

PCEA RUIRU REGULATED NWDT SACCO SOCIETY LTD

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5th APRIL, 2024

TO: ALL PCEA RUIRU SACCO MEMBERS

RE: NOTICE OF 20th ANNUAL GENERAL MEETING

PURSUANT TO **SECTION 27(4)** READ TOGETHER WITH SUBSECTION **(5)** OF THE CO-OPERATIVES ACT 2004, **SECTION 14(1)** OF PCEA RUIRU SACCO BY-LAWS, THE BOARD OF DIRECTORS HEREBY NOTIFY ALL THE MEMBERS OF PCEA RUIRU SACCO OF THE 20TH ANNUAL GENERAL MEETING TO BE HELD ON **SATURDAY 20TH APRIL, 2024** FROM **9.00AM** TO **1.00PM** AT PCEA RUIRU TOWNSHIP SCHOOL.

THE AGENDA

1. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS AND MATTERS ARISING.
2. PRESENTATION OF REPORTS;
 - I. CHAIRMAN'S REPORT
 - II. SUPERVISORY COMMITTEE REPORT.
 - III. 2023 AUDITED FINANCIAL STATEMENTS AND AUDITORS REPORT
3. YEAR 2025 PROPOSED BUDGET
4. RESOLUTIONS
5. ELECTION OF DIRECTORS
6. ANY OTHER BUSINESS

YOURS FAITHFULLY,

Dr. Lydia Mucheru
HON. SECRETARY

Cc

Ruiru Sub- County cooperative officer

PCEA RUIRU REGULATED N-WDT SACCO LTD SPECIAL GENERAL MEETING HELD ON 11TH NOVEMBER, 2023 AT PCEA RUIRU TOWN SCHOOL GROUNDS

MEMBERS PRESENT

A total of 630 were present

IN ATTENDANCE

1. The Sub County Co-operative Officer

APOLOGIES

1. Education Secretary
2. Credit Secretary

MIN.1/11/11/2023 PRELIMINARIES

The meeting was called to order at 9:50 a.m. It started with a word of prayer and devotion from the book of Proverbs 27:23. This was led by Evangelist Joseph Gakundi. The theme was 'Riches do not last forever'; and members were encouraged to organise and plan well so that they invest and not lack in their old age.

MIN.2/11/11/2023 READING OF THE NOTICE CONVENING THE SGM

The Hon. Secretary read the notice convening the Special General meeting on 11/11/2023. Thereafter the meeting was declared a lawful assembly of PCEA Ruiru (Regulated N-WDT) Sacco Society Ltd.

MIN.3/11/11/2023 READING AND CONFIRMATION OF MINUTES

The Hon. Secretary read the minutes of the previous Annual General meeting. The minutes were proposed by Allan Kangacha (m/no.1091) and seconded by Joyce Wangari (m/no. 4196) as a true copy of the previous meeting deliberations.

MIN.4/11/11/2023 MATTERS ARISING

The following issues arising from the minutes were explained;

- **Mobile Banking;** mobile banking has started and members were encouraged to patronize this facility using the USSD *377*484#.
- **Loss of Funds:** a report is available and will be shared.
- **Suspension of board Members;** according to the By-laws, clause 21 states that the board suspends for only 12months, but removal is upon the members in a general meeting. it was further clarified that the suspended board members did not receive honoraria.
- **Capitalization of Dividends:** Members were encouraged to increase their shares to a minimum of Kshs. 10,000.00.
- **Purchase of land:** We are searching for a piece of land. Members were urged to help identify land and share information with the Sacco.
- **Lunch:** This was raised to Kshs. 1000/- from 500/-.
- **Reconciliation:** Accountant was employed and he is reconciling all the Sacco accounts.

The Chair introduced the board members and gave an apology for those who were absent, i.e Eld. Winnie Njambi and Mr. Benson Thiga. She also introduced 3 new staff members.

She also recognized the presence of the Cooperative Sub County Officer madam Elizabeth Wambui.



MIN. 5/11/11/2023; Board Compensation Policy

The Sacco Treasurer read the policy to the members. The by law clause 19.0 allows board members to be reimbursement or given allowances for necessary expenses incurred during official duties. Board members have no fixed remuneration. The Treasurer took the members through the report and explained that a situational analysis was taken when the policy was being developed and it included board allowances for meetings, travelling and wellness among other things as was indicated.

The policy was adopted for discussion. It was proposed and seconded by Isaac Miringu (m/no 429) and Mary Wanjiru (M/no 1645) respectively.

Reactions;

1. Rosemary Gathathi (m/no 16), on page 18, welfare arrangement; the board members should get the same amount that members get i.e Kshs. 30,000/- or; all to get Kshs. 50,000/-
2. Mathew Mungai (m/no 1269), suggested that the welfare amount be increased to Kshs. 50,000/-
3. Ann Wangari Kiama (m/no 5210) Was concerned on the ability of the Sacco to accomplish the above proposal. She also mentioned on the analysis that showed that we are 3rd lowest on return on assets. Thus the Sacco should focus on finding ways for more returns and increase our income.
4. Esther Wambui Kimani (m/no 1582); Although board members want to be compensated from 2024, this was not reflecting in the budget.
5. Julius Ngondi Githaiga (m/no 2020); Next time a situational analysis is done; we should check on why there are 3000 dormant members.
6. Anastacia Kasyoka (m/no 6067). Has come all the way from Kitui and was late. She wanted to know whether she will be considered for lunch allowance.
7. Stephen Wafula (m/no; 6723); Was concerned on the inactiveness of 3,000 members (dormancy). We should identify why. Or are there too many restrictions.

Responses;

1. Income; The Sacco Asset base has increased from Ksh. 548,567,323 in 2021 to Kshs. 778,000 years to date.
2. Welfare; We are seeking for an insurance company to cater for the members' welfare that will cover the nuclear family.
3. Dormancy is high, not only here due to the voluntary entry and exit. Majority are leaving due to the hard economic time, and none says it is because of the products offered.

There being no other questions, the Board compensation policy was passed for implementation. It was proposed by Gerishon Muteithia (m/no 1650) and seconded by Ann Kamau (m/no188).

MIN.5/11/11/2023; Report on Embezzled Funds

Kshs. 3,163,830 has been recovered. A balance of Kshs. 248,654 is being recovered. Reconciliation is still on going to get the full amount of Kshs. 4.15m.

Min 6/11/11/2023; SUPERVISORY REPORT

The chairman of the Supervisory committee read the report. In it, he said that the Supervisory committee undertook further investigations on insider lending. It was found out that the former Chairman Mr. Bernard Miano and former Vice chairman Mr. Zachary Gichiri account statements had issues regarding payments of loans and deposits. Other directors' loans repayments and deposits analysis were also done.



On 3rd March 2023 during a joint board meeting, these findings were presented in the presence of the Sub-County Co-operative Officer, Madam Elizabeth and the Kiambu Cooperative officer Mr. Mwangi. Amongst issues highlighted was the erroneous “Loans” to some director's. The cooperative officer noted this as an anomaly too. The act is very clear: Article 36(1): **A director or employee of a non-depositing taking Sacco society shall not use his or her position to further his or her personal interest.**

The former Chairman and former Vice chairman were given time to respond, the right of reply as advised by the Cooperative officer; they were asked to provide correspondences and testimonials to counter the allegations levelled against them. Another joint board meeting was scheduled for 10th March 2023. However, by 9th March 2023, no report had been received from them.

In a meeting set on 14th and 15th March 2023 these findings were presented:

A. Loan and repayment verification for Bernard Miano:

1. A Receipt of 14th March 2022 shows Mr Bernard Miano paying **Ksh 25,000** through Equity, but the money is not traceable either through cash record or through Equity Bank.
2. Receipt 261624 showing an amount of **Ksh 25,187** is traceable in National Bank on 1st September 2022.
3. Receipt no R223072 of 28/6/21 of Ksh 100,000 was not in his account but was posted by a member Mr. Henia. The discrepancy is that the posting date is 24/8/21 Receipt no 227202 and the same amount is accounted for in the former Chairman's account. Posting date was 24/8/21 yet not reflected in either bank or cash deposit. **Note:** The amount is accounted for to reduce his super loan which moves from **Ksh 1,495,387** to **Ksh 1,413,322**.
4. On 24/11/21 Mr Miano has a receipt no 234780 showing he paid Kshs 60,000 and says it was a cash payment, not a bank payment.
5. Our perusal of both shows there is no indication of either cash payment or bank payment from him on that date. Yet his loan moved from **Ksh 1,297,411** to **Ksh 1,252,980**. There is no record of Kshs 60,000 in cash record from him.
6. The only entry in Cooperative of the same amount is from Stephen Mbugua Kamau, Member No. 2120. The Chair has receipt no 232656 of 11th September 2021 as cash payment of Kshs 65,000. The amount is not visible either in the bank or cash received on that day, yet it has affected his account as loan payment from **Ksh 1,330,292** to **Ksh 1,265,292**. Conclusion - No money was deposited.
7. Receipt no 228762 of Kshs 100,000 through Equity bank is traceable through Equity bank and therefore, that was paid.
8. It was confirmed that all the interest he is required to pay for the duration from Dec 2014 – 23rd Oct 2019 was duly paid and there is no question about it.

B. Loan and repayment verification for Zachary Gichiri's.

1. He had a loan of **Ksh 116,960**. From the receipt no R199301, he is supposed to have paid the loan into Cooperative bank yet there is no such transaction in the Cooperative bank.
2. On 15th June 2020, he has a receipt no R240887 of Kshs 70,000 and R243037 of Ksh 8,594, a total of Ksh 78,594 which is supposed to have been paid through KCB, yet the amount does not reflect in KCB statement.
3. On 22/10/2020 He was loaned Kshs 1,022,498. According to the Sacco, he was supposed to have cleared by depositing Kshs 116,960 through Cooperative Bank yet the money does not reflect in the bank statement.
4. On 25th September 2020 there is a banking of Kshs 226,960 into the National Bank. The sequence of the payment is questionable. It shows he was given a loan when he had a loan, yet it was not a top up.



1. 17/2/2022 Receipt no R242566 an amount of Ksh 115,447 payment appeared in the Sacco cooperative account. It later reflects in the bank on 1st March 2022, yet he was given a loan on 23/2/22 which means he was given a loan when he had not cleared a former balance and only did it with the money he was loaned.

