

CS /NO. 2169



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2024**



CS /NO. 2169
CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2024

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CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

SOCIETY INFORMATION

FOR THE PERIOD ENDED 31ST DECEMBER 2024

BOARD OF DIRECTORS:

Boniface Ayub	National Chairman
Royford Mutembei	Vice Chairman
Lameck Migiro	Hon. Secretary
James Hinga	Treasurer
Grace Miano	Member
Julius Mugo	Member
Elijah Olulo	Member
Lucy Ndirangu	Member
Monicah Yuaya	Member
Festus Mwatee	C.E.O (Ex - Officio)

SUPERVISORY COMMITTEE

Fredrick Aluoch	Chairman
Agnes Wamuyu	Secretary
David Njoroge	Member

SENIOR MANAGEMENT STAFF

Festus Mwatee	Chief Executive Officer
Stephen Samba	Head of Business Operations
Dennis Munyi	Head of Finance & Credit
Stanely Muiruri	Head of ICT
Erick Musyoki	Head of Internal Audit and Risk
Evans Omweri	Head of Human Resource & Administration
Johnson Muriuki	Marketing & Customer Experience Manager
Geoffrey Ngetich	Credit Manager
Joshua Muthomi	Loans Recovery Manager
Geoffrey Mugunyi	Finance Manager

REGISTERED OFFICE

Chai Savings & Credit Co-operative Society Limited
Chai House, Mezzanine Floor, Koinange Street.
P.O Box 278-00200,
Nairobi, Kenya

PRINCIPAL BANKERS

Co-operative Bank of Kenya Limited
Co-operative House Branch,
P.O Box 48231 -00100,
Nairobi, Kenya.

PRINCIPAL LAWYER

Milimo Muthomi & Co. Advocates,
4th Avenue Towers, Upper Hill,
P.O Box 8154-00200,
Nairobi, Kenya

INDEPENDENT AUDITOR

Nelson and Francis LLP
Certified Public Accountants,
Timshack Building Ngong Road
P.O. BOX 19897 - 00100
Nairobi, Kenya.

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CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2024

The Board of Directors submit their annual report together with the audited financial statements for the year ended 31st December 2024.

INCORPORATION

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

PRINCIPAL ACTIVITY

The Society's principal activity is to receive deposits from members and advance loans on interest.

RESULTS	2024	2023
	Kshs	Kshs
Surplus before tax	126,569,638	99,001,479
Taxation	(10,555,096)	(6,716,573)
Operating surplus after tax	116,014,542	92,284,906
Transfer to statutory reserve	23,202,908	18,456,981
Proposed dividends	75,578,886	83,552,044
Proposed honoraria	3,000,000	2,800,000
Total distribution	101,781,794	104,809,025
Retained earnings for the year	14,232,748	(12,524,119)
Rebates on members' deposit	302,036,549	283,125,080
Rebates on member deposits	9.5%	9.5%
Dividends on share Capital	13%	13%

INTERESTS ON MEMBERS DEPOSITS AND DIVIDENDS ON SHARE CAPITAL

The Board of Directors recommend interest on members' deposits at 9.5% (2023-9.5%) and dividends on Share Capital at 13% (2023- 13%)

THE BOARD OF DIRECTORS

The Board of Directors who served during the year and to the date of this report are as listed on page 1.

As per the Sacco's By laws, James Hinga, Monicah Yuaya and Lucy Ndirangu who are Member of Board and David Njoroge a member Supervisory Committee retire on rotation and being eligible for re-election offer themselves for re-election.

INDEPENDENT AUDITORS

The Sacco's auditors, Messrs Nelson and Francis LLP , Certified Public Accountants (K) have expressed willingness to continue in office in accordance to section 25(4) of the Co-operative Societies (Amendment) Act No 2 of 2004.

BY ORDER OF THE BOARD OF DIRECTORS

.....

