core values

The entire Ushuru Sacco fraternity (Board, Supervisory committee and staff) work to deliver on the vision and strategic plan of the Sacco and subscribe to the set "Ushuru Sacco code of conduct" which has been anchored on best practises and statutory requirements. The team continuously practises the four key Society values which define what the Sacco promises to abide by namely; Simple, Proficient, Ethical and cohesive. In this regard every individual is expected not to engage in any activity that puts into question the Society's reputation.

Conflicts of interest

The Society upholds the highest standards of integrity and transparency in addressing conflicts of interest. All directors and employees are required to disclose any personal or professional interests that may conflict with their responsibilities. This entails not engaging, directly or indirectly, in any business that competes or conflicts with the Society's business. Any potential or actual conflicts of interest are reported to the Honourable Secretary.

A robust policy is in place to manage and mitigate such conflicts, ensuring decisions are made in the best interest of the Society and its stakeholders. Directors and employees have a duty to not place themselves in a position which gives rise to a real or substantial possibility of conflict of interest or duty in relation to any matter which is or is likely to be brought before the Board.

Risk Management & Internal Controls

A proactive approach to risk management is integral to the Society's governance strategy. The board oversees a comprehensive risk management framework that identifies, assesses, and mitigates risks. This framework supports informed decision-making and enhances the institution's resilience to potential threats. The Society maintains a risk register which is updated regularly to ensure that all risks are identified and mitigated effectively.

The Board is committed to managing risk and to controlling its business and financial activities in a manner which enables it to maximise profitable business opportunities, manage and ensure compliance with applicable laws and regulations and enhance resilience to external events. The effectiveness of the Society's internal control system is reviewed regularly by the Board through a Management framework and the Internal Audit function.

Internal Audit Function

The Internal Audit function monitors compliance with policies and standards and the effectiveness of internal control structures of the Society through its programme of audits. The work of the Internal Audit function is focused on the areas of greatest risk as determined by a risk-based assessment methodology. The Internal Audit function reports to the Board Audit Committee.

The Society's business is conducted within a developed control framework, underpinned by policy statements, written procedures and control manuals. This ensures that there are written policies and procedures to identify and manage risk, including operational risk, liquidity risk and credit risk. The Board has established a management framework that clearly defines roles, responsibilities and reporting lines. Delegated authorities are documented and communicated.

Compliance/Statutory Accountability

Adherence to statutory and regulatory requirements is a cornerstone of the Society's governance framework. The Society ensures compliance with all relevant laws, regulations, and standards, supported by internal controls and regular audits. Directors and management are accountable for maintaining these high standards.

Information, Communication and Technology (ICT) governance

The Board of Directors acknowledges the critical role of Information and Communication Technology (ICT) in enhancing operational efficiency, decision-making, and service delivery. As such, ICT governance is an integral component of our corporate governance framework.

ICT strategies are aligned with the institution's overall objectives to ensure that technology investments directly contribute to achieving our mission and vision. The Board ensures that ICT initiatives support Society goals, improve stakeholder engagement, and create value for members.

A robust ICT risk management framework is in place to identify, assess, and mitigate risks associated with technology usage. This includes cybersecurity risks, data privacy concerns, and operational disruptions. The institution conducts regular audits, vulnerability assessments, and compliance checks to uphold the integrity and security of its ICT systems. To achieve these objectives, the Society has recruited a Systems auditor to give assess and give assurance on the operational efficiency of the ICT infrastructure and policies.

The Society has established an ICT Steering Committee Comprising Directors and ICT experts. This committee provides oversight, approves key technology initiatives, and ensures alignment with strategic objectives. Regular reporting to the Board facilitates accountability and informed decision-making.

External Auditor

As a part of the Society's commitment to upholding the highest standards of corporate governance, Ushuru Sacco recognizes the critical role played by the external auditor in providing an independent and objective assessment of the organization's financial statements.

The external auditor is appointed annually by the Delegates at the Annual Delegates meeting, from the list recommended by the Board. The appointment process is designed to ensure the selection of a competent, independent, and reputable auditing firm that aligns with the needs of the Society. To maintain independence, the external auditor is prohibited from providing non-audit services that could impair their objectivity. The Board ensures selection of a new external audit firm after a period of three years provided a satisfactory service is rendered within the years.

The role of the external auditor is to provide an independent opinion that the Society's financial reports are true and fair, and comply with applicable regulations. Ushuru Sacco's current external auditor is Ronalds LLP, who was engaged at the beginning of the year 2022. The external auditor attends the Society's annual delegates meeting (ADM) and is available to answer delegates' questions about the conduct of the audit and the preparation and content of the auditor's report.

Communication Policy

The Society prioritizes effective communication with stakeholders through a well-defined communication policy. This policy ensures accurate, timely, and transparent dissemination of information. Regular updates are provided through various channels to foster trust and engagement.

Maintaining strong and constructive relationships with members is fundamental to the Society's success. The board engages with members to understand their needs and expectations, ensuring their interests are considered in decision-making processes. This engagement is through the annual member education physically and virtually.

Code of Conduct

The Society is committed to fostering a culture of integrity, accountability, and ethical behaviour. The Code of Conduct serves as a fundamental element of our corporate governance framework, guiding the actions and decisions of all stakeholders, including Directors, management, employees, and members. The Code of Conduct establishes the principles and standards of ethical behaviour that are expected in all aspects of the Society's operations. It reflects our dedication to transparency, compliance, and the preservation of the trust placed in us by our members and the wider community.

Ushuru Sacco Directors, supervisory members and employees are expected to act with honesty, integrity and fairness in all their dealings with one another and with stakeholders. When joining Ushuru Sacco, every employee is provided with a copy of the Code and must commit to abide by its requirements as part of the employment contract with the Society.

Sustainability Report Economic Sustainability

Ushuru Sacco cooperative continues to drive financial inclusion by supporting members through accessible financial services. In the year 2024, the Society disbursed over 2B in loans to fund small businesses, health, education, and housing projects, positively impacting over 1000 members. To enhance operational efficiency, the Society focused on operational improvements, including digital banking solutions, online member registration and enhanced service delivery, contributing to a net surplus of Kshs. 134.5M reinvested in member-focused initiatives.

Governance and Transparency

Strong governance and ethical practices underpin our cooperative's success. In the year 2024, the Society enhanced transparency through regular performance updates which were facilitated through the monthly Board meetings and quarterly strategic meeting for Board and management. In support of governance framework, targeted training were administered to board members and staff. The Society undertook governance audit and carried out performance evaluation for all the Directors. The Board undertook to implement the recommendation in phases to support the Society's strategic direction. These efforts ensure accountability and trust among members.

Employee Welfare

Ushuru Sacco is committed to fostering a diverse and inclusive workforce. To this end, the hiring policies are designed to promote equal opportunity for all candidates, irrespective of gender, ethnicity, age, or background. The recruitment process adheres to the principles of fairness, transparency, and meritocracy. The Society strive to maintain a balanced gender ratio by actively encouraging applications from underrepresented genders.

Employee development is at the heart of the Society's goals. The Society has implemented structured training and development programs to enhance employee skills and competencies. Key initiatives include: Continuous Learning and professional development, for example Regular workshops, seminars, in-house trainings and sponsorships for professional training aligned to the employees' duties.

The Society has embraced performance appraisal for all its employees to monitor performance and rewards outstanding performance. The performance appraisal system is designed to be fair, transparent, and aligned with Society's goals. Employees are evaluated quarterly based on key performance indicators (KPIs), which are communicated clearly at the start of each appraisal cycle. Outstanding performers are rewarded through NonMonetary Incentives: Public recognition.

The safety and well-being of the employees is paramount. The Society workplace safety policies comply with the standards set forth by the Occupational Safety and Health Administration (OSHA). Specific measures include, Workplace Safety Training-Regular sessions on safe practices and emergency protocols, Fire SafetyInstallation of fire extinguishers, alarms, and evacuation drills conducted annually, First Aid-Provision of fully stocked first aid kits and training programs.

The Society's workforce comprises both permanent, fixed term contracts and temporary staff, with a ratio designed to meet operational demands effectively while ensuring institutional stability. As of the current year, our staff ratio is 68% permanent, 16% fixed contract and 16% temporary employees. Ushuru Sacco provide various benefits to all these categories which include; Comprehensive health insurance, Retirement benefits, paid leave (sick leave, vacation days, and parental leave), Opportunities for career progression and professional development and Health and safety protections.

Remuneration Policy

The remuneration for the Directors consists of sitting allowance earned and paid monthly, annual honoraria, travelling allowances for attending Board and committee meetings. Information and disclosures relating to the Directors remunerations and salary emoluments paid to key management staff are contained in the financial statements. The Society endeavours to review and approve competitive remuneration packages, which are designed to attract, retain and motivate staff.

Going concern

The Board confirms that it is satisfied that the Society has adequate resources to continue in business for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements.

The Directors are responsible for the preparation and presentation of the financial statements of the Society which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

SOCIETY INFORMATION

Board of directors	: Mr. Isaac Kiprop	National Chairman
	: Mr. Onesmus Nzuki	National Vice Chairman
	: Mr. Dominic Mokaya	National Hon. Secretary
	: Mr. Samuel Wachiuri	National Treasurer
	: Mr. Kevin Maina	Director
	: Ms. Jemimah Munuve	Director
	: Mr. Boaz Chimasia	Director
	: Mr. William Ndiritu	Director
	: Ms. Clemence Wawuda	Director
	: Mr. William Pudha	Chief Executive Officer
Supervisory committee	: Mr. Thomas Ondara	Chairman
	: Mr. Isaac Mwangi	Secretary
	: Ms. Philgona Mwatha	Member

Registered office

: Ushuru Co-operative Savings and Credit Society Limited
: Ushuru Sacco Centre
: P.O. Box 52072, 00200
: NAIROBI
: Telephone: 020-7608700
: Email: info@ushurusacco.com

Principal banker

: Co-operative Bank of Kenya
: Kilimani Branch
: NAIROBI

Legal advisors

: The panel of lawyers available at the head office

Independent auditor

RONALDS LLP
Certified Public Accountants (K)
136 Manyani East Road, off-Waiyaki Way
P.O. Box 41331 (00100)
NAIROBI, KENYA
Tel : 254 717 558 212
Cell phone : 0722-220013/0720131650
Email: info@ronalds.co.ke
Website: www.ronalds.co.ke

REPORT OF THE DIRECTORS

The Directors submit their annual report together with the audited financial statements for the year ended 31 December 2024 which show the society's state of affairs.