The former vice chairman was having money 'Appearing' paid in advance to clear a loan or boost his shares for the same purpose and would clear the "Loaned" money, yet it would appear to be reducing his loan and increasing his deposits. There is evidence of the report of the credit team having given the former vice chairman an emergency loan, yet he was a defaulter, and his loan wasn't listed as substandard, yet it was. The two therefore, while in a board meeting held on 21st March 2023, were suspended pending investigations and the same was communicated during the AGM early this year.

CONCLUSION

The two former directors never gave proof of their innocence by providing facts against these charges and hence, were found culpable of the allegations levelled against them. **As per the Regulation 2020, 83. (1)** The Authority may prohibit any individual seeking to be a director or employee of a Sacco society, if the individual— (a) has been charged or convicted with a crime involving monetary loss, fraud, perjury, or breach of fiduciary relationship with a financial institution;

The Sacco By-laws (7.3) also states that; An Annual General Meeting may expel a board member following a recommendation by the Board of Directors, or upon discussing the member's conduct on the floor of a General Meeting.

The report was proposed and seconded by Anthony Maina (m/no 3105) and Mathew Mungai (m/no 1269) respectively.

Reactions;

- James Njekehu (m/no 5725) raised a concern that the amounts Kshs. 3.4 and 4.3 were contradicting as per the supervisory report with a difference of Kshs 900,000.

Response;

The ongoing bank reconciliation shows there is Kshs. 4.3 m that is in the bank but payer is unknown. The suspense account has Kshs 4.1m, further to this therefore, the recovery process is ongoing.

Min 6/11/11/2023; Sub County Cooperative Officer Report;

The officer was glad that there was progress on the matter of lost funds that the Sacco was on the right track and assured the members that she follows up on what is happening at the Sacco.

- With the new staff members, new system periodic internal audits, and consistent meetings, all is well.
- An HR consultant helped the Sacco to document the human resource issues, and Job Description policies that are aligned with the Sasra requirements.
- The Board Compensation Policy – Board members works a lot but still finds time to work for the Sacco.
- Issue of embezzlement; in this meeting we can discuss on what to do. The bylaw allows suspension. Members can vote to remove them or allow them to continue. They don't deserve to be in the office. By show of hands more than 2/3rds of the members present (almost all) said they don't need them in the office.

Lastly, Members were also encouraged to Save, Borrow and Pay so that we can get good returns and have more dividends.

Min 7/11/11/2023; SUPPLEMENTARY BUDGET;

The following budget was presented by the Sacco treasurer.

The Sacco has outgrown in its asset base and thus we are in the process of acquiring a new core banking system which will have the capacity to serve better now and in the future.

The cost of implementing the system is as shown below;



CORE BANKING SYSTEM

1	CORE SYSTEM	3,400,000.00
2	FIREWALL	200,000.00
3	WINDOWS SERVER OS	250,000.00
4	SQL DATABASE	250,000.00
5	DATA BACK UP	10,000.00
6	UPS	203,000.00
7	AC	200,000.00
8	CONSULTANT	262,000.00
	TOTAL	4,775,000.00

It was proposed and seconded by Reuben Muturi (m/no 4414) and Francis Ndungu (m/no 1605).

Reactions to the Policy

There were no reactions to the budget and thus it was passed unopposed.

AOB's

1. Joyce Wanjiru m/no 5196; Appreciated all people for the far we had come. She requested that on Ushirika day members should be facilitated with T-shirts, lunch and fare reimbursement.
2. Irene Wambui m/no 1901; Asked about Christmas token; if members can get this.
3. Reuben Muturi m/no 4414. Asked how people who are late for general meetings should be compensated.
4. Simon Wandu Kimani m/no 2638. On system upgrade, members should be considered when the Sacco is giving tenders.
5. Stephen Kinyenje Thogo m/no 3761. Not all members receive messages and that's why there is a sequence of lateness. He asked that late comers be considered for lunch today.
6. Simon Kiumu Muchiri m/no 360. Members should be realistic when requesting for considerations for extra money. People (office and the Board) to be careful when given money for the community. Being a faith based organisation, when devotion is given it should apply to all. Leaders should take care of member's money.
7. Stephen Nyongesa m/no 6723. Benevolent funds. Sacco to come up with clear exploration if we want to cater for the extended family.
8. Peter Kimani m/no 3782. Appreciated the good work of the Staff and the board. Asked whether the procuring of the system was single sourced. Also as we appreciate the growth in technology, an outstanding committee the ICT department to check on cyber security and monitor the progress.
9. Lucy Mwangi m/no 3620.- Appreciated the directors and the supervisory for the good work.
10. Mathew Mungai m/no 1269. For any job in the Sacco, let priority be given to members to provide for the services.

Responses;

1. Non-attendance and latecomers, would get no lunch.
2. No attendance by proxy, unless there is a power of attorney. There is an register.
3. Corporates; They can send one member to represent them.
4. Open tender on system providers. We can only source from those regulated by Sasra. It was not single sourced. The F&A committee does the procurement for anything to be procured and the first priority goes to members.
5. System. Only regulated providers can provide the services.
6. Employment; We are open and it is always advertised in churches.
7. Adhoc committee. This has been set to ensure system is well established.
8. Training docket has a vote head, we do train staff members.
9. Benevolent fund for extended family. We shall show the cost implication on insurance cover; We are seeking for an insurance product so that the Sacco can assist you for treatment.
10. Christmas token; Unless it is included in the budget for next year 2024, this request has come too late.

There being no any other business, the meeting ended at 1.20pm with a word of prayer from Mrs Kiongo.

Approved for circulation;

Compiled by;

Chairman

Secretary.....

Date 17/11/2023

Date 17/11/2023

Confirmed at meeting

Chairman

Secretary.....

Date



Salutation

The Invited Guest, Ruiru Sub-County Co-operatives Officer, Members, fellow Directors and staff.

I take this opportunity to welcome you to the meeting and appreciate your invaluable presence at this event. We gather again not only to fulfil statutory obligations as required by the law but to take stock of our performance, consider and reconsider our business moves and exchange ideas on how to move the SACCO forward to the benefits of the members and the country at large.

Allow me to report on the following pertaining to the SACCOs 2023 performance and the aspirations going forward.

Performance

PCEA RUIRU SACCO has recorded tremendous growth over the years which has been possible due to your unwavering support. Allow me to report on the following areas encompassing performance.

Financial Performance

Under Financial Performance, I wish to report on the following key matters;

(a) Income/Revenue

Our total revenues increased from 76.1 million in 2022 to 96.4 million in the year 2023, thus a growth by Ksh 20.3 million which translates to 26.7% growth. However, it is good to note that what has driven this growth is mainly from interest from loans and advances which increased from 56.4 million to 72.1 million translating to a grow of 21.8%.

To enhance future performance, we need to consider product and service diversification in line with the market trends to avoid relying majorly on interest from loans.

(b) Expenses

Our Total expenses marginally increased from Ksh 60.9 million in 2022 to Ksh 64.0 million in 2023 an increase of Ksh 3.1 million which translates to 5.1%. The expenditure increase was occasioned by consultancy fee, ICT expenses and amortization cost.

(c) Balance Sheet growth

Our Balance sheet grew from Ksh 677.2 million in year 2022 to Ksh 773.0 million in year 2023 representing a 14 % growth. Consequently, Dear Members, this is a significant achievement considering that the asset base grew by over kshs 95.8 million.

This growth was as a result of growth of members deposits by slightly over 63.1 million (11.4 %) and our loan portfolio by over Ksh 100.2 million (20.2 %)

(d) Statutory Ratios

The Table below shows compliance level to the regulatory ratios.

Capital adequacy ratio	STDs	2023	2022	STDs Met	Met/Not
Core Capital/Total Assets	>8 %	12.3%	9.7%		✓
Core Capital/Total deposits	>5%	15.3%	11.8%		✓
Liquid Assets / Total Deposit	>15%	66.4%	66.0%		✓
Minimum Retained earnings & Disclosed reserves / Core capital	>50%	66.4%	66.0%		✓
Liquidity ratio					
Liquid assets/Total deposits and long-term liabilities	>15%	26.2%	32.0%		✓
Operating efficiency ratios					
Total delinquent loan/ Gross Loan portfolio	<5%	2.8%	4.5%		✓



Dear members, the above statistics is a testament that the time is ripe to go FOSA way. FOSA (Front Office Services) will make us more competitive and open other business opportunity for the SACCO resulting to better returns.

FOSA is the bank side of the SACCO, to make this possible, we urge you members to consider passing the resolution on the establishment of a FOSA.

Technology

We pride in our new ICT management system that will help us achieve our set corporate objectives. In this front, we endeavoured to ensure that we meet our members requirements and continually improve our processes for increased efficiency and effectiveness in service delivery.

Most of our processes will be digitized (from new member registration to accessing member items through member's portal such as statements, application for loans and even loan guaranteed, making funds transfers/payments across various platforms, to mobile banking using both the SACCO App and the USSD code. You will transact with us from the comfort of your location.

Based on this envisioned digitized future, we urge the members to consider passing the resolution on elimination of passbook.

Membership

In our **2024-2028** strategic plan that we are launching today, each member had been given a target of recruiting at least one member per month, thus, 12 members in a year. For every member you recruit, you will be appreciated with **ksh 300**. We encourage you the Members to strive to recruit members as we are the main marketers of the SACCO.

CATEGORY	2022	2023
New Members	723	655
Exited	81	102
Active Member	4,110	4,297

From the table, it is evident that we need to engage in massive recruitment where we are all called upon to participate. The SACCO has recruited marketing Officer who will assist in marketing, we urge members to support her.

Compliance with regulatory matters

We can report that the SACCO has fully complied with regulatory requirements in governance, Credit Management, Deposits Management and Accounts Management. The SACCO has also complied with the regulatory requirements in prudential ratios.

Strategic Plan

We have faithfully implemented our five year (2019-2023) Strategic plan and attribute our growth to steadfast implementation of this document.

The area we have not done well is membership recruitment which I again urge all of us to meet our agreed targets, Growth in members' deposit, loan portfolio which we have put new strategies that will help in achieving even higher targets.

The Board of Directors and Management in consultation with a consultant, we have formulated a five years strategic plan 2024-2028 which will guide our effort to the future.