HON. SECRETARY

DATE 04 February 2025

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STATISTICAL INFORMATION

	Dec-24	Dec-23
Number of members		
Active	41,016	37,809
Dormant	637	719
	41,653	38,528
Number of branches	6	5
Employees of the Sacco - Male	76	42
Female	78	54
TOTAL	154	96
	Kshs	Kshs
Total assets	5,813,695,726	5,191,330,187
Loans and advances to members	4,966,409,197	4,529,701,878
Members' deposits and savings	4,063,738,889	3,596,996,958
Financial assets	162,537,164	142,626,352
Liquid assets	583,213,908	387,860,542
Core capital	1,185,262,024	1,071,789,402
Share Capital	718,709,536	642,708,029
Institutional capital	466,552,489	429,081,373
Total liabilities	4,428,540,181	3,932,827,237
Total revenue	922,329,085	791,431,375
Total interest income	836,634,375	743,817,841
Ordinary expenses	499,615,963	409,304,816
Interest on members deposits	324,361,986	294,618,497
Proposed Dividend	75,578,886	83,552,044
Key Ratios		
Capital adequacy ratio		
Core capital/Total assets	20.39%	20.65%
Core capital/Total deposits	29.17%	29.80%
Share capital/Total assets	12.36%	12.38%
Institutional Capital /Total Assets	8.03%	8.27%
Liquidity ratio		
Liquid assets/Total Saving and Short term liabilities	66.39%	54.78%
Total loans/Total deposits	122.21%	125.93%
Operating efficiency ratios		
Ordinary expenses/ Total revenue	54.17%	51.72%
Interest on members deposits/Total revenue	32.75%	37.23%
Dividend rate on members share capital	13%	13%
Interest rate on members deposits	9.5%	9.5%
Delinquency Ratio	1.17%	1.98%

**REPORT OF INDEPENDENT AUDITORS
TO THE MEMBERS OF CHAI SACCO SOCIETY LIMITED
FOR THE PERIOD ENDED 31ST DECEMBER 2024**

Opinion

We have audited the accompanying financial statements of Chai Sacco Society Limited set out on pages 7 to 25 which comprise the statement of financial position as at 31st December 2024 and the Statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

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

Basis of Opinion

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

We are independent of the Society in accordance with the International Ethics Standards Board for Accountants Code of Ethics, For Professional Accountant (IESBA Code) we have fulfilled our other ethical responsibilities in accordance with IESBA code and in accordance with other ethical requirements applicable to performing the audit We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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

Key Matters	How it was addressed
Quality of loanbook, adoption and implementation of IFRS	
<p>The amount and quality of loans advanced to the members affect the revenue that the Sacco generates and recognizes in a financial year. The revenue from members' loans represents a material amount of the Society's total revenue. The high volume of loan accounts necessitates a good system to record and track each loan account and correctly compute and record income receivable. Adequate provision for non-performing loans is equally critical to avoid overstatement of loan balances and interest income as a result of carrying accounts that are not collectible.</p>	<p>We tested internal controls, management's controls over loan processing and recovery, the IT system in use, performing substantive process of procedures relating to provisioning, recalculating the provisions. We further focussed on the adequacy of the Sacco's computations and disclosures about the loan impairment and the related risks such as credit risk, liquidity risk and the aging of the loan balances.</p>
<p>Impairment of loans Impairment of loans to members are determined under application of IFRS 9 model financial instrument. This was considered a key audit matter because significant judgement was involved in determining impairment losses</p>	<p>Expected credit losses on loans to members, Loans and advances to customers comprise a significant portion of the Sacco's total assets. The estimation of expected credit losses (ECL) on loans and advances to members requires management judgment in the assumptions that are applied in the models used to calculate ECL. Assessing the inherent default risk in various loan products and other financial instruments. Evaluation of other alternative measures taken by management to mitigate accounting and disclosure of any future risks</p>

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**ANNUAL REPORT AND FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT (CONT....)
TO THE MEMBERS OF CHAI SACCO SOCIETY LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2024**

Other information

The Board of Directors is responsible for the other information. The other information comprises the budget and the chairman's report included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon in connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact we have nothing to report in this regard.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Sacco's Act. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. The Kenya Co-operatives Societies Act also requires the Board of Directors to ensure that the society maintains proper books of accounts which are in agreement with the statement of comprehensive income and statement of financial position.

