



UTAFITI
SACCO SOCIETY

UTAFITI REGULATED NON-WDT-SACCO SOCIETY LTD

CS/2959

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024



CONTENTS	PAGE
Society Information	1
Report of the directors	2
Financial and statistical information	3
Statement of directors' responsibilities	4
Report of the independent auditor	5 -7
Financial Statements:	
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes	12 - 26

Utafiti Regulated Non-Wdt-Sacco Society Ltd-CS/2959

Financial statements

For the year ended 31 December 2024

SOCIETY INFORMATION

Board of Directors	Jane Karanja	Chairperson
	Lucy Muthui	Vice Chairperson
	Barack Wanjawa	Hon. Secretary
	Symon Chebor	Treasurer
	Grace Miceka	Member
	Isaac Manyeki	Member
	Elvira Omondi	Member
Credit Committee	Sanni Kayode	Member
	Grace Miceka	Chairperson
	Elvira Omondi	Secretary
Education Committee	Isaac Manyeki	Member
	Lucy Muthui	Chairperson
	Sanni Kayode	Secretary
Supervisory Committee	Barack Wanjawa	Member
	Sylvia Kamau	Chairperson
	Frank Odhiambo	Secretary
Chief Executive Officer	Beatrice Mutahi	Member
	Jane Mbogo	
Registered Office	Utafiti Regulated Non-WDT-SACCO Society Ltd ILRI Nairobi Campus P. O. Box 30709 - 00100 Nairobi	
Independent Auditor	Crowe COR LLP Certified public accountants 2 nd Floor, Symbion House Africa Reit Lane, off Dagoretti Road Karen P.O. Box 583 - 00502 Nairobi	
Principal Bankers	NCBA Bank Kenya Plc NCBA Centre Upper Hill P.O. Box 44599-00100 Nairobi, Kenya Stanbic Bank Kenya Stanbic Centre, Chiromo P.O. Box 30550-00100 Nairobi, Kenya	

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2024 which present the society's financial position as at 31 December 2024 and its financial performance and cash flows for the year then ended and in accordance with the regulations of Sacco Societies Regulatory Authority (SASRA).

Incorporation

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

Principal activity

The principal activity of the society is to promote thrift amongst its members. This affords the members an opportunity for accumulating savings and thereby create a source of funds from which loans can be advanced to members for provident, development and other purposes at reasonable interest rate.

Results

	2024 Shs	2023 Shs
Profit before tax	18,924,744	16,320,743
Income tax expense	(5,470,957)	(4,601,159)
Profit for the year	13,453,787	11,719,584
Interest on members' deposits	82,700,000	66,651,991
Dividends on members' share capital	6,504,217	6,131,842

Dividend and interest

The directors have recommended payment of 14% (2023 15%) as dividend on investment shares and paid 10% (2023 8.99%) interest on Sacco deposits.

Directors

The directors who held office during the year and to the date of this report are shown on page 1.

Independent auditor

Crowe COR LLP was appointed during the year and continues in office in accordance with Sacco Societies Act No. 14 of 2008.

By order of the Board

Signature.....

Barack Wanjawa
Hon.Secretary.
Nairobi

Date..... 27/03/ 2025

FINANCIAL AND STATISTICAL INFORMATION

	As at 31 December	
	2024 Numbers	2023 Numbers
Membership		
Active	847	797
Dormant	115	137
	962	934
Number of branches	1	1
Number of employees	3	3
Financials	Shs	Shs
Total assets	1,113,966,923	991,644,095
Members' deposits	901,370,900	809,993,952
Loans and advance to members	779,586,739	621,875,415
Provision for impairment of loans and advances	16,466,766	17,953,768
Financial Assets	1,401,019	1,417,544
Total revenue	128,735,659	108,458,940
Total interest income	91,091,241	76,768,438
Total expenses	27,110,915	25,486,206
Core capital	104,505,724	91,327,086
Share capital	46,458,695	40,878,973
Institutional capital	58,047,029	50,448,113
Liabilities	1,009,461,199	900,317,009
Net profit	13,453,787	11,719,584
Proposed interest on deposits	82,700,000	66,651,991
Proposed dividends on share capital	6,504,217	6,131,842
Key ratios	2024	2023
Capital adequacy ratio		
Core capital/total assets	9.38%	9.21%
Core capital/total deposits	11.59%	11.27%
Retained earnings and disclosed reserves/core capital	55.54%	55.24%
Operating efficiency/Loan quality ratios		
Total expenses/total revenue	21.06%	23.50%
Interest on member deposit/total revenue	63.39%	61.45%
Interest rate on member's deposits	10%	9.00%
Dividend rate on members share capital	14%	15.0%
Total non-performing loans/gross loan portfolio	0.93%	1.21%

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The directors accept responsibility for the preparation and fair presentation of these financial statements in accordance with the IFRS Accounting Standards and in the manner required by the Sacco Societies Act No. 14 of 2008. They also accept responsibility for:

- i) Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) Selecting and applying appropriate accounting policies; and
- iii) Making accounting estimates and judgements that are reasonable in the circumstances.