SACCO Plot

During the last year Annual General Meeting, the members mandated the Board to purchase the SACCO plot for the construction of the office block. It's now my pleasure to inform you that the Board has purchased two adjacent plots with approximate area of 0.034 ha each at a cost of Ksh. 7.75M each.

The plots are located around Kamakis area in Kiambu County.



External Auditor

Supervisory committee evaluated the applications and shortlisted the following three firms for members consideration and approval.

SNO	AUDIT FIRM
1	SFAI Kenya Prolific
2	Njuguna Mwangi & Co Auditors
3	Elijah & Co Associates

Election

Dear Members, the law provides that, a third of the Directors must retire every year but they are eligible for re-election.

Today, the following Directors are retiring,

Board of Directors

1. Mr. Daniel Gachoka Njuguna
2. Elder Winnie Njambi Ndungu
3. Mr. Bernard M. Maina-To be replaced
4. Zachary Gichiri Kibera -To be replaced

Supervisory Committee

1. Mr. Victor N. Mwangi

We thank the retiring members for their dedicated service to the SACCO.

The Vetting committee chaired by the Ruiru Sub County Cooperative Officer, vetted all the applications received in conformity with the SACCO Vetting and Election policy, Bylaw and cooperative Act.

The following members were cleared for election;

Board of Directors

1. Mrs. Ann Wanjiku Kariuki
2. Mr. Daniel Gachoka Njuguna
3. Mr. Frank David Nyaga Njiru
4. Mr. Roman Nyanjui Kariuki

Supervisory Committee

1. Mrs. Margaret Wanjiru Wambugu

Mr. Isaac Miringu Gitau application was unsuccessful due to failure to meet the minimum requirements.

WAY FORWARD

(i) Burial Benevolent Fund (BBF)

Over the years, members have been paying three hundred shillings (ksh 300) per year to cater for loan balance and funeral rider cover. Upon demise of a member, the bereaved family is paid ksh 30,000 and the outstanding loan balance is paid off without burdening the family.

In light with the current economic times and also benchmarking with other SACCOs in our locality coupled with the need to give our loved one a decent sendoff, we propose to review the annual contribution to ksh.1,000 translating to ksh. 83 per month or ksh. 3 per day.

The enhanced contribution will benefit the member in the following way;

- i) The funeral rider cover will the member
- ii) Upon demise of a member, the dependant will be paid twice the members BOSA savings i.e. if your deposit was ksh.1,000,000 then your family will be paid ksh. 2,000,000

Dear members, I request you to consider and approve this resolution for enhanced benefits.



(I) Dividends and rebates re-investment

Dear Members, future depends on the sacrifices we do today, our savings today guarantee us tomorrow better returns to cushion us during the rainy days. For the last few years, the SACCO has sustained positive growth rate in rebates and constant dividend payout rate of 20% a trend we look forward to sustain.

We encourage members to voluntarily **Plough back** their earnings and reinvest in the SACCO to continue accruing better returns.

The SACCO is offering an attractive incentive of **10%** of the amount reinvested back to their deposit or share capital. Member can plough back all or portion of their earnings.

If you would like to take advantage of this incentive, please fill the attached form, and send it through **info@pceaurirusacco.com** or drop it at the SACCO.

(ii) Rebrand the SACCO name

Dear members, SACCOs, have continued to rebrand to appeal to more members and beat stiff competition for deposits, more visibility and appeal across the region and the country.

Some of the familiar SACCOs that have rebranded recently include;

- i. Kiambu Tea Growers Society Limited to **Tai SACCO**
- ii. Kirinyaga farmers Sacco to **Fortune SACCO**
- iii. All churches Sacco to **Ammar SACCO**
- iv. Murata farmers Sacco to **Amica SACCO**
- v. Thika District Teachers to **Orient SACCO**
- vi. Muranga Tea growers to **Unaitas SACCO**
- vii. Nyandarua Teachers to **Tower SACCO**
- viii. Githunguri dairy farmers cooperative to **GDC SACCO**
- ix. PCEA Umoja Wendani Sacco rebranded to Umoja Wendani then to **United Winners SACCO**

We also need to rebrand the SACCO name and give it more open name which will resonate with the market that we intend to venture to.

I appeal to you members to consider and approve the resolution to rebrand our SACCO name. We also request you to suggest your preferred name so that the Board of Directors can choose three names among the suggested names and proceed to share with commissioner for cooperatives approval.

(iii) Members and their dependant's medical cover

Good health is a divine gift and our greatest asset. In order to ease medical cost for ourselves and those who depends on us, the SACCO has engaged CIC Insurance company for the provision of both inpatient and outpatient medical cover.

Through **CIC COOPCARE** a member and up to six (6) dependants or more, can take a cover with the following benefits ksh.300,000 (inpatient), ksh. 50,000 (outpatients), ksh.25,000 maternity, ksh. 7,500 Dental, ksh. 7,500 Optical and ksh 50,000 last expense. All this benefits at a premium of ksh. 36,000 and member alone all benefit only at premium of ksh 9,500

The SACCO has developed an insurance loan which will help the member to pay the premiums over a period of a time. You are therefore encouraged to visit our customer relationship desk for more information and onboarding process.



(i) Resolutions

Dear members, the Board of Directors do present the following resolutions for your consideration and approval;

1. Appointment of External Auditors for the financial year 2024.
2. Borrowing power to be retained at five (5) million.
3. Registration and commencement of FOSA services.
4. Capital Expenditure of five (5) million for the construction of strong room.
5. Elimination of passbook and members to be provided with system generated statement.
6. Interest on deposit be paid at a rate of 8.3% (Prorated to 9%) and dividend on share capital be paid at 20% (Prorated to 22%) as per the dividend policy.
7. Burial Benevolent Fund (BBF) to be reviewed from ksh 300 to ksh 1,000 per year to cover members deposit and enhanced funeral rider.
8. Honorarium for the Board of Directors of ksh. 771,564 which translates to 1.5% of the interest on deposit (rebates).
9. To rebrand the SACCO name to beat stiff competition and appeal to more members across the region and the country.
10. Members with less than ksh.10,000 minimum share capital to be recovered from the rebates as per year 2021 resolution.

Thank you very much. God bless you. And God bless our SACCO
PCEA RUIRU SACCO, TUUNGANE TUJIINUE KIMAISHA.



Elder Elizabeth Kiongo
BOARD CHAIRMAN



SUPERVISORY COMMITTEE REPORT

We welcome you to this year's AGM where we get to know the challenges, the mitigations taken and how we have performed.

The role of the supervisory as envisioned in the cooperative act is to ensure the management adheres to the Acts spirit and work cohesively towards steering the Sacco to greater heights. We ensure that the Management sticks to its role.

HIGHLIGHTS OF THE FINANCIAL YEAR 2023

1. FINANCIAL REPORT

We have noted that we have done better in comparison with the previous year although under very harsh economic environment.

ITEM	2021	2022	2023
Dormant Members	2128	2,433	2,912
Active Members	3691	4,110	4,297
Members Deposits	449,087,494	555,441,420	618,508,967
Members Loans	376,793,502	521,561,001	6,217,999,822
Growth of revenue	62,141,244	76,171,873	96,353,502

2. LOANS

Loans were taken as tabulated above. We have noted that members have a difficulty in accessing this core service due to lack of guarantors. We urge members to use collateral as an alternative way and in the event of lack of the same, members should join in strong and ethical groups that have internal rules and regulations, like what to be done to a person if they were to default. Such measures in group will go a long way in ensuring that members deposits are safeguarded from the source other than subjecting the office to offsetting guarantors' deposits.

3. DEFAULTER SHIP

This remains one of our major setbacks. However, it has gone down because of you members owning their Sacco and adhering to amongst others, principle no 3 in the cooperative act that lays emphasis on Members' **Economic Participation**. This has brought down the provisions required for ALL loans. We had **Ksh 36,939,146** as loan arrears in **2022** and **Ksh 29,175,511** for year **2023**. We commend the board for trying to get the loans cleared and restructuring some of the loans. It remains your primary responsibility to ensure you pay your loan promptly.

4. STAFFING.

The management employed, through a competitive HR guided process the services of a CEO, Credit officer, Accountant and a marketing officer. With the coming on board of the CEO we are optimistic that the Sacco will scale greater heights and more business strategies will be implemented.

MARKETING ACHIEVEMENTS/STRUCTURES

We commend the board for embracing technology and as a result coming up with members success stories that will amplify our success, milestones and challenges while members are in the banking hall. The same will be showcased in our Sacco website. We have also migrated to a new system which is a Major milestone. This system will enhance our way of doing business.

Our offices were restructured to give us a Banking/ FOSA face as we hope that we will soon migrate and have a FOSA.



EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 2024

The former auditor's tenure has elapsed and so we need to appoint auditors for the year 2024 and in the Act.


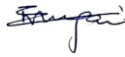

The supervisory committee shortlisted and invited and interviewed four companies and the results were as follows in order of merit

- 1) SFAI Kenya Prolific
- 2) Njuguna Mwangi & CO Associates
- 3) Elijah & CO Associates

The team proposed number one as the most qualified as the company has longer time experience and it is a global company.

It was also within the budget.

We continue to urge members to patronize our Sacco and be patriots of the same. When humanity unite great things happen

- | | | |
|-----------------------|-----------|---|
| 1. Mr. Victor Mwangi | Chairman |  |
| 2. Mrs. Esther Ndichu | Secretary |  |
| 3. Mr. Peter Kirumba | Member |  |



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P.C.E.A RUIRU SACCO

REGULATED NON-WITHDRAWABLE DEPOSIT TAKING SACCO

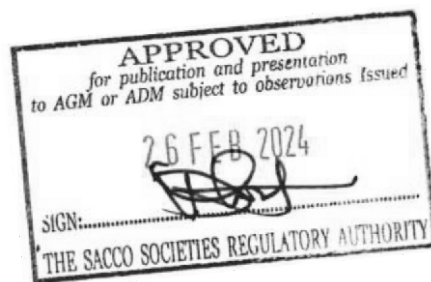
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2023

EXTERNAL AUDITORS.