Auditors' Responsibility for the audit of the financial statements

Our responsibility is to express an 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 misstatements.

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 society's 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 society's internal controls.

**INDEPENDENT AUDITOR'S REPORT (CONT....)
TO THE MEMBERS OF CHAI SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2024

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

We provide the directors with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal requirements

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

- (i) In accordance with the provisions of the Kenyan Co-operative Society's Act,
- (ii) In accordance with the Co-operatives Societies objectives, bylaws and any other resolutions made by the Society at a general meeting.

The engagement partner responsible for the audit resulting in this independent auditor's report is **FCPA Nelson Korir – P/No 1761**

Nelson Francis LLP
For and on behalf of Nelson and Francis LLP
Certified Public Accountant (k)

Atk February2025
Nairobi, Kenya.

NELSON AND FRANCIS LLP
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 19897 - 00100, NAIROBI
Email: info@nelsonfrancis.co.ke

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CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST DECEMBER 2024

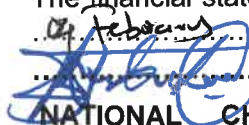
	Notes	Dec-24 Kshs	Dec-23 Kshs
Revenue			
Interest on loans and advances	2	836,634,375	743,817,841
Other interest income	3	38,234,011	9,167,466
Total interest income		874,868,386	752,985,307
Interest expense	4	(324,361,986)	(294,618,497)
Net interest income		550,506,399	458,366,810
Other operating Income	5	47,460,700	38,446,068
Total Income		597,967,099	496,812,878
Expenditure			
Administrative expenses	6	(133,844,552)	(124,046,374)
Personnel expenses	7	(212,616,164)	(173,874,729)
Marketing and public relations expenses	8	(25,706,176)	(30,390,509)
Governance expenses	9	(54,110,133)	(47,311,612)
Financial expenses	10	(3,976,016)	(2,781,401)
Provision for loan loss	15	(17,225,710)	(2,195,156)
Provision for impairment of Equity Investment	17(b)	(1,042,319)	-
Depreciation and amortisation	11	(18,214,360)	(15,969,754)
Total expenditure		(466,735,430)	(396,569,535)
Net operating surplus		131,231,669	100,243,343
Tax provision	21	(10,555,096)	(6,716,573)
Net surplus for the year		120,676,573	93,526,770
Other comprehensive income (OCI)			
Gain/(Loss) on disposal of assets	23	(4,662,031)	76,057
		116,014,542	93,602,827
Gain/Loss on revaluation of Investments	17	20,953,131	2,230,730
Total Comprehensive Income		136,967,673	95,833,557

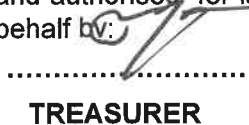
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**CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2024**

	Notes	Dec-24 Kshs	Dec-23 Kshs
ASSETS			
Cash and cash equivalents	12	583,213,908	387,860,542
Accounts and other receivables	13	61,190,310	67,961,626
Property and equipment	14	108,871,000	114,884,559
Loans and advance to Member:	15	4,875,192,367	4,455,844,050
Intangible assets	16	22,690,977	21,659,759
Financial assets	17	162,537,164	142,626,352
Tax claimable	22	-	493,299
TOTAL ASSETS		5,813,695,726	5,191,330,187
LIABILITIES			
Members' deposits and savings	18	4,063,738,889	3,596,996,958
Accounts and other payables	19	60,569,696	52,705,199
Payments due to members	20	302,036,549	283,125,080
Tax Payable	21	2,195,047	
TOTAL LIABILITIES		4,428,540,181	3,932,827,237
SHARE HOLDERS FUNDS			
FINANCED BY:			
Share capital	22	718,709,536	642,708,029
Statutory Reserve	23	251,700,437	228,497,529
Revaluation reserve	23	63,286,164	42,333,033
Retained Earnings	23	272,880,522	258,612,315
Proposed dividends & Honorari:	23	78,578,886	86,352,044
TOTAL SHAREHOLDERS FUNDS		1,385,155,545	1,258,502,950
TOTAL EQUITY AND LIABILITIES		5,813,695,726	5,191,330,187