The directors confirm that the financial statements give a true and fair view of the financial position of the society as at 31 December 2024 and of the society's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Sacco Societies Act No. 14 of 2008.

Nothing has come to the attention of the directors to indicate that the Sacco will not remain a going concern for at least 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 27/03/.....2025 and signed on its behalf by:

Chairperson.....JOHN KARATISA

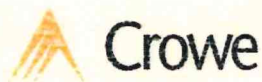
Signature.....[Signature]

Treasurer.....LUCY MUTHI

Signature.....[Signature]

Hon.Secretary.....Barack Wanjira

Signature.....[Signature]



**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF UTAFITI REGULATED NON-WDT-SACCO SOCIETY LTD**

Opinion

We have audited the financial statements of Utafiti Regulated Non-Wdt-Sacco Society Ltd set out on pages 8 to 26, which comprise the statement of financial position as at 31 December 2024, the statement of income and expenditure, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Sacco as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Sacco Societies Act No. 14 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Sacco in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. Other information comprises the information 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, other than that prescribed by the Kenyan Sacco Societies Act No. 14 of 2008, as set out below.

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

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Sacco Societies Act No. 14 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF UTAFITI REGULATED NON-WDT-SACCO SOCIETY LTD (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sacco's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the auditor's report. However, future events or conditions may cause the Sacco to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

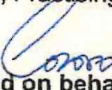


Crowe COR LLP
Symbion House, 2nd Floor
Africa Reit Lane, Off Dagoretti Road,
Keren
P.O. Box 583 - 00502
Nairobi, Kenya
contactus@crowe.co.ke

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF UTAFITI REGULATED NON-WDT-SACCO SOCIETY LTD (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements (continued)

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Cephas Osoro, Practising Certificate No. 943


for and on behalf of Crowe COR LLP
Certified Public Accountants
Nairobi

27TH March 2025



Crowe COR LLP is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe COR LLP and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Crowe COR LLP.

© 2025 Crowe COR LLP

Utafiti Regulated Non-Wdt-Sacco Society Ltd-CS/2959
Financial statements
For the year ended 31 December 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		2024	2023
	Notes	Shs	Shs
Revenue			
-Interest income			
Interest on loans and advances	2	91,091,241	76,768,438
Less: Interest expense	3	<u>82,700,000</u>	<u>66,651,991</u>
Net interest income		8,391,241	10,116,447
Other members income	4	1,171,369	1,016,086
Investment income	5	<u>36,473,049</u>	<u>30,674,416</u>
Total income		46,035,659	41,806,949
Governance expenses	6	(3,269,957)	(2,824,864)
Staff costs	7	(8,415,615)	(7,726,888)
Other administration expenses	8	(9,178,225)	(6,428,749)
Financial expenses	9	(5,938,255)	(8,121,859)
Other operating expenses	10	<u>(308,863)</u>	<u>(383,846)</u>
Profit before tax		18,924,744	16,320,743
Income tax expense	11	<u>(5,470,957)</u>	<u>(4,601,159)</u>
Profit for the year		<u>13,453,787</u>	<u>11,719,584</u>
20% Transfer to Statutory reserve		<u>2,690,757</u>	<u>2,343,917</u>
Profit for the year available for distribution		<u>10,763,030</u>	<u>9,375,667</u>

Utafiti Regulated Non-Wdt-Sacco Society Ltd-CS/2959
Financial statements
For the year ended 31 December 2024

STATEMENT OF FINANCIAL POSITION

	Notes	2024 Shs	2023 Shs
Assets			
Cash and bank balances	12	286,003,384	350,844,487
Prepayments	13	1,101,461	1,478,649
Receivables	14	44,556,752	14,401,570
Loans to members	15	779,586,739	621,875,415
Financial assets	17	1,401,019	1,417,544
Property and equipment	18	152,000	169,470
Intangible asset	31	1,165,568	1,456,960
Total assets		1,113,966,923	991,644,095
Liabilities			
Member deposits	19	901,370,900	809,993,952
Other savings by members	20	4,408,076	3,848,311
Payables	21	6,738,753	5,376,745
Income tax	22	5,470,957	4,601,159
Honorarium payable	24	1,000,000	1,000,000
Dividends payable	28	8,873,099	7,408,699
Interest payable	23	81,599,415	68,088,143
Total Liabilities		1,009,461,199	900,317,009
Equity			
Share Capital	25	46,458,695	40,878,973
Reserves	27	58,047,029	50,448,113
Total equity		104,505,724	91,327,086
Total liabilities and equity		1,113,966,923	991,644,095