Incorporation

The society is incorporated in Kenya under the Co-operative Societies Act, Cap. 490 and is domiciled in Kenya. The Society was licensed as a Deposit taking Sacco effective 1st January 2020

Principal activity

The principal activity of the society continues to be receiving savings from and provision of loans to its members.

Business review

The total interest income of the society increased from Shs. 713 million to Shs. 805 million. The increase is directly attributed to growth in the loan book to members compared to prior year and investment of excess liquid cash in high earning ventures like government securities and fixed income unit trusts.

Surplus before tax inceased from Shs.132.8 million to Shs. 160 million compared to prior year.

As at 31 December 2024, the net asset position of the society was Shs. 1.073 billion compared to Shs. 949.7 million as at 31 December 2023.

Principal Risks And Uncertainties

The overall business environment continues to remain challenging and this has a resultant effect on overall demand of the society's products. The society's strategic focus is to enhance revenue growth whilst maintaining growth margins, the success of which remains dependent on overall market conditions.

In addition to the business risks discussed above, the society's activities expose it to a number of financial risks including credit risk, cash flow and foreign currency risk and liquidity risk as set-out in Note 20 of the financial statements.

Share capital

The issued and paid up share capital of the society was increased during the year from Shs.324.6 million to Shs. 354.9 million.

Dividends and interest

The management committee recommends payments of first and final dividend of 15% (2023: 15%) on weighted share balance. They also recommend 10.4% (2023: 10.4%) on weighted members deposit and 7% (2023: 7%) on weighted members special savings.

Board of directors

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

Statement as to disclosure to the society's auditor

With respect to each director at the time this report was approved:

(a) there is, so far as the person is aware, no relevant audit information of which the society's auditor is unaware; and

(b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the society's auditor is aware of that information.

Terms of appointment of the auditor

The Society's auditor, Ronalds LLP, have expressed willingness to continue in office in accordance with the Sacco Socities Act No. 14 of 2018. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

BY ORDER OF THE BOARD

Signature.................................... date....29/1/..2025

National Chairman

FINANCIAL AND STATISTICAL INFORMATION

			As at 31st December	
Membership			**2024 Numbers**	**2023 Numbers**
At start of the year			9,846	8,115
Members who joined within the year			563	2,100
Withdrawals during the year			(257)	(369)
At end of the year			**10,152**	**9,846**
Comprising:	- Active		10,108	9,798
	- Dormant		44	48
			10,152	9,846
Regional offices			4	4
No. of employees:	Male		14	14
	Female		18	18
Total			**32**	**32**

Financial	**Statutory**	**2024 Shs**	**2023 Shs**
Total assets		7,728, 809,561	6,869,489,343
Members' deposits		5,809,578,506	5, 178, 932,047
Loans and advance to members		5,477, 681,989	4,743,894,944
Provision for loan losses		70,317,678	64,510,612
Non-performing loans		23,348,477	33,727,863
Other financial assets		46,934,028	46,062,554
Total revenue		907,993,421	793,210,692
Total interest income from members		673,839,564	598,633,336
Total expenses		771,359,768	684,914,061
Investment shares		354,873,462	324,559,505
Statutory reserve		158,045,946	132,276,257
Appropriation account		381,889,970	337,583,194
Institutional capital		633,140,862	555,064,397

Key ratios:	**Statutory**	**2024**	**2023**
Capital Adequacy			
Core capital	>10M	988,014,324	879,623,902
Core capital/Total assets	10%	12.8%	12.8%
Core capital/Total deposits	8%	17.0%	17.0%
Institutional capital/Total assets	8%	8.2%	8.1%
Asset Quality			
Total delinquent loans/Gross loan portfolio	<5%	0.46%	0.88%
Non-earning Assets	<10%	1.45%	1.65%
Equity investments/Deposits	<5%	0.92%	0.92%
Equity investments/Core Capital	<5%	5.22%	5.23%
Liquidity ratio			
Liquid assets/Total deposits and short-term liabilities	15%	27%	27%
Structure/Sensitivity to risk Ratios			
Gross loans/Total assets	70.8%	71%	69%
Gross loans/Deposits	>100%	97%	95%
Financial Investment/Total Asset		18%	18%
Dividends+Interest on deposits/Total Income		8%	8%
Operating efficiency/loan quality ratios			
Total expenses/Total revenue		85%	86%
Other expenses/Total revenue		23%	23%
Interest to members deposits/Total revenue		62%	63%
Interest on members deposits		10.4%	10.4%
Interest rate on members' savings		7.0%	7.0%
Dividend rate on members share capital		15%	15%

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Co-operative Societies Act, Cap. 490 and Sacco Socities Act No. 14 of 2018 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society as at the end of the financial year and of its surplus or deficit for that year. It also requires the Directors to ensure that the society keeps proper accounting records that are sufficient to show and explain the transactions of the society; that disclose, with reasonable accuracy, the financial position of the society and that enable them to prepare financial statements of the society that comply with the International Financial 'Reporting Standards,the requirements of the Co-operative Societies Act, Cap. 490 and the

The Directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Sacco Socities Act No. 14 of 2018. 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 circum-stances.

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 2022 and of the society's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Co-operative Societies Act, Cap. 490 and Sacco Socities Act No. 14 of 2018.

In preparing these financial statements the directors have assessed the society's ability to continue as a going concern as detailed in Note 1 to the financial statements. 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 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 _____________29/1/_ 2025 and signed on its behalf by:

______________________________ ISAAC KIPROP - CHAIRMAN

______________________________SAMUEL WACHIURI -TREASURER

______________________________DOMINIC MOKAYA - SECRETARY

Ronalds

Member of Allinial GLOBAL. An association of legally independent firms

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF USHURU SACCO SOCIETY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Ushuru Sacco Society Limited set out on pages 37 to 75 which comprise the statement of financial position as at 31 December 2024 and the Statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the state of the society's financial affairs at 31 December 2024, the results of its operations and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Sacco Societies Act.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Society in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountant (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with IESBA code and in accordance with other ethical requirements applicable to performing the audit of financial statements in Kenya.

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

Key audit matters

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the budget and the chairman's report included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and,

Ronalds LLP
136 Manyani East Road, Off-Waiyaki Way
P.O. Box 41331-00100 Nairobi, Kenya

T: +254 717 558 212
E: info@ronalds.co.ke
W: www.ronalds.co.ke

Ronalds

Member of Allinial GLOBAL. An association of legally independent firms

in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS.

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

The Kenya Co-operatives Societies Act also requires the Board of Directors to ensure that the society maintains proper books of accounts which are in agreement with the statement of comprehensive income and statement of financial position.

AUDITORS' RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with International Standards on Auditing (ISA`s), 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 controls.
- 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 controls.

Ronalds

Member of Allinial GLOBAL. An association of legally independent firms

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of 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 Sacco's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or,
- if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to
- the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Co-operative Society's Act we report to you that the financial statements are in agreement with the books of account kept by the Society and that, based on our audit, nothing has come to our attention that causes us to believe that the Society's business has not been conducted:

(i) In accordance with the provisions of the Kenyan Co-operative Society's Act.

(ii) In accordance with the provisions of Sacco Societies Act.

(iii) In accordance with the Co-operatives Societies objectives, by- laws and any other resolutions made by the Society at a general meeting.

The engagement partner responsible for the audit resulting in this independent auditor`s opinion is CPA Ronald N. Bwosi, Practicing Certificate No 1865.

For and on behalf of Ronalds LLP..

RONALDS LLP * 30 JAN 2025 * P.O. BOX 41331 - 00100 NAIROBI CERTIFIED PUBLIC ACCOUNTANTS

Certified Public Accountants (K)

Nairobi, Kenya

Ronalds LLP
136 Manyani East Road, Off-Waiyaki Way
P.O. Box 41331-00100 Nairobi, Kenya

T: +254 717 558 212
E: info@ronalds.co.ke
W: www.ronalds.co.ke

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2024

Revenue Interest income:	Notes	2024 Shs	2023 Shs
Interest on loans and advances	2 (a)	673,839,564	598,633,336
Other interest income	2 (b)	131,583,143	114,083,823
Total interest income		805,422,707	712,717,159
Interest expenses	2 (c).	(562,530,397)	(501,144,489)
Net interest income		242,892,310	211,572,670
Other operating income	2 (d)	102,570,714	80,493,533
Impairment credit/(charge) on loan and advances	8	(5,807,066)	(9,808,157)
Impairement of financial assets at Kuscco Ltd	6(e)	(7,785,208)	-
Governance expenses	23	(42,855,028)	(37,378,162)
Administrative expenses	24	(111,543,420)	(96,278,017)
Other operating expenses	25	(17,465,948)	(15,768,865)
Surplus before tax		160,006,354	132,833,002
Income tax expense	5	(31,157,909)	(24,536,371)
Surplus for the year		128,848,445	108,296,631
Other comprehensive income:			
Items that will not be reclassified subsequently to surplus or deficit:			
Change in fair value of other financial assets at fair value through other comprehensive income	3	5,871,474	(1,509,808)
Total comprehensive income		134,719,919	106,786,823
Statutory reserve 20%		(25,769,689)	(21,659,326)
		108,950,230	85,127,497
Honararia and staff bonus	26	(7,490,000)	(6,780,000)
Total comprehensive income after honoraria and bonus		101,460,230	78,347,497

The notes on pages 42 to 75 form an integral part of these financial statements.