The financial statements were approved and authorised for issue by the Board of Directors on 05 FEB 2025 and signed on its behalf by:


NATIONAL CHAIRMAN


TREASURER


BOARD MEMBER

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CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT 31ST DECEMBER 2024

	SHARE CAPITAL	REVALUATION RESERVE	STATUTORY RESERVE	RETAINED EARNINGS	PROPOSED DIVIDENDS & HONORARIA	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
2023						
Balance as at 01.01.2023	569,216,357	40,102,303	210,040,548	255,583,264	76,600,000	1,151,542,472
Surplus for the year	-	-	-	92,284,906	-	92,284,906
Increase in share capital	73,491,672	-	-	-	-	73,491,672
Transfer to statutory reserves	-	-	18,456,981	(18,456,981)	-	-
Change in revaluation reserve	-	2,230,730	-	-	-	2,230,730
Paid dividends and Honoraria 2022	-	-	-	-	(76,600,000)	(76,600,000)
Proposed dividends	-	-	-	(83,552,044)	83,552,044	-
Proposed honoraria	-	-	-	(2,800,000)	2,800,000	-
Prior year adjustments(Note 26)	-	-	-	15,553,170	-	15,553,170
Balance as at 31.12.2023	642,708,029	42,333,033	228,497,529	258,612,315	86,352,044	1,258,502,950
2024						
Balance as at 01.01.2024	642,708,029	42,333,033	228,497,529	258,612,316	86,352,044	1,258,502,950
Surplus for the period	-	-	-	116,014,542	-	116,014,542
Increase in share capital	76,001,507	-	-	-	-	76,001,507
Transfer to statutory reserves	-	-	23,202,908	(23,202,908)	-	-
Change in revaluation reserve	-	20,953,131	-	-	-	20,953,131
Paid dividends and Honoraria 2023	-	-	-	-	(86,352,044)	(86,352,044)
Proposed dividends	-	-	-	(75,578,886)	75,578,886	-
Proposed honoraria	-	-	-	(3,000,000.0)	3,000,000	-
Prior year adjustment(Note 25)	-	-	-	35,458	-	35,458
Balance as at 31.12.2024	718,709,536	63,286,164	251,700,437	272,880,522	78,578,886	1,385,155,545

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CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF CASHFLOWS
AS AT 31ST DECEMBER 2024

	Notes	2024 Kshs	2023 Kshs
Cashflow from operating activities			
Interest receipts	2	836,634,375	743,817,842
Other interest income	3	38,234,011	9,167,465
Other operating income	5	47,460,700	38,446,068
Interest expense	4	(391,775,723)	(334,266,586)
Payment to employees and suppliers		(430,028,518)	(364,052,943)
		100,524,845	93,111,846
(Increase) decrease in operating assets			
Trade and other receivables	13	6,771,316	(12,368,427)
Loans to members	15	(436,707,319)	(378,773,159)
		(429,936,003)	(391,141,586)
(Decrease)/ Increase in operating liabilities			
Deposits from members	18	466,741,932	313,857,261
Trade payables	19	7,864,497	9,894,749
Net Cash from/(used in) operating activities before tax		145,195,270	25,722,270
Income tax paid	21	(7,387,431)	(1,428,264)
Net cash (used in)operations		(7,387,431)	(1,428,264)
Cashflow from investing activities			
Purchase of property and equipment	14	(19,492,261)	(36,216,317)
Purchase of Intangible asset	16	(6,212,915)	(2,118,866)
Proceeds on disposal of assets	23	7,249,191	(76,057)
Purchase/(sale) of financial assets	17	-	(2,230,730)
Net cash generated from investing activities		(18,455,984)	(40,641,970)
Cashflow from financing activities			
Share capital contribution movement	22	76,001,507	73,491,672
Net cash generated from(used in) financing activities		76,001,507	73,491,672
Net cash increase/ (decrease) during the year		195,353,366	57,143,708
Cash and cash equivalents at the start of the year.		387,860,542	330,716,834
Cash and cash equivalents at the end of the period	12	583,213,908	387,860,542

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CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
ACCOUNTING POLICIES
FOR THE PERIOD ENDED 31ST DECEMBER 2024

1 Summary of Significant Accounting Policies

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

Basis of preparation

a) Statement of compliance

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRSs).