The financial statements set out on pages 8 to 26 were approved for issue by the board of directors on 27/03/2025 and signed on its behalf by:


CHAIRPERSON


TREASURER


HON. SECRETARY

Utafiti Regulated Non-Wdt-Sacco Society Ltd-CS/2959
Financial statements
For the year ended 31 December 2024

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Share Capital Shs	Grants Shs	Fair Value Reserve Shs	Statutory Reserve Shs	Appropriation Account Shs	Total Shs
At start of year	40,878,973	4,946,832	828,319	16,399,460	29,922,850	92,976,434
Prior year adjustments	-	-	-	1,649,346	(1,649,346)	-
As restated	40,878,973	4,946,832	828,319	18,048,806	28,273,504	92,976,434
Net profit for the year	-	-	-	-	10,763,030	10,763,030
Share contribution during the year	5,579,722	-	-	-	-	5,579,722
Transfer to statutory reserve	-	-	-	2,690,757	-	2,690,757
Proposed dividends	-	-	-	-	(6,504,217)	(6,504,217)
Proposed honoraria	-	-	-	-	(1,000,000)	(1,000,000)
At end of year	46,458,695	4,946,832	828,319	20,739,563	31,532,316	104,505,724

Year ended 31 December 2023

	Share Capital Shs	Grants Shs	Fair Value Reserve Shs	Statutory Reserve Shs	Appropriation Account Shs	Total Shs
At start of year	33,372,672	4,946,832	828,319	14,055,543	25,879,677	79,083,043
Prior year adjustments	-	-	-	-	150,000	150,000
As restated	33,372,672	4,946,832	828,319	14,055,543	26,029,677	79,233,043
Net surplus for the year	-	-	-	-	9,375,667	9,375,667
Share contribution during the year	7,506,301	-	-	-	-	7,506,301
Transfer to statutory reserve	-	-	-	2,343,917	-	2,343,917
Proposed dividends	-	-	-	-	(6,131,842)	(6,131,842)
Proposed honoraria	-	-	-	-	(1,000,000)	(1,000,000)
At end of year	40,878,973	4,946,832	828,319	16,399,460	28,273,502	91,327,086

29

Utafiti Regulated Non-Wdt-Sacco Society Ltd-CS/2959
Financial statements
For the year ended 31 December 2024

STATEMENT OF CASH FLOWS

	Notes	2024 Shs	2023 Shs
Cash flows from operating activities			
Interest receipts and other receipts	2	91,091,241	76,768,438
Other Operating Incomes	4	1,171,369	1,016,086
Interest Payments	23	(67,752,576)	(51,881,315)
Payment to employees and Suppliers	35	(28,059,335)	(16,073,447)
		<u>(3,549,301)</u>	<u>9,829,762</u>
(Increase) decrease in operating assets			
Gross loan to members	15	(156,224,322)	(59,922,232)
Prepayments	13	377,188	(691,298)
Receivables	14	(30,155,182)	3,537,880
		<u>(186,002,316)</u>	<u>(57,075,650)</u>
Increase /(decrease) in operating Liabilities			
Increase In members' deposit	19	91,376,948	71,693,807
Members other savings	20	559,765	(471,811)
Honorarium Paid	24	(1,000,000)	(850,000)
Payables	21	1,362,008	(1,860,545)
Increase/decrease in operating liabilities		<u>92,298,720</u>	<u>68,511,451</u>
Net Cash from operating activities before income tax		<u>(97,252,897)</u>	<u>21,265,563</u>
Income Tax Paid	22	(4,601,159)	(3,050,998)
Net cash from operating activities		<u>(101,854,056)</u>	<u>18,214,565</u>
Cash flow from investing activities			
Investment income	5	36,473,049	30,674,416
Net Cash from Investing Activities		<u>36,473,049</u>	<u>30,674,416</u>
Cash flow from financing activities			
Share capital contribution	25	5,579,722	7,506,301
Payment of Dividend	28	(5,039,818)	(4,201,351)
Net Cash From Financing activities		<u>539,904</u>	<u>3,304,950</u>
Net Increase in cash and cash equivalent		<u>(64,841,103)</u>	<u>52,193,931</u>
At start of year		<u>350,844,487</u>	<u>298,650,556</u>
At end of year	12	<u><u>286,003,384</u></u>	<u><u>350,844,487</u></u>

NOTES

1. Material Accounting Policy Information

The accounting policy information considered material in the preparation of these financial statements is set out below. The accounting policy information has been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared under the historical cost basis, except where otherwise stated in the accounting policy information below, and are in accordance with IFRS Accounting Standards (IFRSs). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

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:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- 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
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The financial performance of the society is set out in the report of the directors and in the statement of profit or loss and other comprehensive income. The financial position of the society is set out in the statement of financial position.