Report of the independent auditor - pages 34 to 36.

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2024

	Notes	2024 Shs	2023 Shs
Assets			
Cash and bank balances	6	1,539,897,175	1,403,379,223
Receivables and prepayments	7	245,093,940	239,312,768
Available assets for Sale	18(i)	-	18,000,000
Loans and advances to members	8	5,407,364,311	4,679,384,332
Other financial assets	9	46,934,028	46,062,554
Investment property	10	337,500,000	337,500,000
Property and equipment	11	112,324,334	113,683,548
Intangible assets	12	39,695,773	32,166,918
Total assets		7,728,809,561	6,869,489,343
Liabilities			
Other payables	13	27,865,988	36,127,459
Interest due on members deposits	14	562,530,397	501,144,489
Member deposits	15 a	5,809,578,506	5,178,932,047
FOSA Savings	15 b	251,121,221	201,005,536
Tax payable	4	4,667,854	2,611,660
		6,655,763,966	5,919,821,191
Financed by:-			
Share capital	16	354,873,462	324,559,505
Statutory reserve	17 (i)	158,045,946	132,276,257
Appropriation reserve	17 (ii)	381,889,970	337,583,194
RMF reserve fund	17 (iii)	93,204,946	85,204,946
Fair value reserve	17 (v)	30,008,897	24,137,423
Proposed dividend	17 (vi)	51,281,980	45,096,845
Loan Loss Reserve	17(vii)	3,740,394	809,982
		1,073,045,595	949,668,152
Total liabilities and capital		7,728,809,561	6,869,489,343

APPROVED
for publication and presentation to AGM or ADM subject to observations Issued
31 JAN 2025
SIGN:..........
THE SACCO SOCIETIES REGULATORY AUTHORITY

The financial statements on pages 37 to 75 were approved and authorized for issue by the board of directors on_________29/1__ 2025 and were signed on its behalf by:

____________________ **ISAAC KIPROP - CHAIRMAN**

____________________ **SAMUEL WACHIURI -TREASURER**

____________________ **DOMINIC MOKAYA- SECRETARY**

The notes on pages 42 to 75 form an integral part of these financial statements.

Report of the Independent Auditor - Pages 34 - 36

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2024

Year ended 31 December 2024	Notes	Share capital Shs	Statutory reserve Shs	Appropria-tion reserve Shs	RMF re-serve fund Shs	Re-valu-ation re-serve Shs	Fair value reserve Shs	Dividend account Shs	Loan Loss Reserve Shs	Total Shs
At start of the year		324,559,505	132,276,257	337,583,194	85,204,946	-	24,137,423	45,096,845	809,982	949,668,152
Total comprehensive income:		-	-	128,848,445	-	-		-	-	128,848,445
Change in Fare Value - note 3		-	-	-	-	-	5,871,474	-	-	5,871,474
Honoraria and staff bonus	26	-	-	(7,490,000)	-	-	-	-	-	(7,490,000)
Transfer to statutory reserve	17 (i)	-	25,769,689	(25,769,689)	-	-	-	-	-	-
RMF Reserve Transfer	17 (iii)	-	-	-	8,000,000				-	8,000,000
Dividend paid	17 (ii)	-	-	-	-	-	-	(45,096,845)	-	(45,096,845)
Proposed Dividend	17 (vi)	-	-	(51,281,980)	-	-	-	51,281,980	-	-
Loan Loss Reserve Fund	17(vii)								2,930,412	2,930,412
Transactions with owners:										
Issue of shares	16	30,313,957	-		-	-	-	-	-	30,313,957
At end of year		354,873,462	158,045,946	381,889,970	93,204,946	-	30,008,897	51,281,980	3,740,394	1,073,045,595

At end of year The notes on pages 42 to 75 form an integral part of these financial statements.

Report of the independent auditor - pages 34 to 36.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2024

Year ended 31 December 2023	Notes	Share capital Shs	Statutory reserve Shs	Appropriation reserve Shs	RMF Reserve fund Shs	Revaluation reserve Shs	Fair value reserve Shs	Dividend account Shs	Loan Loss Reserve Shs	Total Shs
At start of year		291,174,220	110,616,931	302,750,747	80,204,946	71,987	25,647,231	43,669,848	511,129	854,647,039
Total comprehensive income:		-	-	108,296,631	-			-		108,296,631
Transfer of depreciation on revalua	17 (iv)	-	-	71,987	-	(71,987)	(1,509,808)	-		(1,509,808)
Honoraria and staff bonus	18 (iv)			(6,780,000)		-				(6,780,000)
Transfer to statutory reserve	17 (iv)	-	21,659,326	(21,659,326)	-	-	-	-		-
RMF Reserve Transfer	17 (iii)	-	-	-	5,000,000	-	-	-		5,000,000
Dividend paid	17 (ii)	-	-	-	-	-	-	(43,669,848)		(43,669,848)
Transactions with owners:						-				
Issue of shares	16	33,385,285	-	-	-	-	-	-		33,385,285
Loan Loss Reserve Fund	17 (vii)	-	-	-	-	-	-	-	298,853	298,853
Proposed Dividend 2023	17 (vi)	-	-	(45,096,845)	-	-	-	45,096,845		-
At end of year		**324,559,505**	**132,276,257**	**337,583,194**	**85,204,946**	**0**	**24,137,423**	**45,096,845**	**809,982**	**949,668,152**

At end of year The notes on pages 42 to 75 form an integral part of these financial statements.

Report of the independent auditor - pages 34 to 36.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2024

	Notes	2024 Shs	2023 Shs
Cash from operating activities			
Interest income	2 (a)	673,839,564	598,633,336
Other interest income	2 (b)	131,583,143	114,083,823
Other operating income	2 (c)	98,161,432	75,465,934
Interest payments	14	(501,144,489)	(441,509,259)
Payment to employees and suppliers		(167,491,622)	(142,192,606)
Net cash from operating activities		234,948,028	204,481,228
Cash (used in) loans and advances and other receivables			
Advances to members	8	(4,395,442,578)	(3,825,707,428)
Loan repayments	8	3,661,655,533	3,369,146,323
Increase in receivables and prepayments		(5,766,927)	(24,243,526)
Cash from deposits and other payables			
Deposits received	15	9,173,594,000	8,175,530,380
Withdrawals	15	(8,492,831,856)	(7,581,684,290)
Increase/Decrease in other payables		(19,655,471)	(9,085,539)
Net cash from/(used in) operating activities before			
income taxes		156,500,729	308,437,148
Income tax paid		(29,101,715)	(24,296,209)
Net cash from/(used in) operating activities		127,399,014	284,140,939
Investing activities			
Purchase of property and equipment	11	(751,784)	(2,623,114)
Purchase of intangible assets	12	(11,287,639)	(13,490,496)
Purchase of financial assets	9	-	(9,819,998)
Settlement for Milimani plots		20,615,800	9,305,400
Dividends received	2(d)	4,395,037	5,027,599
Net cash (used in) investing activities		12,971,414	(11,600,609)
Financing activities			
Proceeds from shares issue	16	30,313,957	33,385,285
Loan Loss Recovered		2,930,412	298,853
Dividends paid		(45,096,845)	(43,669,848)
RMF Proceeds		8,000,000	5,000,000
Net cash from financing activities		(3,852,476)	(4,985,710)
Increase/(decrease) in cash and cash equivalent		136,517,952	267,554,620
Cash and cash equivalents at start of year		1,403,379,223	1,135,824,603
Cash and cash equivalents at end of year	6	**1,539,897,175**	**1,403,379,223**

The notes on pages 15 to 49 form an integral part of these financial statements.

Report of the independent auditor - pages 34 to 36.

1. Significant Accounting Policies

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

a) Basis of preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). They are presented in Kenya Shillings (Kshs), which is also the functional currency, rounded to the nearest shilling. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

i Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

ii Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

iii Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The financial performance of the society is set out in the director's report and in the statement of comprehensive income. The financial position of the society is set out in the statement of financial position. Disclosures in respect of risk management are set out in note 20.

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.

All new and revised standards and interpretations that have become effective for the first time in the financial year beginning 1 January 2020 have been adopted by the society. Of those, the following has had an effect on the society's financial statements:

International Financial Reporting Standards 9 (IFRS 9): Financial Instruments

The society has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The society did not early adopt IFRS 9 in previous periods.

As permitted by IFRS 9, the society has elected to continue to apply the hedge accounting requirements of IAS 39.

Consequently, for notes and disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes and disclosures repeat those disclosures made in the prior year.

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'.

New standards, amendments and interpretations issued but not effective

At the date of authorisation 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:

i 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.

ii 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.

iii 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.

iv 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 amostised cost classification.

v 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.

vi IFRIC 23 'Uncertainty over Income Tax Treatments' (issued June 2017) effective for annual periods beginning on or after 1 January 2019 clarifies the accounting for uncertainties in income taxes.

The directors do not expect that adoption of the other standards and interpretations will have a material impact on the financial statements in future periods. The society plans to apply the changes above from their effective dates.

B) Critical Accounting Estimates And Judgements

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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

i. Measurement of expected credit losses (ECL):

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

a Determining criteria for significant increase in credit risk;

b Choosing appropriate models and assumptions for the measurement of ECL;

c Establishing the number and relative weightings of forward-looking scenarios for each type ofproduct/market and associated ECL; and

d Establishing groups of similar financial assets for the purposes of measuring ECL

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

Stage 2 - When there is a significant increase in credit risk since initial recognition, these nonimpaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.

When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

c) Key Sources Of Estimation Uncertainty I Measurement Of Expected Credit Losses (Ecl) (Continued):

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will payments that are more than 90 days overdue will represent credit impairment (stage 3). The society uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

i Fair value of other financial instruments

In estimating the fair value of an asset or a liability, the society uses market-observable data to the extent it is available. Where level 1 inputs are not available, the society makes use of financial models or engages third party qualified values to perform the valuation and provide inputs to the

The valuation of other financial instruments is described in more detail in Note 9.

ii 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.

D) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the performance of services, in the ordinary course of business.

The society recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the society and when the specific criteria have been met for each of the society's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The society bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

Interest income and expense

Interest income is accrued by reference to time in relation to the principal outstanding using the effective interest rate applicable.

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

Fee and commission income

Fees and commission income, including account servicing fees and mobile banking commisions are generally recognised on an accrual basis when the service has been provided.

Other income

i Entrance fee is recognised when a new member joins the society.

ii Dividend is recognised when the right to recieve income is established. Dividend are reflected as a component of other operating income based on the underlying classification of the equity instrument.

iii Rental income is accrued by reference to time on a straight line basis over the lease term.

iv Interest income is accrued by reference to time in relation to the principal outstanding and the effective interest rate applicable.

e) Property and Equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation except as stated below. Historical cost comprises expenditure initially incurred to 'bring the asset to its location and condition ready for its intended use.

Land and buildings and motor vehicles are subsequently shown at market value, based on periodic 'valuations less subsequent depreciation.

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

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

Increases in the carrying amount arising on revaluation are credited to other comprehensive 'income except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously expensed.

Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to statement of comprehensive income) and depreciation based on the asset's original cost is transferred from the retained earnings to revaluation reserve.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the society and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of comprehensive income during the financial year in which they are incurred.

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

	Rate (%)
Land and building	Nil
Motor vehicle	25
Computers and accessories	33.3
Equipment, furniture and fittings	12.5

The assets' residual values and lives are reviewed, and adjusted if appropriate at each balance sheet date.

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

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

f) Investment Property

Investment property is long-term investments in land and buildings that are not occupied substantially for own use. Investment property is initially recognised at cost and subsequently carried at fair value representing open market value at the reporting date Changes in fair value are recorded in statement of comprehensive income.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognised as an expense in the year which it is incurred.

Gains and losses on disposal of investment property is determined by reference to their carrying amount and are taken into account in determining operating surplus.

g) Intangible Assets - Computer Software

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Accounting software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straightline basis at the rate of 33.33% per annum.

h) Impairment Of Non-Financial Assets And Intangible Assets Other Than Goodwill

At the end of each reporting period, Society reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

i) Financial Instruments

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

Financial Assets

Financial assets are initially recognised 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 recognised at fair value and transaction costs are expensed in profit or loss.

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

Amortised 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 are not designated at Fair Value Through Profit or Loss (FVTPL), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'interest and similar income' using the effective interest rate method.

Fair Value Through Other Comprehensive Income (FVTOCI): 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 gain or losses, interest revenue and foreign exchange gain and losses. Gains and losses previously recognised in OCI are reclassified from equity to profit or loss on disposal of such instruments. Gains and losses related to equity instruments are not reclassified.

Fair Value Through Profit or Loss (FVTPL): Financial assets that do not meet the criteria for amortised 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 recognised in profit or loss.

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.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement will not comprise SPPI.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The society determines the business models at a level that reflects how societies financial assets are managed together to achieve a particular business objective. The society's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The society has more than one business model for managing its financial instruments which reflect how the society manages its financial assets in order to generate cash flows. The society's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The society considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the society does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The society takes into account all relevant evidence available such as:

i how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

ii the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and how managers of the business are compensated (e.g. whether the compensation is based on the fair

iii value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the society determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The society reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the society has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/

loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Financial instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Impairment

The society recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

a Cash and cash equivalents

b Loans and advances

c Other financial assets

No impairment loss is recognised on investments measured at FVTPL.

ECLs are required to be measured through a loss allowance at an amount equal to:

a 12-month expected credit loss (ECL), i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

b full lifetime EC**L,** i.e. lifetime ECL that result from all possible default events over the life of the financial instrument. (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the12-month ECL. More details on the determination of a significant increase in credit risk are provided in note 20.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the society under the contract and the cash flows that the society expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the society if the holder of the commitment draws down the loan and the cash flows that the society expects to receive if the loan is drawn down.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the society expects to receive from the holder, the debtor or any other party.

The society measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate (EIR), regardless of whether it is measured on an individual basis or a collective basis.

More information on measurement of ECLs is provided in note 20 (b), including details on how instruments are grouped when they are assessed on a collective basis.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

a contractual payments that are more than 90 days overdue;

b significant financial difficulty of the borrower or issuer;

c a breach of contract such as a default or past due event;

d the lender of the borrower, for economic or contractual reasons relating to the borrower's

e financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

f the disappearance of an active market for a security because of financial difficulties; or

g the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired. The society assesses whether all new and revised standards and interpretations that have become effective for the first time credit-impaired at each reporting date. To assess the if sovereign and corporate debt instruments are credit impaired, the society considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

Modification And Derecognition Of Financial Assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The society renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The society has an established forbearance policy which applies for corporate and retail lending.

When a financial asset is modified, the society assesses whether this modification results in derecognition. In accordance with the society's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the society considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;

A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

If the difference in present value is greater than 10% the society deems the arrangement is substantially different leading to derecognition.

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The society monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the society determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- *the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with;*
- *the remaining lifetime PD at the reporting date based on the modified terms.*

Where a modification does not lead to derecognition the society calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the society measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The society derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the society neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the society recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the society retains substantially all the risks and rewards of ownership of a transferred financial asset, the society continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the society retains an option to repurchase part of a transferred asset), the society allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write Off

Loans and debt securities are written off when the society has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the society determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.The society may apply enforcement activities to financial assets written off. Recoveries resulting from the society's enforcement activities will result in impairment gains.

Gains and losses on disposal of assets whose changes in fair value were initially recognised in profit or loss are determined by reference to their carrying amount and are taken into account in determining Profit before tax. On disposal of assets whose changes in fair value were initially recognised in equity, the gains/losses are recycled to the statement of profit or loss. Any resultant surplus/deficit after the transfer of the gains/losses are transferred to retained earnings.

Management classifies financial assets as follows:

Unquoted shares are classified as 'Change in fair value of other financial assets at fair value through other comprehensive income' financial instruments. The fair values of quoted investments are based on current bid prices at the reporting date. Where fair values cannot be reliably measured (unquoted investments), the society establishes fair value by using valuation techniques or carries these investments at cost less provision for impairment.

Cash in hand and balances with financial institutions, loan and advances and other receivables are carried at amortised cost.

Financial liabilities

The society's financial liabilities which include other payables, interest due and members deposits fall into the following categories:

Financial liabilities measured at amortised cost: These include other payables, interest due, members deposits and other creditors and accruals. These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised 'as interest expense in profit or loss under finance costs under the effective interest rate method.

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs.

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

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

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

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

Offsetting financial instruments

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

J) Accounting For Leases The Society As Lessee

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

The society as lessor; Assets leased to third parties under operating leases are included under investment property the statement of financial position.

Gains and losses on disposal of leased assets are determined by reference to their carrying amount and are taken into account in determining operating surplus.

k) Taxation

Current tax is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation applicable to the society.

In particular under section 19A (4) of the Income Tax Act, the society being a designated society that carries on business as a Credit and Savings Co-operative Society, income tax only arises on interest income from non-members and any other income not arising from activities relating to advance or deposit from members.

Deferred tax

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

i) Cash And Cash Equivalents

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

m) Investment Shares

Member interest are classified as equity where the entity has an unconditional right to refuse redemption of the members' shares.

Provisions in the Act, regulations or the Sacco by-laws impose unconditional prohibitions on the redemption of members' shares.

n) Reserves

i Statutory reserve

Transfers are made to the statutory reserve fund at a rate of 20% of net operating surplus after tax in compliance with the provision of section 47 (1 and 2) of the Co-operative Societies Act, Cap 490. This reserve is not distributable.

ii Fair value reserve

The fair value reserve arises on revaluation of other financial assets measured at fair value through other comprehensive income. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realised, is recognised in the statement of comprehensive income. Where a revalue financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in the statement of comprehensive income.

Gains and losses transferred from equity into statement of comprehensive income during the period are included in other gains and losses. The amounts in this reserve is not distributable.

iii Appropriation reserve

This comprises retained earnings and is distributable.

iv Revaluation reserve

This comprises surplus on revaluation of property and equipment and is not distributable.

v RMF reserve fund

Members make contributions to the society to cater for insurance cover over deceased member loan balances and funeral expense benefits. The cover for the current financial year is provided by APA. Contribution to this fund is currently set at Shs. 300 per member per month. The excess of members contributions over premium payments is recorded under RMF reserve fund.

The carrying amount at the end of the period is recognised in the statement of changes in equity and the surplus is available for distribution to members.

vi Dividends account

Dividend is recognised as a liability by transferring funds from retained earnings to dividend account. Proposed dividends are disclosed as a separate component of equity. This reserve is distributable.

o) Employee benefits

i) Retirement benefit obligation

The Society has a defined contribution plan for all employees on permanent and pensioble terms. The Society and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

A defined contribution plan is a pension plan under which the Society pays fixed contributions into a separate entity. The Society has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due.

p) Comparatives

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

2. Revenue	**2024 Shs**	**2023 Shs**
a) Interest income		
Interest on loans and advances to members		
BOSA	504,352,187	497,149,105
FOSA	169,487,377	101,484,231
Total interest income	673,839,564	598,633,336
b) Other interest income		
Interest on Saving reserve account	132,100	52,704
Interest on Call Deposit	25,663,539	19,195,570
Interest on fixed deposit account	52,015,931	64,508,106
Interest Treasury main ac	15,435,380	15,435,380
Interest on term deposits	38,336,193	14,892,063
	131,583,143	114,083,823
Total interest income	805,422,707	712,717,159
c) Interest expenses		
Interest on members deposits Note 14	549,912,595	488,541,594
Interest on special savings Note 14	12,617,802	12,602,895
Total interest expense	562,530,397	501,144,489
Net interest income	242,892,310	211,572,670
d) Other operating income		
Rental income	17,125,570	10,143,085
Loan clearance commission	27,101,210	24,322,959
Bankers cheque commission	3,245	550
Dividends	4,395,037	5,027,599
Entrance fee	311,950	2,176,930
FOSA Income	13,275,511	9,809,637
Income from RMF (Note 21)	40,120,816	28,387,792
Miscellaneous income	237,375	624,981
Total other operating income	**102,570,714**	**80,493,533**

The society recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the society and when the specific criteria have The Society's income comprises interest on loans both from BOSA and FOSA, commissions and investment in reputable institution.