Maina Kimani & Associates-CPA (K)
Hillside Apartments
Ragati Road-Upper hill
PO Box 21933 – 00400
Tel. 0726470075
Nairobi-Kenya
Email: mainakimaniassociates@gmail.com



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**P.C.E.A RUIRU SACCO- REGULATED NON WITHDRAWABLE DEPOSIT TAKING SACCO
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023**

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**P.C.E.A RUIRU SACCO- REGULATED NON WITHDRAWABLE DEPOSIT TAKING SACCO
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Statistical Information

	2023	2022
Membership		
Dormant members	2,912	2,433
Active Members	4,297	4,110
Total Members	7,209	6,543
Sacco Employees		
Male	5	3
Female	5	4

	Kshs	Kshs
Financials		
Total assets	773,005,174	677,249,004
Members' deposits	618,508,967	555,441,420
Loans to members	621,799,822	521,561,001
Share Capital	31,412,118	22,608,867
General reserve	26,709,225	21,880,891
Capital reserve	2,200,000	2,200,000
Statutory Reserves	8,854,911	4,565,620
Retained Earnings	25,244,638	14,641,462
Equity investment	464,000	464,000
Retained Earnings and disclosed Reserves	63,008,774	43,287,972
Core capital	94,884,892	66,360,839
Proposed Interest on deposits	51,336,244	44,526,670
Current Assets	20,739,685	40,893,407
Money Market & KUSCO Deposits	146,939,010	136,395,287
Current Liabilities	60,075,316	55,910,743
Total Revenue	96,353,502	76,171,873
Total expenditure	64,055,487	60,907,198

Key Ratios

Capital adequacy

Core capital to Total assets (8%)	12.3%	9.7%
Core capital to Total deposits (5%)	15.3%	11.8%
Minimum Retained earnings and disclosed reserves to Core capital requirement (50%)	66.4%	66.0%
Liquid Assets to Total Deposit(15%)	26.2%	32.0%

Operating efficiency

Interest rate on Members Deposits	8.3%	8.2%
Dividends rate on shares	20%	20%
Total expenditure/ Total revenue	66%	80%
Return on Members Deposit as a % of Turnover	53%	58%
Total delinquency loans / Gross loans portfolio	2.8%	4.5%



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Board of Directors 's Report

The Board of Directors submit their report and audited financial statements for the year ended 31st December, 2023

General Information

The society is incorporated in Kenya under the Sacco's Act No 14 of 2008
Its domiciled in Kenya.

Principal Activity

The principal activity of the Sacco is to promote thrift amongst its members by affording them an opportunity for accumulating their savings and to create thereby a source of funds from which loans can be availed to them exclusively for provident and productive purpose at a fair and reasonable rates of interest,

Results for the year

This is as tabulated below:-

	2023	2022
	<u>Kshs.</u>	<u>Kshs.</u>
Gross Turnover	96,353,502	76,171,873
Total expenditure	<u>(19,528,817)</u>	<u>(16,380,528)</u>
Gross 'Surplus before Tax	<u>76,824,685</u>	<u>59,791,345</u>
Tax expenses	(3,940,639)	(2,355,573)
Gross 'Surplus After Tax before Appropriation	<u>72,884,046</u>	<u>57,435,772</u>

Dividends & Interest on Deposits

	2023	2022
	<u>Kshs.</u>	<u>Kshs.</u>
The Board of Directors recommends as follows;		
a) Payment of dividends of 20 % (2022-20 %)	6,282,424	4,521,773
b) Interest on deposit -8.3 % (2022- 8.2%)	51,336,244	44,526,670
c) Honorarium 1.5 % (2022 -1.5%) on deposit Interest	771,564	667,900

The Board of Directors who served during the year and to the date of the report are list on page 3



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ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023**

Board of Directors s Report Contd,

Board of Directors and Professional Advisers

Board of Directors

Mrs.Elizabeth W. Kiongo	Chairman
Mr. Daniel G.Njuguna	Vice Chairman
Mrs.Lydia N Mucheru (PhD)	Hon.Secretary
Mr.Edward N. Gacheru	Treasurer
Mrs.Winnie N. Ndungu	Member
Mr.Benson T.Mwaura	Member
Mr.Christopher W. Gathoni	Member

Supervisory Committee

Mr.Victor M.Njeri.	Chairman
Mrs.Esther N. Ndichu	Secretary
Mr.Peter K. Mwenda	Member

Chief Executive Officer(Ag)

Mrs. Zipporah K. Njeri

Registered Office

PCEA Ruiru Sacco Society Ltd
Ruiru Township
Plot No. LR/ 222
P o Box 1497-00232
Ruiru

Principal Bankers

Co-operative Bank of Kenya Limited
National Bank
Equity Bank
Kenya Commercial Bank
Family Bank

External Auditors

Messrs. Maina Kimani & Associates
Certified Public Accountants(k)
P O Box 21933-00200
Nairobi



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**P.C.E.A RUIRU SACCO - REGULATED NON-WITHDRAWABLE DEPOSIT TAKING SACCO
FINANCIAL STATEMENTS AND REPORTS
FOR THE PRIOD ENDED 31ST DECEMBER, 2023**

STATEMENT OF BOARD OF DIRECTORS RESPONSIBILITIES

The Sacco's Act No 14 of 2008., requires the Board of Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the SACCO as at the end of the financial year and of its operating results for that year in accordance with IFRS. It also requires the Board of Directors to ensure that the SACCO keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the SACCO. They are also responsible for safeguarding the assets of the SACCO and ensuring that the business of the society has been conducted in accordance with its objectives, regulations and any other resolutions made at the general meeting.

The Board of Directors accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Sacco's Act No 14 of 2008. The Board of is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the society and of its operating results in accordance with the IFRS. The Management Committee further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control. Nothing has come to the attention of the Board of Directors to indicate that the SACCO will not remain a going concern for at least twelve months from the date of this statement.

Approved by the Board of Directors and signed on its behalf by:

..........Chairman .....Hon Secretary

..........Treasurer

Date. 2024



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REPORT OF THE INDEPENDENT AUDITOR

TTO THE MEMBERS PCEA RUIRU REGULATED NON – WDT SACCO SOCIETY IMITED

Opinion

We have audited the accompanying financial statements of PCEA Ruiru Regulated Non – WDT Sacco Society Limited, set out on pages 8-27 which comprise the statement of financial position as at 31st December 2023, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements of PCEA Regulated Non – WDT Sacco Society Limited, give a true and fair view of the state of financial affairs of the Sacco as at 31st December 2023 and of its results for the year then ended in accordance with International Financial Reporting Standards and the Sacco's 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 Auditors responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Saccos Societies 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. As noted in the Board's statement, the Board has concluded that it is appropriate to adopt the going concern basis in preparing the accounts.

The going concern basis presumes that the Sacco has adequate resources to remain in operation, and that the Sacco intends to do so, for at least one year from the date the accounts were signed.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Saccos preparation and fair presentation of the financial statements 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 Sacco's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

Independence

We are independent of the Sacco in accordance with the International Ethics Standards Board for Accountants Code of Ethics for professional Accountants' (IESBA code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. Together with the ethical requirement that are relevant to our audit of the financial statements in Kenya.



Report of the Independent Auditors (CONT'D)

Key Audit Matters

Key audit matters are those matters that in professional judgment, were of most significance in our audit of the financial statements of the current year. Those matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter is summarized below

Key audit matter	How the matter was addressed
<p>A) Loans to Members This item forms 77% of the net assets, the loan balance stood at 621 million at the end of the year this was a key audit matter,</p> <p>B) We observed that an amount of Ksh 715,319 of deposit remained in the books as un allocated</p> <p>c) We observed that the Current computer system in place is not quite comprehensive</p>	<p>A) We evaluated the whole loan processing system to assure ourselves that the internal controls were adequate and sufficient.</p> <p>B) We advised the Sacco to adequately reconcile the amount., to be identified and be cleared from the Sacco books before the next Audit</p> <p>C) We advised the Sacco that the implementation of new system should be done with speed to enhance effective operations</p>

Other information.

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 identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirement regarding independence and to communicate with them all relationship and other matters that may be reasonably be thought to bear on our independence and where applicable related safeguard. From the matter communicated with those charged with governance, we determine those matters that were of most significance. in the audit of the financial statement for the current period and are therefore the key audit matters. We describe those matters in our report of the independent auditor unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication

Engagement Partner

The engagement Partner responsible for the audit resulting in this independent auditor's report is.
CPA Peter Maina Kimani ICPAK Registration NO 1876, Practicing Cert. NO P993,


Maina Kimani & Associates
Certified Public Accountants (K)
Nairobi



Date 24/02/2024



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**P.C.E.A RUIRU SACCO- REGULATED NON WITHDRAWABLE DEPOSIT TAKING SACCO
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023**

STATEMENT OF COMPREHENSIVE INCOME

		2023	2022
		<u>Kshs</u>	<u>Kshs</u>
REVENUE	Notes		
Interest income	2	72,107,116	56,410,498
Interest on deposit -8.3 % (2022- 8.2%)	4	(51,437,591)	(44,613,432)
Net Interest income		<u>20,669,525</u>	<u>11,797,066</u>
Other Income			
Investment income	3	16,403,874	12,127,662
Other operating income	5	7,842,512	7,633,713
		<u>44,915,911</u>	<u>31,558,441</u>
Operating Expenses			
Financial expenses	6	420,110	302,885
Marketing expenses	7	661,101	956,045
Personnel expenses	8	6,306,887	5,571,688
Administrative expenses	9	6,282,849	3,925,245
Governance Expenses	10	4,730,721	4,402,353
Total Operating expenses		<u>18,401,668</u>	<u>15,158,216</u>
Provision for Loans losses	13 c	-	-
Provision on unrecovered cash	11 b	-	500,000
Depreciation/amortization (sch. A & B)	25 & 26	1,127,149	722,312
Total Expenditure		<u>19,528,817</u>	<u>16,380,528</u>
Net operating surplus before tax		<u>25,387,094</u>	<u>15,177,913</u>
Income Tax provision		(3,940,639)	(2,355,573)
Net surplus after tax		<u>21,446,455</u>	<u>12,822,340</u>

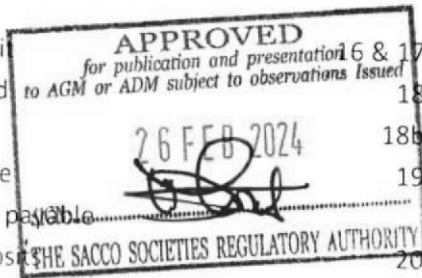


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**P.C.E.A RUIRU SACCO- REGULATED NON WITHDRAWABLE DEPOSIT TAKING SACCO
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023**

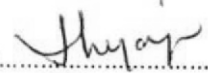
STATEMENT OF FINANCIAL POSITION

	NOTES	2023 KSHS	2022 KSHS
ASSETS			
Cash and cash equivalent	11	14,571,209	35,807,357
Prepayments and receivables	12	6,168,476	5,086,050
Loan to members	13	597,138,003	496,899,182
Financial Investments	14	147,403,010	136,859,287
Property & Equipment's	15 A	5,493,348	2,356,309
Intangible Assets	15 B	2,231,127	240,819
Total Assets		773,005,174	677,249,003
LIABILITIES			
Members deposits	16 & 17	618,508,967	555,441,420
Benevolent fund	18	121,710	117,729
Insurance Fund	18b	414,772	340,866
Accounts Payable	19	1,207,047	2,840,302
Withholding Tax payable		-	1,385,262
Interest on Deposits	20	52,049,363	46,704,812
Proposed Dividends for the year	21	6,282,424	4,521,773
Total Liabilities		678,584,283	611,352,163
SHAREHOLDERS FUND			
Share Capital	22	31,412,118	22,608,867
Reserves	23	63,008,774	43,287,972
Total Shareholders' Fund		94,420,892	65,896,839
Total Liabilities and Equity		773,005,174	677,249,004



These financial statements on pages 6 - 27 were authorised for issue by the Board and signed on their behalf by:-

Chairman.....