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.

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

NOTES (CONTINUED)

1. Material Accounting Policy Information (continued)

New standards, amendments and interpretations adopted by the society

The Sacco has or will adopt the following Standards on their effective dates.

IAS 24, Related Party Disclosures (Amendment)

Effective date, on or after 1st January 2011. It clarifies and simplifies the definition of a related party and its identification as to remove any inconsistencies in its application. The Sacco assessed the impact and adopted the amendment.

IFRS 9, Financial Instruments: Classification and Measurement

This standard has been adopted by the Sacco in classifying and measuring its financial assets.

IFRS 14, Prepayment of a Minimum Funding Requirement

Effective date after 1st January 2011 with retrospective application. The amendment corrects an unintended consequence of IFRS 14, IAS 19. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. These amendments provide guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.

The amendment has no impact on this financial statements of the Sacco.

IAS 40, Investment Property

Effective 1st January, 2012. The amendment introduces a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefit embodied in the investment property over time, rather than through sale. The standard is not applicable in the operations of the Sacco.

IFRS 13, Fair Value Measurement

Effective 1st January 2013. This new standard provides guidance on how to measure fair value of financial and non-financial assets and liabilities when fair value measurement is required or permitted by IFRS. Because of its effective date, the Sacco is not intending to adopt the amendment on its Financial Position or performance.

(b) Significant accounting judgements, estimates and assumptions

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.

- 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.

NOTES (CONTINUED)

1. Material Accounting Policy Information (continued)

- Measurement of expected credit losses (ECL): (continued)

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- 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 applied for financial assets 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 non-impaired 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.

- Stage 3 - When one or more events that have a detrimental impact on the estimated future 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.

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 instrument's credit risk or PD at the reporting date and the credit risk or PD at the date of initial recognition. However, IFRS 9 includes rebuttable presumptions that contractual payments that are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual 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 financial assets unless there is persuasive evidence available to rebut these presumptions.

-Useful lives, methods of depreciation and residual values of property and equipment and intangible assets

Management reviews the useful lives, methods of depreciation and residual IAS 38.p104 values of the items of property, plant and equipment, intangible assets and IAS 38.p109 right-of-use assets on a regular basis. During the financial year, the directors IFRS 16.p31 determined no significant changes in the useful lives and residual values.

NOTES (CONTINUED)

1. Material Accounting Policy Information (continued)

c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Sacco and the revenue can be reliably measured. Revenue is recognised at fair value of consideration received or receivable taking into account contractually defined terms of payment (mostly monthly) and recognised net of taxes. The following specific recognition criteria must be met before revenue is recognised:-

i) Interest from loans to members

Interest on loans to members is calculated on a reducing balance method at a monthly rates from 1% . Interest income is recognised on a time proportion basis by reference to the principal outstanding and the effective interest rate applicable.

New members to the society are required to pay an entrance fee. The fees is recognised in the income statement in accordance with IAS 1.

ii) Other interest Income

Other interest income comprises of interest receivable from deposits with banks and investment in securities. It is recognised when it is probable that the economic benefits will flow to the Sacco and the amount of income can be measured reliably and accrued in statement of comprehensive income, using the effective interest rate method.

d) Property and equipment

All property and equipments are initially recorded at cost less accumulated depreciation and accumulated impairment in value. Land and building class of property and equipments are stated at valued amounts by independent valuers. Increase in carrying value arising on revaluations are credited to other comprehensive income and accumulated in revaluation reserves in equity.

Each year, the difference between the depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost is transferred to revaluation reserves, all other decreases are charged to the Statement of Comprehensive Income.

Depreciation is computed on reducing balance to write down the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates in use are:

	Rate
Computers and accessories	25%
Office equipments	10%
Furniture and fittings	10%

Property and equipment are reviewed annually for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains or losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. On disposal of a revalued asset, amount in the revaluation reserve relating to that asset is transferred to retained earnings.