3. Fair value (loss)/gain on available for sale financial assets

Fair value (loss)/gain on available for sale financial assets (Loss)/gain on valuation of financial assets during the year comprise the following:

Co-opholdings Co-operative Society Limited shares	5,871,474	(1,509,808)

4. Tax payable/recoverable	**2024 Shs**	**2023 Shs**
Balance brought forward	2,611,660	2,371,498
Tax paid	(2,611,660)	(2,371,498
Add: tax charge for the year	31,157,909	24,536,371
Less: Instalment tax paid	(26,490,055)	(21,924,711)
Tax due/recoverable	4,667,854	2,611,660

5. Tax	**2024 Shs**	**2023 Shs**
Current tax	31,157,909	24,536,371
	31,157,909	24,536,371

The tax on the society's operating surplus before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2024 Shs	2023 Shs
Reconciliation of the expense Surplust before tax	160,006,354	132,833,002
Tax calculated at a tax rate of 30%	48,001,906	39,849,901
Tax effects of:		
expenses not deductible for tax purposes	224,396,120	198,113,307
income not subject to tax	(241,240,117)	(213,426,837)
Tax charge	31,157,909	24,536,371

6. Cash and cash equivalents

Cash and cash equivalents at the end of the year comprise:-

	2024 Shs	2023 Shs
Cash in hand	73,161,349	42,471,041
Cash at bank	98,252,341	102,229,554
Treasury Bills/Bonds	130,000,000	130,000,000
Short term Investments	1,238,483,485	1,128,678,628
Total	**1,539,897,175**	**1,403,379,223**

a

	2024 Shs	2023 Shs
As Held in:		
Cash at Hand		
Safaricom Paybills	55,550,983	30,416,772
Cash held in FOSA	17,610,366	12,054,269
Total Cash at hand	**73,161,349**	**42,471,041**

b) Cash at Bank	**2024 Shs**	**2023 Shs**
Current Accounts		
Co-operative Bank-Current A/C	21,002,609	59,201,330
Co-operative Bank-Current FOSA A/C	3,319,800	1,646,932
National Bank of Kenya	64,117,668	31,859,138
Family Bank	330,400	330,400
Sub-Total	88,770,477	93,037,800
Savings Accounts		
Co-operative Bank-RMF Saving A/C	3,388,469	3,098,359
Kenya Commercial Bank Staff Mortgage	6,093,395	6,093,395
Sub-Total	9,481,864	9,191,754
Total Cash at Bank	98,252,341	102,229,554
c) Treasury Bonds		
Central Bank of Kenya	130,000,000	130,000,000
Total	130,000,000	130,000,000

d) Short Term Investments	**2024 Shs**	**2023 Shs**
Cooperative Insurance Consultancy (CIC) Money Market	154,847,937	136,825,286
Madison Investment Management Ltd	527,010,564	523,288,145
Kenya Commercial Bank (KCB) Investment A/C	15,185,123	6,000,449
Co-perative Bank Reserve A/C	1,575,561	1,321,180
KUSCCO Central Finance	-	1,585,208
Kenya Sacco Central	100,000	100,000
Cooperative Bank Call Deposit	153,600,000	153,000,000
Cooperative Bank Fixed Deposit	-	103,338,932
Jubilee Insurance Fixed Income Fund	50,368,208	-
Standard Investment Bank-Fixed Income fund	50,797,424	-
Britam Investment Managers-Investment A/C	284,998,668	203,219,428
	1,238,483,485	1,128,678,628
Grand Total	**1,539,897,175**	**1,403,379,223**

The weighted average effective interest rate on short-term bank deposits at year-end was 10.4% (2023:10.4%).

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposit held at call with banks and investment in the money market instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

e The following provisions are made in respect of Society's investment in KUSCCO LTD:

1.	Shares held in KUSCCO Ltd	5,000,000
2.	Savings held in KUSCCO Central Finance Fund	2,785,208
		7,785,208

7. Receivables and Prepayments	**2024 Shs**	**2023 Shs**
Receivables	177,167,152	177,878,219
Insurance premium prepaid	12,286,446	6,042,174
Prepayments	7,661,264	5,433,446
Deceased loans due from insurance	16,890,364	17,180,175
Recoverable Deposit Levy Fund	8,091,924	7,166,164
Milimani Plot Debtors (Note 18(i))	22,996,790	25,612,590
	245,093,940	239,312,768
Ageing of receivables		
0 - 30 days	222,097,150	213,700,178
over 30 days	22,996,790	25,612,590
Total	**245,093,940**	**239,312,768**

a The Kshs.16,890,364 is unpaid claim arising from a group life Insurance Policy(Loan Guard) executed between Monarch and the Sacco. Muthomi & Karanja Advocates have take up the case which is scheduled for mention on 26th February 2025 for the pre-hearing conference.

b Receivables comprise the monthly deductions from members' salaries remitted through check off.

c The deposit levy of Kshs.8,091,924 for the current year has been classified as a receivable. This amount will be deducted from declared interest on deposits for the year 2024 when payable.

d Milimani plot debtors represents the amount unpaid by members who acquired plots. Ushuru Sacco Society took over the Milimani plots project arising from an agreement made by management of both UIC and the Sacco following a directive by SASRA to delink the operations of the two Societys.

In the opinion of the directors, the carrying amounts of receivables and prepayment approximate to their fair value. The directors are of the opinion that the society's exposure is limited because the debt is widely held.

The carrying amounts of the society's receivables are denominated in Kenya Shillings (Shs.)

8. Loans And Advances	**2024 Shs**	**2023 Shs**
At start of year	4,743,894,944	4,287,333,839
Granted during the year	4,395,442,578	3,825,707,428
Repaid during the year	(3,661,655,533)	(3,369,146,323)
	5,477,681,989	4,743,894,944
Provision for loan losses	(70,317,678)	(64,510,612)
At year end	5,407,364,311	4,679,384,332

Movement in provisions for impairment of loans	**2024 Shs**	**2023 Shs**
At start of year	64,510,612	54,702,455
Expected credit loss provision	5,807,066	9,808,157
At end of year	**70,317,678**	**64,510,612**

The **Kshs.5,807,066.00** is the increase arising from loan loss provision at **Kshs. 70,317,678.00** from **Kshs. 64,510,612.00** which has been charged to the income statement. This being the higher of the Expected Credit Loss (ECL) as required under IFRS 9 amounting to **Kshs. 70,317,678.00** and Loan Loss provision under the Sacco Society regulations 2010 amounting to **Kshs**. **69,647,162.00** as carried in Note 8 (i) and 8 (ii)

i. Loan loss provisions - Sacco Regulations			**Shs**	**Shs**
Year ended 31 December 2024				
Ageing of past due loans	**Amount**	**Percentage**	**Accounts**	**Required provision**
Perfoming	5,452,500,461	1%	12,611	54,525,005
Past due - 30 days	1,833,051	5%	17	91,653
Past due - up to 180 days	8,411,994	25%	52	2,102,999
Past due - up to 360 days	4,017,953	50%	40	2,008,977
Past due - Over to 360 days	10,918,530	100%	94	10,918,530
	5,477,681,989		12,814	69,647,162
Year ended 31 December 2023				
Ageing of past due loans	**Amount**	**Percentage**	**Accounts**	**Required Provision**
Perfoming	4,702,044,717	1%	11278	47,020,447
Past due - 30 days	8,122,364	5%	43	406,118
Past due - up to 180 days	15,973,611	25%	82	3,993,403
Past due - up to 360 days	9,327,217	50%	43	4,663,609
Past due - Over to 360 days	8,427,035	100%	44	8,427,035
	4,743,894,944		**11,490**	**64,510,612**

The Sacco having Contracted a vendor Zealtech Data Soliutions Ltd, in 2023 to develop IFRS 9 model through the system based on the variables described under noted 1 (b). Based on this model, the Expected Credit Loss (ECL) for the year 2024 is **Kshs. 70,317,678.00** as computed in 8 (ii) below

ii IFRS 9 - Expected Credit Loss (ECL)	**Gross amount Shs**	**2024 ECL allowance Shs**	**Carrying amount Shs**
Almasi loans	214,211	2,750	211,461
Car loans	578,115	7,421	570,694
Defaulter loans	52,313,549	671,555	51,641,994
Emergency loans	12,317,065	158,116	12,158,949
FOSA Pride	1,240,940,716	15,930,109	1,225,010,607
Jongea loans	31,212,505	400,679	30,811,826
M-Poa loans	125,169,084	1,606,811	123,562,273
Normal loans	2,354,854,682	30,229,559	2,324,625,122
Refinancing loans	956,531,191	12,279,109	944,252,082
Riziki loan	36,523,173	468,852	36,054,321
Salary Advance - 1M	663,676	8,520	655,156
Salary Advance - Check Off	35,976,020	461,829	35,514,191
Salary Advance - Non members	2,003,066	25,714	1,977,352
SASA loan	39,361,903	505,294	38,856,609
School fees loans	59,812,207	767,817	59,044,390
Shujaa loans	496,154,478	6,369,196	489,785,282
Tiba loans	33,056,350	424,348	32,632,002
	5,477,681,989	**70,317,678**	**5,407,364,311**