Hon Secretary.....

Treasurer.....

Date: 24/02/2024



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P.C.E.A RUIRU SACCO - REGULATED NON WITHDRAWABLE DEPOSIT TAKING SACCO
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023**

STATEMENT OF CHANGE OF MEMBERS EQUITY

	Shares Capital Kshs	General Reserve Kshs	Capital Reserve Kshs	Statutory Reserve Kshs	Retained Earnings Kshs	Provision for Dividends Kshs	Total Equity for Members Kshs
At 1.1.2023							
Net Surplus for the year	22,608,867	21,880,891	2,200,000	4,565,620	14,641,462	4,521,773	65,896,840
2022 Provision reversed	-	-	-	-	21,446,455	-	21,446,455
Transfer Statutory Reserve Fund (20%)	-	-	-	4,289,291	500,000	-	-
Provision for Dividends (20%)	-	-	-	-	(4,289,291)	6,282,424	(6,282,424)
Dividends Paid during the year	-	-	-	-	(6,282,424)	(4,521,773)	(6,282,424)
Provision for Honoraria@1.5% of int on dep.	-	4,828,334	-	-	(771,564)	-	(771,564)
Transfer (notes 18 A & 18 B)	8,803,251	-	-	-	-	-	4,828,334
Issue of share capital	31,412,118	26,709,225	2,200,000	8,854,911	25,244,638	6,282,424	8,803,251
At 31.12.2023							
	31,412,118	26,709,225	2,200,000	8,854,911	25,244,638	6,282,424	93,920,892

	Shares Capital Kshs	General Reserve Kshs	Capital Reserve Kshs	Statutory Reserve Fund Kshs	Retained Earnings Kshs	Provision for Dividends Kshs	Total Members Equity Kshs
At 1.1.2022							
Net Surplus for the year	15,491,411	17,753,542	2,200,000	2,001,152	9,573,263	1,549,141	47,019,368
Transfer Statutory Reserve Fund (20%)	-	-	-	2,564,468	12,822,340	-	12,822,340
Provision for Dividends (20%)	-	-	-	-	(2,564,468)	4,521,773	-
Dividends Paid during the year	-	-	-	-	(4,521,773)	(1,549,141)	(4,521,773)
Provision for Honoraria@1.5% of int on dep.	-	4,127,349	-	-	(667,900)	-	(667,900)
Transfer (notes 18 A & 18 B)	7,117,456	-	-	-	-	-	4,127,349
Issue of share capital	22,608,867	21,880,891	2,200,000	4,565,620	14,641,462	4,521,773	7,117,456
At 31.12.2022							
	22,608,867	21,880,891	2,200,000	4,565,620	14,641,462	4,521,773	65,896,840



CS 10410**P.C.E.A RUIRU SACCO- REGULATED NON WITHDRAWABLE DEPOSIT TAKING SACCO
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023****CASH FLOW STATEMENT**

	NOTES	2023 <u>Kshs</u>	2022 <u>Kshs</u>
Cash Flow from Operating Activities			
Interest receipts		72,107,116	56,410,498
Interest payments	18	(46,083,762)	(31,222,113)
Other operating Income		24,246,386	19,761,375
Payments to board, employees and suppliers		(18,401,668)	(15,658,216)
		<u>31,868,072</u>	<u>29,291,544</u>
(Increase)/Decrease in Operating Assets			
Accounts receivable	12	(1,082,426)	(3,343,239)
Amount recovered		3,912,484	
Net Loans to members	13	(100,238,821)	(120,105,680)
		<u>(97,408,763)</u>	<u>(123,448,919)</u>
Increase/(Decrease) in Operating Liabilities			
Net Members deposits	16	63,067,547	96,596,973
Withholding Tax payable		(1,385,262)	15,415
Benevolent fund		39,808	285,941
Insurance fund		739,064	2,327,387
Accounts Payable	20	(1,633,255)	(1,658,110)
		<u>60,827,901</u>	<u>97,567,606</u>
Net cash from operating activities before income taxes		<u>(4,712,789)</u>	<u>3,410,231</u>
Net cash from operating activities		<u>(4,712,789)</u>	<u>3,410,231</u>
Cash flow from investing activities			
Purchase of fixed assets		(6,254,496)	(1,198,982)
Financial Investments		(10,543,724)	5,935,068
Net cash from investing activities		<u>(16,798,220)</u>	<u>4,736,086</u>
Cash flow from financing activities			
Share capital contributions	20	8,803,251	7,117,456
Tax Paid		(5,106,631)	(2,355,573)
Dividends paid	4	(3,421,759)	(2,217,041)
Cash flow from financing activities		<u>274,861</u>	<u>2,544,842</u>
Net changes in Cash & Cash Equivalent		<u>(21,236,148)</u>	<u>10,691,160</u>
Cash and Cash Equivalent at the beginning of the year		35,807,357	25,116,197
Net Cash and Cash Equivalents at the end of the year		<u>14,571,209</u>	<u>35,807,357</u>



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**P.C.E.A RUIRU SACCO - REGULATED NON-WITHDRAWABLE DEPOSIT TAKING SACCO
FINANCIAL STATEMENTS AND REPORTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 over the periods unless otherwise stated.

a) Basis of financial statements preparation

The financial statement are prepared under the historic cost basis of accounting and are in accordance with International Financial Reporting Standards (IFRS) in so far as it affects the nature and sustenance of the society's financial transactions. The financial statements are presented in the functional currency, Kenya shillings (Kshs.) as rounded to the nearest one shilling.

The preparation of financial statements in conformity with IFRS the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenue and expenses during the reporting period. It also requires management and exercise judgment in the process of applying the society's accounting policies. Although this estimates are based on the board of Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Accounting policies on critical accounting estimates and assumptions' and critical accounting judgments' highlights the areas that involve a higher level of judgments or where the estimates or assumptions used are significant the financial statements.

b) Adoption of revised international reporting standards

A number of revised standards become effective for the first time and have been adopted by the society where relevant to its operations. The adoption of those revised standard had no material effect on the society's accounting policies of disclosures expect as follows

- i. IAS 1 requires management judgment and key source of estimation and uncertainty at the statement of financial position date be disclosed in the financial statement.
- ii. IAS 24 requires the disclosure of the compensation to key management personnel.



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**P.C.E.A RUIRU SACCO - REGULATED NON-WITHDRAWABLE DEPOSIT TAKING SACCO
FINANCIAL STATEMENTS AND REPORTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

c) Critical accounting estimates and assumptions

In the process of applying society's accounting policies, management makes certain estimates and assumptions about further event. In practice the estimated and assumed results would differ from the actual results.

Such estimates and carrying amounts of assets and liabilities within the next financial period are described below.

Equipment's

The board of directors makes estimates in determining the depreciation rate for equipment. The rate used are set out in the accounting policy for equipment. Those estimates are continually evaluated and are based on historical experience and other factors, including expectations of further events and are believed to be reasonable under the prevailing circumstances.

Fair Values

The fair values of financial assets and liabilities in these financial statements are estimated on the following basis:-

Accounting receivables – By the Board of Directors principally by reference to past history

Unquoted investments – stated at cost; no estimate of fair value is included in these financial statements. Gain or commission on investment are recognized at the time of sale

Accounts payables – by the Board of Directors principally by reference to the initial incurrence and any consequential costs.

Other Investments

All purchases and sales of investment are recognized on the purchase date, which is the date the co-operative commits to purchase or sell the asset. The cost of purchase includes the transactional costs. The Board of Directors subsequently determines the appropriate classification of the society's investments and reviews such designations on a regular basis.

Non-cash bonus received on investments is capitalized at the equivalent unit of investment par value. All investments are held to maturity and are not to be used for trade.



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

d) Critical Accounting Judgments

In the process of applying the society's accounting policy, the Board of Directors make judgments that are continuously assessed based on prior experience and other determinants, including expectations of future events that under the circumstances are deemed reasonable as described below.

Provision for loan loss

Provision for loan loss on delinquent loans are made in accordance with Sacco Societies (Deposit Taking Sacco Business) Regulation.

The recovery from any loan account previously written off is credited to the allowance for loans losses account and are not recognized as income in the period it is recovered.

Other provisions

Other provision are made when the society has legal or constructive obligations arising from past events and when it is probably that an outflow of resources will be required to settle obligations and a reasonable estimate of the amount of the obligation can be made.

e) Revenue

Revenue comprises interest charged on loans to members, and on advances to customers, commissions and fees charged for services rendered, interest earned on bank savings and term deposit accounts, and from investment, entrance fees and any miscellaneous income received during the period.

Revenue Recognition

Interest on loans to members and to customers is charged monthly on accrual basis at the following rates

Interest on development loans to members and to customer is charged at the rate of 1% per month on a reducing balance basis.