NOTES (CONTINUED)

1. Material Accounting Policy Information (continued)

e) Amortisation

Computer Software licence cost is capitalised on the basis of the cost incurred to acquire it. This cost is amortised over its estimated useful life at 20% per year.

f) Trade Receivables

Trade receivables are carried at anticipated realizable values. An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end.

g) Bad Debts

Bad debts are written off when all reasonable steps to recover them have failed. Subsequent recoveries of amounts previously written off are credited to the profit or loss in the year of recovery.

h) Payables

Payables are stated at their nominal value.

i) Loans and Advances

Loans and advances are carried at amortized cost using the effective interest rate method and reported net of specific provision of impairment losses.

j) Unquoted Investments

The unquoted investments are stated at cost.

k) Investment in Equities

Investment in equities are initially recorded at cost and subsequently adjusted to their fair values. Gains or losses arising from changes in fair value are recognized in the income statement in the period in which they arise.

l) Currency

The Financial Statements are presented in Kenya shillings rounded off to the nearest one shilling. Previous years comparatives have also been restated by rounding them off to the nearest shilling

m) Retirement benefits obligations

The Society contributes to a mandatory defined contribution Provident Fund, the National Social security Fund (NSSF) at varying values for its employees as legislated from time to time.

(n) Revaluation/Capital (Non-distributable) reserves

The revaluation (non-distributable) reserve relates to items that are not distributable to the Shareholders, such as fair value adjustments on revaluation of investment property, borrowings, derivatives, non- cash, capital items charges and deferred taxation.

NOTES (CONTINUED)

1. Material Accounting Policy Information (continued)

(o) Taxation

Current income tax is the amount of income tax payable on the profit for the year determined in accordance with the existing tax legislation. Deferred tax income is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and the carrying value for the financial reporting purposes. Deferred tax is determined using tax rates enacted or substantively enacted at balance sheet date and are expected to apply when related deferred income tax liability is settled. Deferred income tax on Assets are recognized only on the extent that is probable that future taxable profits will be available against temporary differences that can be utilized.

(p) Cash and cash equivalent

Cash and cash equivalent are carried in the Statement of Financial Position Net of overdraft. For the purpose of the Statement Cash Flows, cash and cash equivalent comprises cash in hand, deposits held at call with banks and investments in money market instruments, net of bank overdraft. In the Statement of Financial Position bank, overdrafts are included in borrowings in current liabilities.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition or contraction of a asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is the gross amount incurred on those loans less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, i.e. when substantially all of the development work is completed. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for development are in progress.

(r) Dividends/Rebates

Rebates/Dividends are charged to equity in the period in which they are declared. Proposed dividends/rebates are shown as a component of equity until they have been ratified at an annual general meeting.

NOTES (CONTINUED)

	2024 Shs	2023 Shs
2 Interest Income		
Normal loans	27,799,996	22,923,359
Super Saver	20,805,541	18,812,426
Development loan	8,517,636	7,056,978
Premium loan	8,348,285	7,575,367
Mavuno	590,161	1,931,205
Jumbo Loan	14,035,589	6,978,979
Special loan	4,821,879	4,760,573
Top up commission	2,355,258	2,687,674
Emergency loan	1,076,638	921,196
School fees loan	1,695,744	1,988,828
Household loan	42,267	11,876
Salary advance	8,276	22,125
Dhamana loan	793,471	738,463
Commission on IOD	157,836	120,109
Haraka loan	42,664	239,280
	91,091,241	76,768,438
3 Interest on members deposits		
Proposed during the year	82,700,000	66,651,991
4 Other members income		
Income from members rejoining	40,000	40,000
Entrance fees	74,000	132,000
Income from AGM and education day penalty	522,500	532,000
Share Boosting Fee	499,369	273,084
Income from dormant account reactivation	33,000	27,000
Household items	2,500	12,002
	1,171,369	1,016,086
5 Investment income		
CIC Asset Management Limited	5,581,205	5,895,786
NCBA Fixed Deposit	17,353,932	13,609,552
Interest from Kuscco Investment	-	2,936,304
Interest from Sanlam Investment	10,243,497	6,957,456
Dividends CIC Shares	13,263	13,263
Britam Fixed Account	-	73,973
NCBA Call Account	1,899,107	1,188,082
Co-op Bank Shares	182,284	-
Stanbic Fixed	1,199,761	-
	36,473,049	30,674,416

NOTES (CONTINUED)