	Gross amount Shs	**2023 ECL allowance Shs**	**Carrying amount Shs**
Almasi loans	413,927	3,632	410,295
Car loans	1,547,977	13,584	1,534,393
Defaulter loans	30,813,764	270,406	30,543,358
Emergency loans	10,302,886	90,413	10,212,473
FOSA Pride	472,755,518	4,148,661	468,606,857
Jongea loans	19,621,498	172,188	19,449,310
M-Poa loans	116,561,535	1,022,885	115,538,650
Normal loans	2,303,817,961	20,217,130	2,283,600,831
Refinancing loans	1,027,803,378	9,019,478	1,018,783,900
Riziki loan	31,761,181	278,720	31,482,461
Salary Advance - 1M	568,725	4,991	563,734
Salary Advance - Check Off	40,222,329	352,971	39,869,358
Salary Advance - Non members	950,996	8,345	942,651
SASA loan	21,122,447	185,360	20,937,087
School fees loans	57,409,492	503,796	56,905,696
Shujaa loans	567,121,157	4,976,766	562,144,391
Tiba loans	41,100,173	360,674	40,739,499
	4,743,894,944	**41,630,000**	**4,702,264,944**

Loans to insiders

Insiders are deemed to be employees, members of supervisory committees and directors of the society. The following loans were granted to insiders:

	2024 Shs	2023 Shs
Total loans outstanding at end of year:	143,696,261	135,640,630
Loans to Directors	34,623,030	35,505,991
Loans to regional officials	40,422,516	35,325,759
Loans to Supervisory Committee members	8,923,770	10,543,010
Loans to other employees	59,726,945	54,265,870
	143,696,261	135,640,630

9. Other financial assets

Other financial assets comprise the following:

At start of year	46,062,554	37,752,364
Additions	-	9,819,998
Fair value gain/(loss)	5,871,474	(1,509,808)
	51,934,028	46,062,554
Fair value through other comprehensive income		
Co-opholdings Co-operative Society Limited 3,355,128 shares @ 8.50	28,518,588	22,647,114
KUSCCO ordinary 200,000 shares @ 100	15,000,000	20,000,000
Co-operative Insurance Society Limited 975,840 shares @ 3.50	3,415,440	3,415,440
Total other financial assets	46,934,028	46,062,554
Income from other financial assets at fair value through other comprehensive (Note 2d)	4,395,037	5,027,599

The fair values of other financial assets are categorised as follows:

Level 2: where fair values are based on adjusted quoted prices and observable prices of similar financial assets.

Level 3: where fair values are not based on observable market data.

	Level 2 Shs	Level 3 Shs	Total Shs
Year ended 31 December 2024			
Fair value through other comprehensive income	31,934,028	15,000,000	46,934,028
Year ended 31 December 2023			
Fair value through other comprehensive income	**26,062,554**	**20,000,000**	**46,062,554**

Credit risk primarily arises from the changes in the market value and the financial stability of the respective quoted companies.

Management monitors the credit quality of financial assets by:

a discussion at the management and board meetings;

b reference to external historical information available;

c discussions with the society's investment advisors;

The maximum exposure to credit risk as at reporting date is the carrying value of the financial assets as disclosed above.

None of the other financial assets are considered to be impaired and are dominated in Kenya shillings(Shs.).

10. Investment property	**Land Shs**	**Saachi Plaza Shs**	**centre Shs**	**2024 Shs**	**2023 Shs**
At start of year	73,250,000	25,000,000	239,250,000	337,500,000	337,500,000
Additions	-	-	-	-	2,000,000
Fair value (loss)/ gain	-	-	-	-	(2,000,000)
At end of year	**73,250,000**	**25,000,000**	**239,250,000**	**337,500,000**	**337,500,000**

The fair value of investment property was determined by reference to the market prices of similar properties 'of the type and in the area in which the property is situated. The valuation was carried out by Legend valuers and consultants limited an independent professional valuer with recent experience in the 'location and category of the investment property being valued.

The fair valuation of investment property is considered to represent a level 3 valuation based on significant 'non- observable inputs being the location and condition of the property, consistent with prior periods.

Management does not expect there to be a material sensitivity to the fair values arising from the 'non-observable inputs. There were no transfers between level 1, 2 or 3 fair values during the year.

The table above presents the changes in the carrying value of the investment property arising from these fair 'valuation assessments.

11. Property and equipment

	Land Shs	Buildings Shs	Motor vehicles Shs	Computers Shs	Equipment, furniture and fittings Shs	Total Shs
Cost						
At start of year	23,750,000	78,750,000	2,030,000	16,973,323	21,007,562	142,510,885
Additions	-	-	-	498,231	253,553	751,784
At end of year	23,750,000	78,750,000	2,030,000	17,471,554	21,261,115	143,262,669
Comprising:						
Cost	-	23,750,000	-	17,471,554	21,261,115	62,482,669
Revaluation	23,750,000	55,000,000	2,030,000	-	-	80,780,000
	23,750,000	78,750,000	2,030,000	17,471,554	21,261,115	143,262,669
Accumulated depreciation						
At start of year	-	-	2,030,000	14,495,201	12,302,136	28,827,337
Charge for the year	-	-	-	991,126	1,119,872	2,110,998
At end of year	-	-	2,030,000	15,486,327	13,422,008	30,938,335
Net book values	23,750,000	78,750,000	-	1,985,227	7,839,107	112,324,334
Year ended 31 December 2023						
Cost						
At start of year	23,750,000	78,750,000	2,030,000	15,831,086	19,598,768	139,959,854
Additions	-	-	-	1,214,320	1,408,794	2,623,114
Disposals	-	-	-	(72,083)	-	(72,083)
At end of year	23,750,000	78,750,000	2,030,000	16,973,323	21,007,562	142,510,885
Comprising:						
Cost	-	23,750,000	-	16,973,323	21,007,562	61,730,885
Revaluation	23,750,000	55,000,000	2,030,000	-	-	80,780,000
	23,750,000	78,750,000	2,030,000	16,973,323	21,007,562	142,510,885
Accumulated depreciation						
At start of year	-	-	1,557,500	13,257,997	11,058,504	25,874,001
Charge for the year	-	-	472,500	1,237,204	1,243,632	2,953,336
At end of year	-	-	2,030,000	14,495,201	12,302,136	28,827,337
Net book values	23,750,000	78,750,000	-	2,478,122	8,705,426	113,683,548

As at December 2024, Motor vehicle had been fully depreciated but was still in good condition. The motor vehicle will be revalued in the subsequent year.

Refer to Note 10 for discosure of the fair value for land and buildings.

12. Intangible Assets (Software)	**2024 Shs**	**2023 Shs**
Cost		
At start of year	35,655,820	29,288,406
Impairement	-	(7,123,082)
Additions	11,287,639	13,490,496
At end of year	46,943,459	35,655,820
Accumulated amortisation		
At start of year	3,488,902	7,123,082
Impairement	-	(7,123,082)
Amortisation charge	3,758,784	3,488,902
At end of year	7,247,686	3,488,902
Net book value	39,695,773	32,166,918

Amortisation of Shs.3,758,784 (2023:Shs.3,488,902) is included in other operating expenses in the statement of comprehensive income.

13. Other Payables	**2024 Shs**	**2023 Shs**
Sundry payables	8,032,724	8,727,473
Audit fee	400,000	375,000
Mpesa deposit account	267,116	353,721
Legend Valuers	280,000	280,000
Rent Deposit	3,994,569	3,844,449
Honoraria/staff bonus provision	7,490,000	6,780,000
Withdrawals payable	1,336,529	11,340,325
ATM, POS & VISA Clearing A/c	(1,164,884)	(628,211)
Milimani Plot Creditors	1,462,700	2,042,400
Other payables	5,767,234	3,012,302
Total other payables	27,865,988	36,127,459

In the opinion of the directors, the carrying amounts of other payables approximate to their fair value. The average credit period on purchases from suppliers is 30 days. No interest is charged on other payables.

The carrying amounts of the society's other payables are denominated in the Kenya Shillngs (Shs.).

14. Interest Due To Members	**2024 Shs**	**2023 Shs**
At the start of the year	501,144,489	441,509,259
Provisions for the year	562,530,397	501,144,489
Payments during the year	(501,144,489)	(441,509,259)
At end of year	562,530,397	501,144,489

The interest payable comprises of interest on members deposits at 10.4% (2023: 10.4%) and interest on Hifadhi savings at 7% (2023: 7%) both payable on a prorata basis as required under section 23(3) of the Sacco Societies regulation.

The carrying amounts of the society's interest due is denominated in Kenya Shillngs (Shs).

15. (a) Members' deposits	**2024 Shs**	**2023 Shs**
At the start of the year	4,991,303,789	4,441,238,366
Deposits during the year	1,125,139,758	996,233,755
Withdrawals/refunds during the year	(495,791,655)	(446,168,332)
	5,620,651,892	4,991,303,789
Members' Hifadhi savings		
At the start of the year	187,628,258	178,474,292
Deposits during the year	247,270,607	206,181,885
Withdrawals/refunds during the year	(245,972,251)	(197,027,919)
	188,926,614	187,628,258
Total member savings	5,809,578,506	5,178,932,047

There are no members holding more than 20% of total members deposits.The carrying amounts of the society's members' deposits are denominated in Kenya Shillngs (Shs).

(b) FOSA deposits

At the start of the year	201,005,536	166,378,835
Deposits during the year	7,801,183,635	6,973,114,740
Withdrawals/refunds during the year	(7,751,067,950)	(6,938,488,039)
	251,121,221	201,005,536

16. Share Capital	**2024 Shs**	**2023 Shs**
At start of year	324,559,505	291,174,220
Contributions for the year	30,313,957	33,385,285
At end of year	354,873,462	324,559,505
Comprising of:		
Paid up	354,500,500	324,185,500
Partly paid	373,021	374,005
	354,873,521	324,559,505

Share capital represents equity in the form of issued and fully paid up shares of common stock. The minimum share capital per member is Shs. 30,000 equivalent to 300 shares of Kshs. 100 each. Holders of ordinary shares are entitled to dividend as declared from time to time and are entitled to one vote per share at the general meetings of the Society.