Interest on special loans range between 1.25% and 1.5% on reducing balances depending on the period of the loan



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Other revenues earned by society are recognized on the following basis: -

- i. Interest income – as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.
- ii. Dividend income- when the society's right to receive payment is established.

f) Property equipment and depreciation

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated at the rate estimated to write off the cost of the assets over their expected useful lives at the following rates:-

Furniture and fittings office equipment	12.5% per annum
Office partitions	12.5% per annum
Computers, accessories and computer software buildings	30% per annum
Computer's software	20% per annum

g) Translation of foreign currency

Assets and liabilities at the statement of financial position date which are expressed in foreign currencies are translated at the rates approximating the mean rate ruling at the statement of financial position date. Transaction during the period are converted at the rates ruling at the dates of the transaction. The resulting differences from conversion and translation are dealt with in the statement of comprehensive income in the period in which they arise.

h) Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalent comprise bank and cash balance and term deposits with less than 90 days maturity from the date of acquisition



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i) Statutory reserve

Transfers are made to statutory reserve fund at the rate of 20% on the net operating surplus after taxation.

j) Taxation

Current taxation is provided for on the basis of results for the period as shown in the financial statements adjusted in accordance with the tax legislation.

k) Retirement benefit obligation

The society operates a defined contribution plan. The assets of this scheme are held in separate trustee administered fund that is funded by contributions from society and employees and employer. 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 retirement benefit plan under which the society pays fixed contribution into a separate entity.

The society has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets or pay all employees the benefits relating to employee service in the current or prior periods. However, under the employee's term and conditions of service, there are other terminal dues notably staff gratuity, which the society is obliged to pay the employee on leaving the employment.

l) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction cost incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any differences between proceeds (net of transaction cost) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings.

m) Managing risk is a fundamental part of the Sacco business activity and an essential component of the planning process.



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

i. Financial Risk

The society's financial risk management policies include the provisions of the Cooperative Societies Act, The Sacco Societies Act, The commissioner for Cooperative Development guidelines, The Sacco Societies Regulation Authority, Society's By-laws, credit policies on acceptance of members' deposits and criteria for approval of loans to members. Investments policies in place help in managing liquidity and support maximization of returns at acceptable levels to cover interest rate risk.

ii. Credit Risk

Credit risk is the risk of suffering financial loss from any of the loaners failing to fulfil their contractual obligation to the society. Credit risk mainly arises from loans to members.

The society's principal financial assets, loans to members, bank and cash balances. A significant point on credit risk management is possible as most members are employees of one organization. The borrowers also hold deposits besides their shares. Insurance covers on loan as well as guarantees provided by other members ensures that loan repayments risk are reduced substantially.

The policies provide for full repayment of loans as guaranteed by other members owning adequate shares and deposits of the loan amount taken.

iii. Liquidity Risk

Liquidity risk is the risk that Society is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

Experience shows that a minimum level of cash and bank balance can be predicted with a high level of certainty especially with regards to withdraw-able savings obligations. Sources of liquidity are therefore regularly reviewed by the Board of Directors.



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iv. Currency Risk

The society operates wholly within Kenya and its assets and liabilities are reported in the local currency. There was therefore no currency risk as at 31 December 2022.

v. Capital Risk Management

The Sacco manages its capital to ensure that it is able to continue as a going concern while maximizing the return to members through the optimization of the debt and equity balance. In order to maintain or adjust the capital structures the Sacco may adjust the amounts of dividends paid to members or sell assets to reduce debt

n) Key Source of Estimation Uncertainty

The board of Directors confirms that there are no major assumptions or resources requiring estimation that have a significant risk of causing material adjustment to the carrying amounts of assets or liabilities of the society as reflected within the next twelve (12) months from the date of approval of these financial statements.



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NOTES TO THE ACCOUNTS CONT.

INCOME STATEMENT

	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
2 <u>Loans Interest Income</u>		
Quick fix	91,940	86,861
Normal loans	22,298,895	24,152,753
Emergency loans	1,446,862	994,405
School fees loans	149,059	64,757
Super loan	30,754,631	21,611,743
Pamoja loan	13,282,000	6,015,659
Mobile money	363,158	
Insurance Premium	22,357	9,043
Asset financing	3,698,214	3,475,278
	<u>72,107,116</u>	<u>56,410,498</u>
3 <u>Investment Income</u>		
Money Market Income	10,277,398	12,114,932
Interest on fdr	6,120,461	
Kusco rebates	6,015	12,730
	<u>16,403,874</u>	<u>12,127,662</u>
4 <u>Interest Expenses</u>		
Saving account interest to members	101,347	86,762
Interest on Shares	-	-
Interest on fixed deposits	-	-
Interest on deposit -8.3 % (2022- 8.2%)	51,336,244	44,526,670
	<u>51,437,591</u>	<u>44,613,432</u>



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NOTES TO THE ACCOUNTS CONT.

INCOME STATEMENT

	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
5 <u>Operating Income</u>		
Loan Processing fee	3,185,049	3,195,812
Loan top up fees	1,959,900	1,479,230
Fines on loan repayment	233,460	322,040
Entrance fees	570,400	572,519
Lumpsum fee	294,394	334,847
Withdrawal fee	241,574	193,090
Commission on Statement	5,800	5,900
Sale of passbook	9,800	9,500
Share transfer	19,500	16,500
Disposal income	9,000	-
Fines on deposit	1,313,635	1,504,275
	<u>7,842,512</u>	<u>7,633,713</u>
6 <u>Financial Expenses</u>		
Insurance on Assets	248,065	187,616
Bank charges	172,045	115,269
	<u>420,110</u>	<u>302,885</u>
7 <u>Marketing expenses</u>		
Marketing and promotions	661,101	956,045
	<u>661,101</u>	<u>956,045</u>



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	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
8 Personnel expenses		
Salaries	2,411,131	2,288,024
House allowances	1,229,464	666,814
NSSF	218,160	207,360
PAYE	743,479	629,326
NHIF	115,400	95,250
Staff travel and Subsistence	614,730	450,123
Staff bonus	-	199,850
Staff Education	12,500	148,800
Staff provident fund	237,870	284,140
Medical insurance	338,400	240,000
Housing levy	76,024	-
Casual & Overtime	104,400	190,000
Other staff expenses	205,329	172,001
	<u>6,306,887</u>	<u>5,571,688</u>
9 Administrative Expenses		
Registration fees	33,600	76,600
Internet	69,600	94,505
Cash in transit	33,560	3,750
Bussiness Licences	97,040	102,914
Fuel ,water and electricity	306,140	246,544
Corporate Social Responsibility	156,295	141,770
SASRA Levy and Licence	85,083	30,000
Security	764,940	764,940
Hospitality	916,878	690,326
Printing and stationery	342,355	192,244
Telephone and postage	180,950	196,450
Office rent	535,000	400,000
Professional fees	195,928	-
Audit Fees	100,000	100,000
Vat	16,000	16,000
Consultancy fee	783,472	172,940
NITAS	4,200	-
Generator expenses	23,550	27,100
Software Maintenance	563,840	526,953
Office maintenance	91,581	49,570
ICT expenses	982,837	92,639
	<u>6,282,849</u>	<u>3,925,245</u>



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NOTES TO THE ACCOUNTS CONT.

	2023	2022
	Kshs	Kshs
10 Governance Expenses		
Board of Directors Sitting allowance	1,036,800	804,672
Board of Directors travel and subsistence	1,054,080	861,120
Board of Directors Education & Training	39,600	118,180
Insurance	455,291	495,937
AGM expenses	1,877,700	1,178,204
General Members Expenses/education	267,250	944,240
	4,730,721	4,402,353

BOARD MEMBERS ALLOWANCES

	BOARD	NAMES	SITTING ALLOWANCE	TRANSPORT ALLOWANCE	Totals
1	Chairman	ELIZABETH WACHUKA KIONGO	118,080	118,080	236,160
2	Vice Chairman	DANIEL GACHOKA NJUGUNA	118,080	123,840	241,920
3	Hon.Secretary	LYDIAH NJERI MUCHERU	109,440	112,320	221,760
4	Treasurer	EDWARD NGAREGA GACHERU	158,400	164,160	322,560
5	Member	WINNIE NJAMBI NDUNGU	103,680	100,800	204,480
6	Member	BENSON MWAURA THIGA	72,000	74,880	146,880
7	Member	CHRISTOPHER G. WAINAINA	103,680	106,560	210,240
8	Expelled	BERNARD MIANO MAINA	17,280	17,280	34,560
9	Expelled	ZACHARY GICHIRI KIBERA	17,280	17,280	34,560
10	Retired	ALICE WAHU	25,920	23,040	48,960
11	Patron	REV SIMON KARANU	8,640	8,640	17,280
Supervisory					
1	Chairperson	VICTOR MWANGI N	60,480	60,480	120,960
2	Secretary	ESTHER NDUTA NDICHU	66,240	69,120	135,360
3	Member	PETER KIRUMBA MWENDA	57,600	57,600	115,200
			1,036,800	1,054,080	2,090,880



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	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
11(a) <u>Cash & Bank Balance</u>		
Cash settlement account	97,425	1,263,736
Pay bill control	3,856,907	6,834,360
National bank (Savings)	349,861	869,127
Cooperative bank (Current)	4,029,572	1,345,038
Equity bank(Savings)	741,171	9,413,320
Cooperative bank (savings)	4,646,768	4,552,105
Family Bank (Current)	31,595	2,571,541
KCB (Current)	657,509	8,301,656
Mpesa	50,000	50,000
Petty cash	11,364	-
Chief Cashier	99,037	606,474
Net Cash and Cash Equivalents	<u>14,571,209</u>	<u>35,807,357</u>
12 <u>Accounts receivable and prepayments</u>		
Valuation fees	199,640	344,860
Loan Charged	-	265,614
Accrrued interest account	4,660,512	-
Tracking fees	18,000	-
Prepaid rent	400,000	800,000
Legal fees	855,701	728,469
	<u>6,133,853</u>	<u>2,138,943</u>
12(b) <u>Unreconciled cash in transit</u>	2,947,107	3,447,107
2022 Provision reversed	500,000	
Amount recovered	(3,412,484)	(500,000)
	<u>34,623</u>	<u>2,947,107</u>
Total account receivable	<u>6,168,476</u>	<u>5,086,050</u>



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NOTES TO THE ACCOUNTS CONT.