		2024	2023
		Shs	Shs
6 Governance expenses			
Committee allowances (Note 6(a))		1,769,106	1,165,815
Committee education expenses		582,280	890,700
Committee travel and subsistence		198,061	94,959
Vetting committee		120,000	22,600
AGM expenses		600,510	650,790
		3,269,957	2,824,864
6(a) Breakdown of Board & Supervisory Committee Allowances			
Name	Position		
Monica Kasiime	Board Chairperson - left in March 2024	21,690	87,870.00
Jane Karanja	Board Chairperson	155,263	166,159
Lucy Muthui	Vice Chairperson & Chair Education Committee	214,079	176,427
Symon Chebor	Treasurer	176,571	142,052
Josephat Otieno	Hon Secretary- left in March 2024	23,354	108,182
Barack Wanjawa	Hon Secretary	186,125	-
Grace Miceka	Chairperson - Credit & Risk Management Committee	213,921	173,082
Isaac Manyeki	Member - Credit & Risk Management Committee	212,190	-
Elvira Omondi	Secretary -Credit & Risk Management Committee	195,921	66,760
Sanni Kayode	Member - Education Committee	93,418	-
Amaya Terry	Secretary - Credit & Risk Management Committee	-	64,290
Julius Osaso	Member-Education Committee	-	6,429
James Rao	Secretary-Education Committee	-	6,429
Supervisory Committee			
Sylvia Kamau	Chairman - Supervisory Committee	94,499	53,902
Frank Odhiambo	Member - Supervisory Committee	87,576	53,902
Beatrice Mutahi	Secretary - Supervisory Committee	94,499	-
Harrison Rware	Chairman - Supervisory Committee	-	53,902
Rachael Mwangi	Member - Supervisory Committee	-	6,429
		1,769,106	1,165,815
7 Staff costs			
Salaries and wages		5,256,684	4,847,126
Pension		791,123	712,655
Leave allowance		30,000	30,000
Staff bonus		300,000	400,000
Trainee allowance		104,900	83,850
Staff Welfare		-	10,000
Staff severance		331,596	310,057
Staff medical		854,645	790,965
Staff development		339,800	280,940
Staff insurance		106,509	99,216
Travel expenses		155,983	162,079
NSSF		74,520	-
NITA		1,500	-
Housig Levy		68,355	-
		8,415,615	7,726,888

NOTES (CONTINUED)

	2024 Shs	2023 Shs
8 Administrative expenses		
Group insurance	3,020,695	2,857,458
Education day expenses	696,870	376,720
Publicity /Research and Development	618,810	435,055
ILRI - ICT support	1,168,584	1,462,147
Software maintenace	256,212	241,712
Stategic plan expenses	848,860	-
Telephone and postage	110,105	34,086
Office supplies	24,000	24,000
Printing and stationery	142,153	93,546
Audit fees	232,000	174,000
Corporate social responsibility	92,900	115,830
Legal fees	915,094	207,305
Internal audit fees	200,000	202,290
Professional Fees	8,100	174,600
SASRA Levies	843,842	30,000
	9,178,225	6,428,749
9 Finance costs		
Bank charges	230,342	219,551
Net provision for loan losses	(1,487,002)	7,726,085
Provision for impairment (KUSCCO investment)	7,000,000	-
KUSCCO shares write off	16,525	-
Interest on holiday savings	178,390	176,223
	5,938,255	8,121,859
10 Other Operating Expenses		
Amortization of intangible assets	291,392	364,240
Depreciation of property and equipment	17,471	19,606
	308,863	383,846
11 Taxation		
Tax expense	5,470,957	4,601,159

Corporation tax at a rate of 30% based on 50% of income earned other than income attributed direct

Utafiti Regulated Non-Wdt-Sacco Society Ltd-CS/2959

Financial statements

For the year ended 31 December 2024

NOTES (CONTINUED)

		2024 Shs	2023 Shs	
12 Cash and cash equivalents				
NCBA - current account		17,116,982	14,992,220	
NCBA fixed deposit		85,628,153	173,091,743	
CIC Limited - cash management		41,885,896	56,304,692	
Sanlam investment		79,802,862	69,559,364	
Kuscco investment		-	36,198,680	
NCBA - safe deposit locker		10,000	10,000	
M-pesa account - C2B		294,000	662,988	
Petty cash		10,730	24,800	
Stanbic investment		61,199,761	-	
B2C Mpesa		55,000		
		286,003,384	350,844,487	
13 Prepayments				
Prepaid Insurance		1,101,461	1,478,649	
14 Receivables				
Employers Receivables		14,114,073	12,283,572	
International Livestock Research Institute (ILRI)		1,243,999	2,117,998	
Kuscco investment		36,198,680	-	
Provision for impairment (KUSCCO investment)		(7,000,000)	-	
		44,556,752	14,401,570	
15 Loan and advances				
Opening balance		639,829,183	569,679,271	
Loans issued during the year		668,449,033	682,583,537	
Repayments during the year		(512,224,711)	(612,433,625)	
Gross loans and advances to members		796,053,505	639,829,183	
Less : impairment provision	16	(16,466,766)	(17,953,768)	
Net loans and advances		779,586,739	621,875,415	
Balance as per member listing		796,053,505	639,829,183	
Difference		-	-	
16 Ageing of past due impaired				
	Number of accounts	Loan to Members	2024 Provision Shs	2023 Provision Shs
0 days (performing-1% provision)	769	781,936,946.8	7,819,369.5	6,145,693
1-30 days (Watch - 5%)	8	2,571,479.4	128,574.0	131,266
31-180 days (Substandard - 25%)	9	3,481,912.3	870,478.1	3,415,534
181-360 days (Doubtful -50%)	7	829,646.5	414,823.3	711,142
> 360 days or 12 Instalments overdue	10	7,233,520.8	7,233,520.8	7,550,133
(Loss Account-100%)				
	803	796,053,506	16,466,766	17,953,768