17. Reserves

Included in the members balances are the following reserves which are as a result of statutory requirements:-

(i) Statutory reserve	**2024 Shs**	**2023 Shs**
At start of year	132,276,257	110,616,931
Transfer from appropriation reserve	25,769,689	21,659,326
At end of year	158,045,946	132,276,257

Reserves (continued)	**2024 Shs**	**2023 Shs**
(ii) Appropriation reserve		
At start of year	337,583,194	302,750,747
Honoraria and staff bonus	(7,490,000)	(6,780,000)
Surplus for the year	128,848,445	108,296,631
Transfer of excess depreciation	-	71,987
Transfer to statutory reserve	(25,769,689)	(21,659,326)
Proposed dividend	(51,281,980)	(45,096,845)
At end of year	381,889,970	337,583,194

(iii) RMF reserve fund	2024 Shs	2023 Shs
At start of year	85,204,946	80,204,946
RMF Proceeds	8,000,000	5,000,000
At end of year	93,204,946	85,204,946

RMF proceed; This is the excess amount over premium which was partially transferred to the income statement for distribution to members while the balance retained to improve the reserve.

(iv) Revaluation reserve		
At start of year	-	71,987
Transfer of excess depreciation	-	(71,987)
At start and end of year	-	-
(v) Fair value reserve		
At start of year	24,137,423	25,647,231
Fair value (loss)/gain on income from other financial assets at fair value through other comprehensive income	5,871,474	(1,509,808)
At end of year	30,008,897	24,137,423

(vi) Dividend account

The total proposed dividend for the year is 15% of share Capital

	2024 Shs	2023 Shs
Proposed during the year	51,281,980	45,096,845
At end of year	51,281,980	45,096,845
(vii)Loan Loss Reserve	809,982	511,129
During the year	2,930,412	298,853
At end of year	3,740,394	809,982

The loan loss reserve relate to recovered amounts from previous year loan write-offs which have been capitalized as per Sacco rules and regulations 2010 section 45(3).

18. Related Party Transactions	2024 Shs	2023 Shs
(i) Milimani Land project		
Outstanding Balances arising from Milimani Plots		
Opening Balance B/f	43,612,590	52,917,990
Adjustment/Off sets	(20,615,800)	(9,305,400))
Milimani Plot Balances	22,996,790	43,612,590
Comprising of:		
Milimani Plot Debtors	22,996,7900	25,612,590.00
Available assets for Sale	0	18,000,000.00
	22,996,790	43,612,590

Available assets for sale represents Milimani plots unsold @ Kshs.2,000,000 each.

(ii) Key management personnel remuneration		
Short term employee benefits	22,852,993	19,617,364
Post employment benefits	3,958,622	3,648,122
	26,811,615	23,265,486

(iii). Insider loans	Directors Shs	Staff Shs	Total Shs
As at start of the year (1st January)	40,760,590	43,618,225	84,378,815
Granted during the year	23,123,731	63,855,370	86,979,101
Repayments	(20,351,550)	(47,746,650)	(68,098,200)
At the end of the year (31st December)	43,532,771	59,726,945	103,259,716

All loans issued to the Society's Board of Directors as well as the members of staff are reported as insider lending. The Society issues this credit at arm's length and there is no preferential treatment given to either the Board or Staff when applying for a facility.All insider loans are well documented and are performing.

	2024	2023
(iv). Expenditure to the Board	**Shs**	**Shs**
Provision for Honoraria	3,670,000	3,550,000
Board training	7,544,739	7,278,936
Board sitting allowances	7,214,039	7,389,293
Board travel and other expenses	7,388,156	7,931,034
Board insurance	893,332	699,963
	26,710,266	26,849,226

19. Commitments

Contractual commitments for the System acquisition and Mobile Banking

At the reporting date there were no contractual obligations

20. Risk management objectives and policies

Financial risk management

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

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

Risk management is carried out by the board of directors and focuses on overall risk management, as well specific areas, such as liquidity risk,interest rate risk, credit risk, and investment of excess liquidity.

(a) Market risk

i. Interest rate risk

The society's exposure to interest rate risk arises from loans and advances and members' deposits.

Financial assets and liabilities advanced and obtained at different rates expose the society to interest rate risk. Financial assets and liabilities obtained at fixed rates expose the society to fair value interest rate risk, except where the instruments are carried at amortised costs.

The table below summarises the effect on post-tax surplus had interest rates been 1 percentage point higher, with all other variables held constant. If the interest rates were lower by 1 percentage point, the effect would have been the opposite.

	2024	2023
	Shs	**Shs**
Effect on surplus - arising from loans and advance - increase	**44,922,638**	**39,409,633**
Effect on surplus - arising from members balances - (decrease	**(37,502,026)**	**(33,409,633)**

(b) Credit risk

Credit risk is the risk of suffering financial loss, should any of the society's member fail to fulfil their contractual obligations to the society. Credit risk arises mainly from member's loans and advances. The members loans and advances are mostly secured by guarantees of other members and members' deposits.

Credit risk is the single largest risk for the society's business; the directors therefore carefully manage the exposure to credit risk. The credit risk management and control are centralised in a credit risk commitee, which reports to the board of directors.

i) Credit risk measurement

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

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed by obtaining guarantees from members. Credit risk in the society, is also managed through a framework of policies and procedures. Origination and approval roles are segregated with different levels of the credit committee having authorities to approve loans upto a certain amount based on their position in the organization hierarchy.

The society's credit committee is responsible for managing the society's credit risk by;

- i Ensuring that the society has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the society's stated policies and procedures, IFRSs and relevant supervisory guidance.
- ii Identifying, assessing and measuring credit risk across the society, from an individual instrument to a portfolio level.
- iii Creating credit policies to protect the society against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposure against internal risk limit.
- iv Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- v Developing and maintaining the society's risk grading to categories exposure according to the degree of risk of default. Risk grades are subject to regular reviews.
- vi Developing and maintaining the society's risk processes for measuring Expected Credit Loss including monitoring of credit risk, incorporating forward looking information and the method used to measure ECL.
- vii Ensuring the society has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- viii Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk to account for ECL. Providing advice, guidance and special skills business units to promote best practice in the management of credit risk.

The internal audit function performs regular audit to make sure that the established controls and procedures are adequately designed and implemented.

Significant increase in credit risk

The society monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been an increase in significant risk the society will measure the loss allowance based on the lifetime rather that 12 - months ECL.

Internal credit risk rating

The society takes on exposure to credit risk which is the risk of financial loss to the society if a member or counterparty to a financial instrument fails to meet its contractual obligations.

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

To aid credit managers in portfolio management, regular internal risk management reports contain information on key environmental and economic trends across major portfolios, portfolio delinquency and loan impairment performance as well as information on migration across credit grades and other trends. Expected loss is the long-run average credit loss across a range of typical economic conditions. It is used in the delegation of credit approval authority and must be calculated for every transaction to determine the appropriate level of approval.

Incorporation of forward looking information

The society uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The society's employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The society applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the society for strategic planning and budgeting. The society has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The society has not made changes in the estimation techniques or significant assumptions made during the reporting period.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the portfolios of financial assets have been developed based on analysing historical data over the past 3 years. The society has correlation between the macroeconomic factors and the experienced credit losses. Therefore these factors do not have a material impact on the ECL.

Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information where it may have a material impact on the ECL.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering thecontractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and the calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The society's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The society uses EAD models that reflect the characteristics of the portfolios.

The society measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the society's contractual ability to demand repayment and cancel the undrawn commitment does not limit the society's exposure to credit losses to the contractual notice period. For such financial instruments the society measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the society does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are canceled only when the society becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the society expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

The ECL calculation for accounting purposes is different to the provisions calculation for regulatory purposes. The society has ensured that the appropriate methodology is used when calculating ECL for both accounting purposes. The main differences between the methodologies used to measure ECL in accordance with IFRS 9 versus the ones applied for regulatory purposes are as disclosed on Note 8 of the financial statements. Any excess in regulatory provisions over IFRS 9 ECLs are accounted for as an appropriation from retained earnings into a loan loss reserve.

Groupings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

i Instrument type;
ii Credit risk grade;
iii Collateral type;
iv Remaining term to maturity;
v Industry/economic sector; and
vi Geographic location of the borrower.