	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
13 LOANS PORTFOLIO		
A Loans to members		
As at 01/01/2023	521,561,001	401,455,321
Granted during the year	442,129,792	440,199,044
Repaid during the year	<u>(341,890,971)</u>	<u>(320,093,364)</u>
As at 31/12/2023	<u>621,799,822</u>	<u>521,561,001</u>
Less Provision for Loans loss	(24,661,819)	(24,661,819)
Net loans	<u>597,138,003</u>	<u>496,899,182</u>

c)Provision for Loans loss **2023** **2022**

NO.	CLASSIFICATION	NO. OF A/Cs	OUTSTANDING		REQUIRED	
			LOAN PORTFOLIO(Kshs)	REQUIRED PROVISION	PROVISION AMOUNT(Kshs)	<u>Kshs</u>
1	Performing	1,115	459,094,850	1%	4,590,949	4,118,839
2	Watch	83	63,971,431	5%	3,198,572	2,648,186
3	Substandard	106	37,083,485	25%	9,270,871	13,015,760
4	Doubtful	12	3,214,612	50%	1,607,306	1,117,770
5	Loss	17	3,508,001	100%	3,508,001	2,414,778
	Subtotal	1,333	566,872,379		22,175,698	23,315,334
	Reschedule/Renegotiated loans					
1	Performing	64	48,446,351	1%	484,464	-
2	Watch	2	974,941	5%	48,747	-
3	Substandard	2	5,021,653	25%	1,255,413	-
4	Doubtful	-	-	50%	-	-
5	Loss	1	484,498	100%	484,498	-
	Subtotal	69	54,927,443		2,273,122	-
	GRAND TOTAL	1,402	621,799,822		24,448,820	23,315,334



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	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
14 Financial Investments		
Kuscco Fixed deposits	93,440,742	19,016,517
Fixed Deposit & Money Market	53,498,269	117,378,770
Kuscco shares (4,000 Shares @ Ksh 100)	400,000	400,000
Codic Shares (500 shares @Ksh 20)	10,000	10,000
CIC Ltd shares (2,700@Ksh 20)	54,000	54,000
At 31.12.2022	<u>147,403,010</u>	<u>136,859,287</u>
15a Property and Equipments Note 25	<u>5,493,348</u>	<u>2,356,309</u>
15b Intangible Assets Note 26	<u>2,231,127</u>	<u>240,819</u>
16 MEMBERS DEPOSIT		
As at 01/01/2023	543,008,176	449,087,494
Savings	85,156,589	102,695,834
Withdrawal	(20,561,222)	(8,775,152)
As at 31/12/2023	<u>607,603,543</u>	<u>543,008,176</u>
17 TERM DEPOSIT		
As at 01/01/2023	12,433,244	9,756,953
Savings	8,941,360	44,966,521
Withdrawal	(10,469,180)	(42,290,230)
As at 31/12/2023	<u>10,905,424</u>	<u>12,433,244</u>
18 A BBF FUND		
As at 01/01/2023	117,729	891,347
Additions	1,217,096	1,145,557
Payments	(117,729)	(859,616)
As at 31/12/2023	<u>1,217,096</u>	<u>1,177,288</u>
Transfer to reserve bal c/d (90% as per AGM resolution)	(1,095,386)	(1,059,559)
As at 31/12/2023	<u>121,710</u>	<u>117,729</u>
18 B INSURANCE CONROL		
As at 01/01/2023	340,866	1,081,269
Additions-	5,631,947	4,922,481
Payments	(1,825,093)	(2,595,094)
As at 31/12/2023	<u>4,147,720</u>	<u>3,408,656</u>
Transfer to reserve bal c/d (90% as per AGM resolution)	(3,732,948)	(3,067,790)
As at 31/12/2023	<u>414,772</u>	<u>340,866</u>



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	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
19 Accounts Payable		
Excise tax	117,937	93,298
Honoraria Payable	771,564	667,900
C.R.B Charges Payable	50,845	9,445
Accrued Interest	-	1,953,659
Loan Charged	87,956	-
Bom Payee	62,745	-
Audit fee & VAT	116,000	116,000
	<u>1,207,047</u>	<u>2,840,302</u>
20 Interest on Members Deposit		
Balance b/f	46,704,812	33,313,493
Paid during the year	(45,991,693)	(31,135,351)
Proposed for the year	51,336,244	44,526,670
Balance c/d	<u>52,049,363</u>	<u>46,704,812</u>
21 Dividends payable		
Balance b/f	4,521,773	1,549,141
Paid during the year	(4,521,773)	(1,549,141)
Proposed Dividends for the year	6,282,424	4,521,773
Balance c/d	<u>6,282,424</u>	<u>4,521,773</u>



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NOTES TO THE ACCOUNTS CONT.

	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
22 SHARE CAPITAL		
At 1.1.2023	22,608,867	15,491,411
Contribution during the year	8,803,251	7,117,456
At.31.12.2023	<u>31,412,118</u>	<u>22,608,867</u>
23 Reserves		
Retained earnings	25,244,638	14,641,462
Statutory reserve	8,854,911	4,565,620
Capital reserve	2,200,000	2,200,000
General reserve	26,709,225	21,880,891
	<u>63,008,774</u>	<u>43,287,973</u>
24 ARelated Party Transaction		
Management committee Loans	30,490,189	20,703,119
Staff loans	2,005,409	1,792,100
Board of Directors Sitting allowance	1,036,800	804,672
Board of Directors Education & training	39,600	118,180
Board of Directors travel and subsistence	1,054,080	861,120
Board of Directors Insurance	455,291	495,937
	<u>35,081,369</u>	<u>24,775,128</u>
	-	-
24 BPayment to board, employees and suppliers		
Financial expenses	420,110	302,885
Personnel expenses	6,306,887	5,571,688
Governance Expenses	4,730,721	4,402,353
Marketing expenses	661,101	956,045
Administrative expenses	6,282,849	3,925,245
	<u>18,401,668</u>	<u>15,158,216</u>



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25 Property and Equipment's schedule as at 31st december,2023-Sch.A

	Fixtures & Fittings 12.50% Kshs	Furniture & equipment's 12.50% Kshs	Computers & Acc. 30% Kshs	Generator 12.50% Kshs	TOTAL Kshs
WDV					-
AT 1.1.2023	384,424	860,293	928,505	183,087	2,356,309
Disposal/Amortization	-	-	-	-	-
Additions	3,220,000	761,296	157,760	-	4,139,056
AT 31.12.2023	<u>3,604,424</u>	<u>1,621,589</u>	<u>1,086,265</u>	<u>183,087</u>	<u>6,495,365</u>
DEPRECIATION					
Charge for the year	450,553	202,699	325,880	22,886	1,002,017
	<u>450,553</u>	<u>202,699</u>	<u>325,880</u>	<u>22,886</u>	<u>1,002,017</u>
NET BOOK VALUE					
AT 31.12.2023	<u>3,153,871</u>	<u>1,418,890</u>	<u>760,386</u>	<u>160,201</u>	<u>5,493,348</u>
NET BOOK VALUE					
AT 31.12.2022	<u>384,424</u>	<u>860,293</u>	<u>928,505</u>	<u>183,087</u>	<u>2,356,309</u>

26 INTANGIBLE ASSETS

	2023 <u>Kshs</u>	2022 <u>Kshs</u>
WDV		
AT 1.1.2023	240,819	256,828
Additions	2,115,440	104,400
AT 31.12.2023	<u>2,356,259</u>	<u>361,228</u>
ARMOTIZATION		
Charge for the year	125,132	120,409
AT 31.12.2023	<u>125,132</u>	<u>120,409</u>
NET BOOK VALUE		
AT 31.12.2023	<u>2,231,127</u>	<u>240,819</u>
Total Depreciation	<u><u>1,127,149</u></u>	