NOTES (CONTINUED)

17 Financial Assets

Quoted Shares:

Quoted prices in active markets to identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Unquoted Shares:

Inputs for the assets or liability that are not based on observable market data (Unobservable Inputs). This level includes equity instruments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The group considers relevant and observable market price in its valuation where possible.

			2024	2023
(a) Unquoted Shares:			Shs	Shs
KUSCCO shares			-	16,525
(b)Shares in quoted companies:				
	Number of shares	Market price 31 December 2024	2024 Shs	2023 Shs
Co-operative Bank of Kenya Limited	143,136	7.2	1,030,579	1,030,579
Co-operative Insurance Company of Kenya	105,840	3.5	370,440	370,440
Total Shares			1,401,019	1,401,019
Change in fair value			1,401,019	1,417,544
Co-operative Bank of Kenya Limited		1,030,579	1,030,579	1,030,579
Co-operative Insurance Company of Kenya		370,440	370,440	370,440
		1,401,019	1,401,019	1,401,019

18 Property and equipment

	Furniture, Fittings & Equipment Shs	Computers & accessories Shs	Total Shs
Cost			
At 1 January 2023			
Cost or Valuation	551,962	326,029	877,991
Accumulated Depreciation	367,542	321,373	688,915
Net Carrying Amount	184,420	4,656	189,076
Year ended 31 December 2023			
Opening Carrying Amounts	184,420	4,656	189,076
Charge for the Year	18,442	1,164	19,606
Closing Carrying Amount	165,978	3,492	208,682
At 31 December 2023			
Cost or Valuation	551,962	326,029	877,991
Accumulated Depreciation	385,984	322,537	708,521
Net Carrying Amount	165,978	3,492	169,470
At 1 January 2024			
Cost or Valuation	551,962	326,029	877,991
Accumulated Depreciation	385,984	322,537	708,521
Net Carrying Amount	165,978	3,492	169,470
Year ended 31 December 2024			
Opening Carrying Amounts	165,978	3,492	169,470
Charge for the Year	16,597	873	17,470
Closing Carrying Amount	149,381	2,619	152,000
At 31 December 2024			
Cost or Valuation	551,962	326,029	877,991
Accumulated Depreciation	402,581	323,410	725,991
Net Carrying Amount	149,381	2,619	152,000

NOTES (CONTINUED)

	2024 Shs	2023 Shs
19 Members deposits		
As at start of year	809,993,952	738,300,145
Deposits received during the year	141,378,997	126,327,594
Deposits refunded during the year	(50,002,050)	(54,633,787)
As at end of year	901,370,900	809,993,952
Balance as per members listing	901,370,900	809,993,952
	-	-
20 Other saving by members		
Holiday savings	4,408,076	3,848,311
21 Payables and accrued Expenses		
Utafiti housing co-operative	592,000	358,000
Staff severance	3,341,921	3,010,324
Uncollected deposits (dormant members)	45,735	45,735
Staff Bonus	300,000	400,000
Internal Audit	200,000	106,600
Unallocated deposits	103,200	-
Software Maintenance	-	163,578
Payroll Deductions	143,917	122,369
Audit fees	232,000	150,000
HR Consultant	62,000	155,000
VAT on audit fees	-	24,000
Professional Fees	-	34,800
Accrued Software Cost	182,120	364,240
Payroll Overdeduction	275,531	442,099
Accruals	1,260,329	-
	6,738,753	5,376,745
22 Taxation		
Balance at start of the year	4,601,159	3,050,998
Charge for the year	5,470,957	4,601,159
	10,072,116	7,652,157
Less: tax paid	(4,601,159)	(3,050,998)
Balance at end of the year	5,470,957	4,601,159
23 Interest on members deposits		
Balance brought forward	68,088,143	53,317,467
Prior year adjustment*	(1,436,152)	-
Proposed interest on members deposits for the year	82,700,000	66,651,991
Paid during the year	(67,752,576)	(51,881,315)
	81,599,415	68,088,143
*Prior year adjustment relates to overstayed prior year interest payable.		
24 Honorarium Payable		
Balance brought forward	1,000,000	1,000,000
Write Back	-	(150,000)
Paid during the year	(1,000,000)	(850,000)
Provision during the year	1,000,000	1,000,000
Balance carried forward	1,000,000	1,000,000