These financial statements are presented in the functional currency, Kenya shillings (Kshs) and prepared under the historical cost convention, except as specified below under fair value measurement in accordance with applicable IFRSs.

The financial performance of the Society is set out in the Director's report and in the statement of comprehensive income. The financial position of the Society is set out in the statement of financial position.

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.

b) Revenue recognition

Interest income and expense

Interest on members loans and any other income is recognized on the year it is earned by the Society. Revenue shall be measured at the fair value of the consideration received or receivable. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Other income

- i) Entrance fee is recognized when a new member joins the Society.
- ii) Dividend is recognized when the right to receive income is established. Dividend are reflected as a component of other operating income based on the underlying classification of the equity instrument;
- iii) Commission income is recognized upon successful completion of the transaction;
- iv) Miscellaneous income is recognized upon performance of the services agreed on.
- v) Interest income is recognized on an cash basis in the profit or loss for the year using the effective yield on the asset. Interest income includes income from loans and advances. When financial assets become impaired, interest income is thereafter not recognized until such time that recoverability is assured.

c) Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Certain classes of property, plant and equipment are subsequently shown at revalued amounts, based on periodic valuations by the independent valuers. All other property plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Item	Rates
Office partitions & fittings	10.0%
Office equipment	10.0%
Office furniture	10.0%
Motor vehicle	25.0%
Motor cycles	25.0%
Computers & Accessories	25.0%

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CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
ACCOUNTING POLICIES (CONT'D)

FOR THE PERIOD ENDED 31ST DECEMBER 2024

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount 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.

Intangible Assets

Intangible assets include computer software recognized in the books at cost and amortized over an estimated useful life based on the circumstances at an annual rate of 20% per annum based on reducing balance method.

The increase in software relates to software enhancements done during the year.

De-recognition

The carrying amount of an item of property, plant and equipment shall be derecognized:

(a) on disposal; or

(b) when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognized (unless IAS 17 requires otherwise on a sale and leaseback). Gains shall not be classified as revenue.

(d) Adoption of new Standards and Interpretations

The following standards and interpretations have been adopted as they are mandatory for the year ended 31st December 2021 as they were effective for annual periods beginning on or after 1 January 2016;

i) Disclosure Initiative-Amendments to IAS 1

The amendments clarify the materiality requirements in IAS 1, that specific items in the statements of comprehensive income and financial position may be disaggregated, that entities have flexibility as to the order in presenting notes to the financial statements,; and that the share of other comprehensive income of associates and joint ventures, accounted for using the equity method, must be presented in aggregate as a single line item, and classified between those items that will not be subsequently reclassified to profit or loss. The amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

ii) IFRS 10, IFRS 11, IFRS 12 and IAS 20 Investment Entities; Applying the Consolidation Exemption-Amendments to

IFRS 10, IFRS 12 and IAS 28

The amendments to IFRS 10 clarify that the exemption in paragraph 4 of IFRS from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, the amendment to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measure at fair value.

The amendment requires an entity acquiring an interest in a joint operation , in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS and other IFRSs that do not conflict with the requirements of IFRS 11 Joint Arrangements. Furthermore, entities are required to disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendment also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by one of its parties to the joint operation on its formation. Furthermore, the amendment clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interest in the joint operation must not be remeasured if the joint operator retains joint control.

CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
ACCOUNTING POLICIES (CONT'D)
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The amendment to IAS 28 allow the investor, when applying the equity method to retain the fair value measurement applied by the investment entity, associate or joint venture to its interest in subsidiaries.

iii) IAS 16 and IAS 38-Ammendements to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendment clarifies the principle in IAS 16;Property ,Plant and Equipment and IAS 38;Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business(of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to the total revenue expected to be generated cannot be used to depreciated property, plant and equipment and may only be used in very limited circumstances to amortized intangible assets.

iv) IAS 27:Equity Method in Separate Financial Statements-Amendments to IAS 27

The amendment allow an entity to use the equity method as described in IAS 28 to account for its investment in subsidiaries joint ventures and associates in its separate financial statements. Therefore, an entity must account for its investments either(1) at cost;(2) in accordance with IFRS 9; or (3) using the equity method. The entity must apply the same accounting for each category of investment, and the amendment must be applied retrospectively.

v) IAS 7:Disclosure Initiative-Statement of Cash flows

The amendment are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flow and non-cash changes. The amendments are intended to provide information to help investors better understand changes in a Company's debt.

e) New Standards and Interpretations not yet adopted

The following new Standards and amendments to standards and interpretation effective 31st December 2016 are not expected to have a significant effect on the financial statements of the Society in future financial periods, or not applicable to the Society based on the existing assets and liabilities;

(i) IFRS 9: Financial instruments

Issued on 24th July 2014 this standard replaces earlier version of IFRS9 and superseded IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model

The standard is effective for annual periods beginning on or after 1st January 2018 with retrospective application, early adoption permitted.

The Sacco is assessing the potential impact on its financial statements resulting from the application of IFRS 9 but this is yet to be implemented during the year.

The Sacco classifies its financial instruments into the following categories:

i) **Financial assets at fair value** , which comprise of those held at Fair Value through Other Comprehensive Income(FVOCI) which meet the Solely Payments of Principal and Interest(SPPI) test and are held in a business model in which assets are managed both to collect contractual cash flows and for sale and those held at Fair Value through Profit or Loss(FVTPL) which are all other financial assets that do not qualify for measurement at FVOCI

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ii) Financial assets at amortized cost, which comprise of financial assets which meet the Solely Payments of Principal and Interest (SPPI) test and are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows only.

iii) Financial liabilities at fair value through profit or loss, which comprise of those held for trading and those designated at FVTPL upon initial recognition.

iv) Financial liabilities at amortized cost, which comprises of all other financial liabilities except for those that the fair value option has been elected.

ii) IFRS 15: Revenue from Contracts

IFRS 15 was issued on May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The Society is assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

iii) IFRS 16: Leases

The new standard introduces a single on balance sheet accounting model, similar to the current finance lease accounting. Under the new standard the Society will be required to recognize a 'right to use' asset and a lease liability for all identified leased assets in the statement of financial position. The current operating lease (rent) expense will be replaced with a depreciation and finance charge. The standard becomes applicable for the financial year beginning on or after 1 January 2019 and the Society intends to adopt IFRS 16 on its effective date. While there is not expected to be a material impact on overall cash flows and net profit or loss, the quantification of such impact cannot be reliably measured.

(f) IAS 12: Income Taxes

According to IAS 12, current tax for current and prior periods shall, to the extent unpaid, be recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset. Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Note that for Sacco's, dividend and/or interest expense is deducted before computing/charging tax.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability. Currently enacted tax rates are used to determine deferred income tax.

Deferred income tax assets are recognized only to the extent that it is probable that the future taxable profits will be available against which temporary differences can be utilized.

(g) Financial liabilities and equity instruments issued by the Sacco

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Sacco are recorded at the proceeds received, net of direct issue costs. The capital comprise primarily of minimum share capital prescribed under the By-laws of the Sacco.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

All financial liabilities are recognized initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognized at fair value and the transaction costs are expensed in the statement of comprehensive income.

Subsequently, all financial liabilities are carried at amortized cost using the effective interest method except for financial liabilities through profit or loss which are carried at fair value.

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the Society's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the Society does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

De recognition of Financial Liabilities/Recognition of write-offs

Financial liabilities are derecognized only when the obligation specified in the contract is discharged or cancelled or expires.

Write off of a loan or part of a loan from its statement of financial position is done when the sacco loses contractual rights over the loan and its deemed to be uncollectible or where there is no prospect of recovery.