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

Loans and advances to customers	**Stage 1** 12 Months ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
Year ended 31 December 2024	**Shs**	**Shs**	**Shs**	**Shs**
Almasi loans	48,907	116,855	48,449	214,210
Car loans	101,472	-	476,643	578,115
Defaulter loans	43,945,327	921,737	7,446,486	52,313,549
Emergency loans	3,944,921	8,017,863	354,281	12,317,065
FOSA Pride	1,151,279,645	89,661,072	-	1,240,940,717
Jongea loans	11,132,642	19,956,073	123,790	31,212,505
M-Poa loans	125,169,084	-	-	125,169,084
Normal loans	670,162,272	1,679,115,900	5,576,509	2,354,854,681
Refinancing loans	243,543,228	710,666,190	2,321,773	956,531,191
Riziki loan	36,523,173	-	-	36,523,173
Salary Advance - 1M	663,676	-	-	663,676
Salary Advance - Check Off	25,960,991	9,158,785	856,244	35,976,020
Salary Advance - Non members	1,010,885	776,198	215,983	2,003,066
SASA loan	39,361,903	-	-	39,361,903
School fees loans	16,590,685	42,768,014	453,508	59,812,207
Shujaa loans	166,289,812	327,853,524	2,011,143	496,154,479
Tiba loans	9,230,056	23,749,455	76,840	33,056,350
Total gross credit exposure	2,544,958,679	2,912,761,664	19,961,647	5,477,681,989
Expected credit loss provision	(3,945,130)	(64,456,659)	(1,915,889)	(70,317,678)
Net credit exposure	2,541,013,549	2,848,305,005	18,045,758	5,407,364,311

	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
	ECL	ECL	ECL	
Year ended 31 December 2023	Shs	Shs	Shs	Shs
Almasi loans	365,479	-	48,448	413,927
Car loans	101,472	969,862	476,643	1,547,977
Defaulter loans	3,710,617	24,996,361	2,106,786	30,813,764
Emergency loans	7,921,010	-	2,381,876	10,302,886
FOSA Pride	314,040,188	158,715,330	-	472,755,518
Jongea loans	2,737,741	16,612,391	271,366	19,621,498
M-Poa loans	116,561,535	-	-	116,561,535
Normal loans	1,240,940,717	1,060,836,612	2,040,633	2,303,817,961
Refinancing loans	69,823,633	956,531,191	1,448,555	1,027,803,378
Riziki loan	31,761,181	-		31,761,181
Salary Advance - 1M	444,935	-	123,790	568,725
Salary Advance - Check Off	37,983,998	1,593,134	645,197	40,222,329
Salary Advance - Non members	950,996	-	-	950,996
SASA loan	4,315,525	16,806,922	-	21,122,447
School fees loans	31,116,739	25,419,536	873,217	57,409,492
Shujaa loans	83,546,065	480,240,919	3,334,173	567,121,157
Tiba loans	23,749,455	11,884,343	5,466,376	41,100,173
Total gross credit exposure	1,970,071,284.50	2,754,606,600	19,217,060	4,743,894,944
Expected credit loss provision	(1,239,760)	(33,455,114)	(6,935,126)	(41,630,000)
Net credit exposure	**1,968,831,525**	**2,721,151,486**	**12,281,934**	**4,702,264,944**

Collateral held as security

The society holds collateral against all loans and advances to members in the form of cash, fixed assets such motor vehicle and other members guarantees. The society has developed specific policies and guidelines for the acceptance of different classes of collateral.

Estimates of the collateral's fair values are based on the value of collateral independently and professionally assessed at the time of borrowing, and re-valued with a frequency commensurate with nature and type of the collateral and credit advanced. Collateral structures and covenants are subjected to regular review to ensure they continue to fulfill the intended purpose. Collateral is generally not held in respect of deposits and balances due from banking institutions, items in the course of collection and Government securities.

(c) Liquidity risk

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

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

The table below analyses assets and liabilities into the relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

Year ended 31 December 2024	Current to 1 year	1 to 5 years	Total
	Shs	Shs	Shs
Member savings	188,926,614	5,620,651,892	5,809,578,506
Other payables	27,865,988	-	27,865,988
Interest due to members	562,530,397	-	562,530,397
	779,322,999	-	6,399,974,891

Year ended 31 December 2023	Current to 1 year	1 to 5 years	Total
	Shs	Shs	Shs
Member savings	187,628,258	4,991,303,789	5,178,932,047
Other payables	36,127,459	-	36,127,459
Interest due to members	501,144,489	-	501,144,489
	724,900,206	-	5,716,203,995

21. Risk Management Fund

Statement of income and expenditure	2024	2023
Income	Shs	Shs
Members contributions during the year	30,526,145	27,733,984
Premiums on loans issued	27,343,768	21,490,731
Total income	57,869,913	49,224,715
Other income		
Interest earned	15,110,959	8,961,556
Total other income	15,110,959	8,961,556
Total income	72,980,872	58,186,271
Expenses		
Loan Write-Off	3,946,882	0
Funeral expenses paid	760,000	160,000
Committee expenses	1,068,556	1,068,556
Other RMF Expenses	1,160,000	0
Insurance premium	17,924,618	23,569,923
Total claims	24,860,056	24,798,479
Surplus before appropriation	48,120,816	33,387,792
Transfer to RMF Reserve	8,000,000	5,000,000
Net surplus for the year	40,120,816	28,387,792

Risk management fund is a source of fund contributed by the members for insurance of loans.

This fund is reinsured by the APA Insurance by paying a premium to cover all the loans in case of death or permanent disability of a member.

The net surplus on this fund after deducting all the directly related expenses is recognized as other income on the society's accounts.

22. Capital Management

Internally imposed capital requirements

The Society's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to members and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the society consists of net debt calculated as member's deposit (as shown in the statement of financial position) less cash and cash equivalents and equity (comprising share capital, reserves and dividend account). The directors reviews the capital structure on a monthly basis. As part of this review, the directors considers the cost of capital and the risks associated with each class of capital.

The (SACCO) is subject to externally imposed capital requirements as per Societies Regulatory Authority (SASRA). These requirements are designed to ensure the SACCO maintains financial stability and protects member deposits. The Sacco is required to maintain Core Capital to asset ration of 10%, Institutional Capital to Asset ratio of 8% and Liquidity ratio of 15%. As at 31st December 2024, the Sacco had complied with all the regulatory requirements.

The Society has a dividend policy that permits dividend to be paid if the Board of Directors finds that the payments are sustainable, after taking into account the sufficiency of distributable reserves and liquidity in order to ensure the Society's operational needs and/or business growth are not limited by the unavailability of funds.

The Society was licenced by Sacco Societies Regulatory Authority (SASRA) effective 1st January 2020.

Gearing Ratio	**2024 Shs**	**2023 Shs**
Debt	5,809,578,506	5,178,932,047
Total Equity	1,073,045,595	949,668,152
Total Capital	6,882,624,101	6,128,600,199
Gearing Ratio	**84.41%**	**84.50%**

23. Governance Expenses	**2024 Shs**	**2023 Shs**
Annual Delegates Meeting (ADM) expenses	5,997,352	4,736,569
Delegates education	4,735,050	4,248,808
Members education	5,548,356	3,713,492
Board and Regional officials training	7,544,739	7,278,936
Board sitting allowances	7,214,039	7,389,293
Board travel and other expenses	7,388,156	7,931,034
Regional meeting expenses	3,563,336	1,121,530
Ushirika day celebrations	864,000	958,500
Total governance expenses	**42,855,028**	**37,378,162**

24. Administrative Expenses	2024 Shs	2023 Shs
Employment:		
Salaries and wages	57,323,237	47,440,188
Staff medical	5,292,033	4,430,197
Staff GPA insurance	806,710	111,147
National Social Security Fund	756,902	373,199
Provident fund	3,201,720	3,063,625
Housing Levy Employer	638,341	331,269
Staff education	6,729,558	4,327,605
Total employment costs	74,748,501	60,077,230
Other administrative expenses:		
Travel and subsistence	4,053,800	3,613,600
Printing and stationery	904,108	1,610,789
Cash in transit expenses	1,372,380	713,250
Audit fees	800,000	750,000
Supervision and filing fee	80,200	75,200
VAT charge non recoverable	128,000	120,000
Strategic plan and consultancy expenses	3,074,778	5,668,741
Legal fees	2,721,975	965,900
Bank charges	969,267	961,229
Subscription and donations	361,317	384,700
Entertainment	987,737	1,164,283
Telephone and postage and airtime	960,621	907,381
Marketing, publicity and advertisement	7,410,654	8,081,265
Motor vehicle expenses	430,619	613,996
Social Responsibilty Expenses	1,684,000	1,228,600
Computer expenses	7,101,359	5,931,481
Sundry expenses	714,149	573,941
Cleaning expenses	2,146,623	2,136,468
Insurance Management-Property	893,332	699,963
Total other administrative expenses	36,794,919	36,200,787
Total administrative expenses	**111,543,420**	**96,278,017**

25. Other Operating Expenses	2024 Shs	2023 Shs
Establishment:		
Depreciation on property and equipment	2,110,998	2,953,336
Amortisation of intangible assets	3,758,784	3,488,902
Rates and rent	777,086	381,661
Security expenses	3,132,000	3,094,000
Water, fuel and electricity	4,974,074	3,391,736
Interest Expense on savings	1,015,071	258,645
Dividend Expenses	17,500	-
Repair and maintenance	1,680,435	2,200,585
Total other operating expenses	17,465,948	15,768,865
26. Honoraria and staff bonus		
Honoraria to Board and Regional officials	3,670,000	3,550,000
Staff bonus	3,820,000	3,230,000
	7,490,000	**6,780,000**

27. Deferred Tax

Defered tax relates to the temporary differences arising from revaluation surplus on property and equipment and fair values changes in investment in shares held with Co-opholding Co- operative Society Limited, Co-operative Insurance Society Limited and KUSCCO Limited. No provision has been made as the amount is not material.

28. Incorporation

Ushuru Savings and Credit Co-operative Society Limited is registered in Kenya under the Cooperative Societies Act, (Cap. 490) and is domiciled in Kenya. The Society is licensed by

29. Presentation Currency

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


FiRe
FINANCIAL REPORTING AWARD
Awards 2024
USHURU SACCO SOCIETY
LIMITED
1st Runner Up
Sacco Category

NOTES

MOMBASA OFFICE

Custom House, 2nd Floor
P.O Box 90601, Mombasa
T: 020 7608700
E: info@ushurusacco.com

MAIN OFFICE

Ushuru Sacco Centre, Wood Avenue, Kilimani, Nairobi
P.0 Box 52072 - 00200
T: 020 7608700
E: info@ushurusacco.com

KISUMU OFFICE

Lake Basin Mall
Upper Ground Floor, Room No. 31
P.O Box 1970, Kisumu
T: 020 7608700
E: info@ushurusacco.com

USHURU
SACCO SOCIETY LIMITED
Huduma Maradufu

ELDORET OFFICE

Kiptagich House, 4th Floor
P.O Box 402, Eldoret
T: 020 7608700
E: info@ushurusacco.com