Utafiti Regulated Non-Wdt-Sacco Society Ltd-CS/2959

Financial statements

For the year ended 31 December 2024

NOTES (CONTINUED)

	2024 Shs	2023 Shs
25 Share capital		
Balance brought forward	40,878,973	33,372,672
Additions during the year	5,579,722	7,506,301
Balance carried forward	<u>46,458,695</u>	<u>40,878,973</u>
Balance as per members listing	<u>46,458,695</u>	<u>40,878,973</u>
Unreconciled	-	-
26 Grants		
This comprises balance carried forward of a grant that was given by ILRI to the Sacco		
Balance carried forward	<u>4,946,832</u>	<u>4,946,832</u>
27 Reserves		
Prior year's retained earnings	28,273,504	25,879,677
Current year's surplus	3,258,812	2,243,825
Statutory Reserve	20,739,562	16,399,460
Grants	4,946,832	4,946,832
Fair Value Reserve	828,319	828,319
Adjustment to equity	-	150,000
	<u>58,047,029</u>	<u>50,448,113</u>
28 Dividends payable		
Balance brought forward	7,408,699	5,478,208
Proposed during the year	6,504,217	6,131,842
Paid during the year	(5,039,818)	(4,201,351)
Balance carried forward	<u>8,873,099</u>	<u>7,408,699</u>
29 Prior year adjustment		
Write off-over provision for year	-	150,000

NOTES (CONTINUED)

30 Related party transactions

Relate to loans provided to Board of directors at arms length transactions. The details were as follows:

	2024 Shs	2023 Shs
At the start of the year	9,969,735	8,859,977
Granted during the year	34,948,000	11,950,000
Interest charged	4,456,685	1,888,216
Repayment	(16,590,928)	(12,728,458)
Balance at the end of the year	<u>32,783,492</u>	<u>9,969,735</u>

31 Intangible asset

The intangible assets is Dynamics 365 Business Central accounting Information System software.

Cost	1,821,200	1,821,200
Amortisation	(655,632)	(364,240)
Balance Carried Forward	<u>1,165,568</u>	<u>1,456,960</u>

32 Financial Risk Management Objectives

The Sacco's operations are exposed to financial risks which include credit risk, investment risk and liquidity risk. Risk management is carried by the board of directors. The board evaluates and develops measures to mitigate risk exposures as follows:

Credit Risk Management

Credit Risk refers to the risk that members will default on their contractual obligations resulting in financial loss to the Sacco arising principally from the Sacco's loans and advances to its members. The amounts presented in the statement of financial position are net of impairment for doubtful debts, estimated by the board based on prior experience and assessment of the current economic environment. The Sacco has adopted a policy (as contained in its by-laws) of the only dealing with creditworthy members and obtaining sufficient collateral ,guarantors where appropriates a means of mitigating the risk of financial loss from defaults. The Sacco also structures the level of credit risk it undertakes by placing limits on amount of risk accepted in relation to one borrower or group of borrowers.

Trade receivables consist of Sacco members. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate ,credit guarantee insurance cover is purchased.

The Sacco has made a provision of Shs. 16,466,765.53 for bad and doubtful debts for 2024. (2023:Shs. 17,953,768).

Investment risk

The Sacco is at risk of losing Shs. 37 million in member deposits invested in KUSCCO due to KUSCCO's financial troubles. It is unlikely that the Sacco will recover the money, hence the provision of Shs. 7 million in the financial year 2024.

NOTES (CONTINUED)

Liquidity Risk Management

The board has built an appropriate liquidity risk management framework for the management of the Sacco's short ,medium and long term and liquidity management requirements. The Sacco manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows .

33 Contingent liabilities

The society did not have any contingent liabilities in the year 2024 (2023: Nil).

34 Presentation currency

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

35 Payments to employees and suppliers

Employee costs	7,104,167
Payment to suppliers(expenses)	15,016,913
Financial <u>expenses</u>	<u>5,938,255</u>
	<u>28,059,335</u>

* Employee costs relates salary for the year less payroll accruals(yet to be paid)

* Payment to suppliers relates to supplier expenses less payables(yet to be paid)

* Financial expenses relates to Bank charges and provisions reducing Sacco cash

Utafiti Regulated Non-Wdt-Sacco Society Ltd-CS/2959
Financial statements
For the year ended 31 December 2024

PIN:P0005970110

TAX COMPUTATION

		Kshs
		2024
Non Interest Income		
Interest from investments		<u>36,473,049</u>
Total Income		<u>36,473,049</u>
Taxable income	50%	<u>18,236,525</u>
Tax expense	30%	<u><u>5,470,957</u></u>