P.C.E.A RUIRU N-WDT SACCO SOCIETY LIMITED
CS/10410

PROPOSED BUDGET 2025

	Actual Year 2021	Actual Year 2022	Budget Year 2023	Actual Year 2023	Approved Year 2024	Proposed Year 2025
INCOME						
Income From Interest Charged on Loans						
Interest on Quickfix Loan	99,700.00	86,861.00	90,737.04	91,940.00	125,000.00	156,250.00
Interest on Normal Loan	26,055,860.00	24,152,753.00	22,007,197.08	22,298,895.00	29,200,716.00	36,500,895.00
Interest on Emergency Loan	460,153.00	994,405.00	1,427,935.56	1,446,862.00	1,927,713.00	2,409,641.25
Interest on School fees Loan	40,377.00	64,757.00	147,108.89	149,059.00	198,597.00	248,246.25
Interest on Super Loan	16,077,545.00	21,611,743.00	30,352,321.54	30,754,631.00	40,850,634.00	51,063,292.50
Interest on Pamoja Loan	4,760,058.00	6,015,659.00	13,108,254.84	13,282,000.00	17,696,144.00	22,120,180.00
Interest on Asset Finance Loan	503,415.00	3,475,277.00	3,649,836.30	3,698,214.00	4,927,279.00	6,311,712.70
Interest on Insurance Loan		9,043.00	22,064.44	22,357.00	29,787.00	37,233.75
Interest on Mobile Loan			358,407.41	363,158.00	483,850.00	1,451,550.00
Interest on Salary Advance					122,495.19	153,118.99
Interest on Bosa loan offsets					509,000.00	636,250.00
Interest on Land and Construction Loan						500,000.00
Interest on Deposit and Share Boost loan						100,000.00
Interest on Product Loan						100,000.00
Interest on Micro-credit Loans						200,000.00
Interest income	47,997,108.00	56,410,498.00	71,163,863.10	72,107,116.00	96,071,215.19	121,988,370.44
Other Operating Income						
Loan Processing fee	1,949,381.00	3,195,812.00	2,676,722.52	3,185,049.00	4,070,364.97	5,087,956.21
Loan top up fees	1,222,320.00	1,479,230.00	1,647,104.47	1,959,900.00	2,620,010.99	3,275,013.74
Fines on loan repayment	194,961.00	322,040.00	196,200.32	233,460.00	326,981.10	408,726.38
Lumpsum fee	168,744.00	334,847.00	247,409.40	294,394.00	512,324.49	640,405.61
Commission on Statement	3,800.00	5,900.00	4,874.33	5,800.00	8,123.41	10,154.26
Sale of passbook	7,900.00	9,500.00	8,235.94	9,800.00	13,725.76	-
Share transfer	12,000.00	16,500.00	16,387.84	19,500.00	27,311.00	34,138.75
Fines on deposit	941,155.00	1,504,275.00	1,103,981.88	1,313,635.00	1,629,860.00	2,037,325.00
Entrance Fees	398,700.00	572,519.00	479,365.47	570,400.00	798,895.00	998,618.75
Withdrawal fee	142,281.00	193,090.00	203,019.35	241,574.00	338,345.00	422,931.25
Sundry income (Disposals)			7,563.45	9,000.00	12,605.00	15,756.25
Commission on bouncing cheques					25,000.00	31,250.00
Commission on cheque clearance					75,000.00	93,750.00
Commission on account closure					144,000.00	180,000.00
Income from SMS					210,000.00	262,500.00
Reinstatement fees					180,000.00	225,000.00
Sub-total Other operating Income	5,041,242.00	7,633,713.00	6,590,864.98	7,842,512.00	10,992,546.72	13,723,526.20
Investments Income						
Money Market Fund	9,102,896.00	12,114,932.00	7,911,182.57	10,277,398.00	10,925,586.27	13,656,982.83
Interest Fixed Deposits			4,711,317.43	6,120,461.00	2,255,745.60	2,819,682.00
Unit Trust Fund					4,255,745.60	5,319,682.00
Treasury Bills and Bonds					-	2,000,000.00
Dividends	-	12,730.00	5,055.02	6,015.00	8,424.53	10,530.67
Sub-total Investment Incomes	9,102,896.00	12,127,662.00	12,627,555.02	16,403,874.00	17,445,502.00	23,806,877.50
FOSA Incomes						
Fosa advances income	-	-	-	-	-	259,999.99
Cheque commission	-	-	-	-	-	16,274.69
Statement fee	-	-	-	-	-	145,787.80
M-pesa commission	-	-	-	-	-	122,402.93
Commissions bank agency	-	-	-	-	-	51,240.73
Standing order charges	-	-	-	-	-	19,965.13
Service fee	-	-	-	-	-	144,381.93
Total Fosa Income	-	-	-	-	-	760,053.19
Total Income	62,141,246.00	76,171,873.00	90,382,283.10	96,353,502.00	124,509,263.91	160,278,827.33
		23%		26%	29%	29%
EXPENDITURE						
Member Expenses						
Interest paid on Savings Accounts	62,765.00	86,762.00	99,000.00	101,347.00	118,800.00	130,680.00
Recruitment drivees/commission			288,000.00	-	345,600.00	414,720.00
Interest on Non-withdrawable Deposits	31,436,125.00	44,526,670.00	44,341,826.05	52,573,262.20	55,427,282.56	66,512,739.07
Bad Debt Provision	3,815,975.73	-	8,470,000.00		8,470,000.00	7,623,000.00
Dividends Payable			3,110,325.00	6,282,424.00	5,426,127.60	7,053,965.88
Debt Collection Expenses			363,000.00		363,000.00	399,300.00
Total Members Expenses	35,314,865.73	44,613,432.00	56,672,151.05	58,957,033.20	70,150,810.16	82,134,404.95
% Total income	57%	59%	63%	61%	56%	51%
Financial Expenses						
Bank Charges	116,615.00	115,269.00	199,650.00	172,045.00	199,650.00	239,580.00
Insurance Equipment Expenses		187,616.00	381,650.00	248,065.00	532,400.00	638,880.00
Provision for Loss of Cash		500,000.00	-		-	-
Depreciation	405,316.00	722,312.00	200,000.00	1,708,894.70	722,283.60	866,740.32
Software Amortization			150,000.00		144,490.80	173,388.96
Total Financial expenses	521,931.00	1,525,197.00	931,300.00	2,129,004.70	1,598,824.40	1,918,589.28
% Total income	1%	2%	1%	2%	1%	1%
Personnel Expenses						
Basic Salary & Wages	1,922,715.54	2,288,024.32	3,926,450.00	2,411,131.00	4,711,740.00	5,654,088.00
House Allowance	343,727.24	666,814.35	588,967.50	1,229,464.00	2,827,044.00	3,392,452.80
N.S.S.F SACCO Contribution	164,160.00	207,360.00	300,000.00	218,160.00	465,850.00	559,020.00
PAYE	370,513.00	629,325.68	460,820.03	743,479.00	2,120,283.00	2,044,339.60
NHIF	76,800.00	95,250.00		115,400.00	-	-
Housing Levy				76,024.00	-	-
Staff travel and Subsistence	343,727.24	450,123.45	588,967.50	614,730.00	942,348.00	1,130,817.60
Staff bonus	-	199,849.78	392,645.00	-	431,909.50	518,291.40
Staff Training	-	148,800.00	181,500.00	12,500.00	145,200.00	674,240.00



Pension/Provident Fund - SACCO Contribution	246,116.00	284,140.00	400,000.00	237,870.00	593,679.24	712,415.09
Medical Insurance Expenses	220,000.00	240,000.00	350,000.00	338,400.00	1,000,000.00	1,200,000.00
Casual & Overtime	171,000.00	190,000.00	302,500.00	104,400.00	363,000.00	435,600.00
Other Staff Expenses	232,680.50	172,000.85	181,500.00	205,329.00	199,650.00	239,580.00
Office maintenance			266,200.00		319,440.00	383,328.00
Leave Allowance			121,000.00		145,200.00	174,240.00
Group Life Insurance			150,000.00		250,342.80	300,411.36
Total personnel expenses	4,091,439.52	5,571,688.43	8,210,550.03	6,306,887.00	14,515,686.54	17,418,823.85
% Total income	7%	7%	9%	7%	12%	11%
Governance Expenses						
Board of Directors Sitting allowance	588,920.00	804,672.00	1,033,340.00	1,036,800.00	1,240,008.00	1,488,009.60
Board of Directors travel and subsistence	849,600.00	861,120.00	1,057,540.00	1,054,080.00	1,269,048.00	1,522,857.60
Board of Directors Education & Training	77,800.00	118,180.00	150,000.00	39,600.00	180,000.00	450,000.00
Insurance	330,000.00	495,937.00	650,000.00	455,291.00	780,000.00	936,000.00
AGM Expenses	1,007,169.34	1,178,204.00	2,750,000.00	1,877,700.00	3,300,000.00	4,950,000.00
Education To Members	627,709.24	944,240.00	1,012,000.00	267,250.00	1,214,400.00	1,821,600.00
Honoraria			665,127.39		1,068,566.00	1,282,279.20
Total governance expenses	3,481,198.58	4,402,353.00	7,318,007.39	4,730,721.00	9,052,022.00	12,450,746.40
% Total income	6%	6%	8%	5%	7%	8%
Marketing Expenses						
Public Relation Expenses			906,840.00	-	1,088,208.00	1,632,312.00
Marketing & Promotions	549,690.00	956,045.00	1,400,000.00	661,101.00	1,680,000.00	2,216,000.00
Corporate Social Resp	20,000.00	141,770.00	200,000.00	156,295.00	240,000.00	480,000.00
Research & development			300,000.00		360,000.00	432,000.00
Total marketing expenses	569,690.00	1,097,815.00	2,806,840.00	817,396.00	3,368,208.00	4,760,312.00
% Total income	1%	1%	3%	1%	3%	3%
Administration Expenses						
Strategic Planning			50,000.00	-	250,000.00	300,000.00
Subscription Expenses	32,200.00	76,600.00	665,500.00	33,600.00	665,500.00	798,600.00
NITA-Levy			100,000.00	4,200.00	100,000.00	120,000.00
Internet	66,800.00	94,505.00	150,000.00	69,600.00	150,000.00	180,000.00
Cash In transit	2,350.00	3,750.00	250,000.00	33,560.00	500,000.00	600,000.00
Licenses - Business & Other	79,630.00	102,914.00	150,000.00	97,040.00	150,000.00	180,000.00
Computer & Hardware Maintenance	43,100.00	-	150,000.00	-	150,000.00	180,000.00
Repair & Maintenance	182,865.00	-	232,320.00	-	232,320.00	278,784.00
Fuel ,water and electricity	244,704.00	246,544.00	600,000.00	306,140.00	600,000.00	720,000.00
Sasra Levy & License	84,120.00	30,000.00	700,000.00	85,083.00	1,200,000.00	1,440,000.00
Security	767,440.00	764,940.00	1,331,000.00	764,940.00	1,331,000.00	1,597,200.00
Hospitality	678,495.00	690,326.00	-	916,878.00	-	-
Printing & Stationary	192,601.00	192,244.00	302,500.00	342,355.00	332,750.00	399,300.00
Telephone and postage	201,450.00	196,450.00	266,200.00	180,950.00	292,820.00	351,384.00
Rental expenses	400,000.00	400,000.00	400,000.00	535,000.00	400,000.00	600,000.00
Audit & Supervision	70,000.00	100,000.00	119,790.00	100,000.00	143,748.00	172,497.60
Taxation	11,200.00	16,000.00	2,750,000.00	3,956,639.00	4,265,707.32	5,118,848.78
Consultancy fee	85,840.00	172,940.00	968,000.00	783,472.00	1,064,800.00	1,077,760.00
Professional/Legal fees	69,240.00	-	200,000.00	195,928.00	266,200.00	319,440.00
Generator maintenance	65,976.00	27,100.00	60,500.00	23,550.00	60,500.00	72,600.00
Software Maintenance	655,858.00	526,953.00		563,840.00	-	300,000.00
Office maintenance	99,938.00	49,570.00	330,000.00	91,581.00	396,000.00	475,200.00
ICT Expense	99,300.00	92,639.00	200,000.00	982,837.00	266,200.00	319,440.00
Capital Expenditure			3,000,000.00	-	3,600,000.00	7,200,000.00
Sundry Expenses	21,550.00	-	50,000.00	-	50,000.00	60,000.00
Total administrative expenses	4,154,657.00	3,783,475.00	13,025,810.00	10,067,193.00	16,467,545.32	22,861,054.38
% Total income	7%	5%	14%	10%	13%	14%
Total operating expenses	48,133,781.83	60,993,960.43	80,494,658.47	83,168,234.90	115,153,096.42	141,543,930.86
% Total income	77%	80%	89%	86%	92%	88%
Surplus/ Deficit	14,007,464.17	15,177,912.57	9,887,624.63	13,185,267.11	9,356,167.49	18,734,896.46

COMPILED BY BOARD OF DIRECTORS

TREASURER



NOTES