Provision for liabilities and charges

Provisions are recognized when the Society has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Other financial liabilities

All other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

(h) Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

(i) Retirement benefit obligations

The Society operates a defined contribution scheme for all employees. A defined contribution plan is a pension plan under which the Society pays fixed contributions into a separate entity. The assets of these schemes are held in a separately administered fund that is funded by contribution from the Society and employees.

The Society has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior period. The Society's contributions to the defined contribution schemes are charged to the profit or loss in the year to which they relate.

The Society also contributes to a mandatory statutory defined contribution pension scheme, the National Social Security Fund (NSSF) at varying values for its employees as legislated from time to time.

(j) Statutory reserves

Transfers are made to the statutory reserve fund at a rate of 20% of net operating surplus after tax in compliance with the provision of section 47 (1& 2) of the Co-operative Societies Act ,Cap 490.

(k) Cash and cash equivalents

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

(l) Provisions for liabilities and other charges

Provisions are recognized when the Sacco has a present obligation (legal or constructive) as a result of a past event, it is probable that the Sacco will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

(m) Collateral

The Sacco discloses:

(a)the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with paragraph 37(a) of IAS 39; and

(b)the terms and conditions relating to its pledge

When the Sacco holds collateral (of financial or non-financial assets) and is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, it shall disclose:

(a)the fair value of the collateral held;

(b)the fair value of any such collateral sold or repledged, and whether the entity has an obligation to return it; and

(c)the terms and conditions associated with its use of the collateral.

n) Key source of estimation uncertainty

These are assumptions applied in estimating the carrying amounts and the underlying estimation uncertainty may lead to those amounts changing materially in the next 12 months. Examples of situations involving estimation uncertainty:

(a) In the absence of recently observed market prices, future oriented estimates are necessary to measure the recoverable amounts of classes of property, plant and equipment.

(b) The effect of technological obsolescence on inventories

(c) Provisions subject to future outcome of litigation in progress

(d) In determining the liability for long-service payments, management must make an estimate of salary increases over the following five years, the discount rate for the next five years to use in the present value calculation, and the number of employees expected to leave before they receive the benefits.

o) Significant judgment(s) in applying the Society's accounting policies

Disclosure is made of significant judgements (apart from those involving estimations) made in applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements.

Examples of judgments,

(1) When substantially all the significant risks and rewards of ownership of financial assets are transferred to other entities

(2) Whether in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue

(3) Whether the relationship with a special purpose entity indicates control of the Special Entity.

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NOTES TO THE FINANCIAL STATEMENTS

	Dec-24	Dec-23
	Kshs	Kshs
2 Interest Income		
Interest on loans and advances	836,634,375	743,817,841
	836,634,375	743,817,841
3 Other Interest Income		
Interest income from Co-operative Bank	38,234,011	6,181,987
Interest income from KCB Bank		2,985,479
	38,234,011	9,167,466
4 Interest Expenses		
Interest on members deposits	302,036,549	283,125,080
Interest on savings deposits	6,200,000	5,500,000
Interest on fixed Deposit	8,606,407	5,993,417
Interest on Preference Deposits	7,519,030	0
	324,361,986	294,618,497
5 Other Operating Income		
Commission on mobile banking	12,432,867	10,246,261
FOSA income	15,766,558	11,480,580
Entrance Fees	7,536,975	4,340,600
Dividends income	10,985,113	10,798,708
Miscellaneous income	739,186	1,579,920
	47,460,700	38,446,068
6 Administrative expenses		
Business Licence Fee	6,295,160	4,528,938
Subscriptions	559,675	417,626
Repairs and Maintenance	4,047,012	2,537,585
Debt Collection Expenses	700,335	1,500
Cleaning Services & Fumigation	5,626,184	4,863,050
Motor . v. Running	1,999,491	2,197,318
Security Services	14,964,487	13,299,603
Stationery and Printing	4,162,261	2,962,779
Library and Reference Materials	143,340	150,310
Telephone Services	1,910,119	1,559,920
Internet and Connectivity Services	4,732,857	4,845,929
Sasra Levy	5,745,494	5,257,445
Strategic Planning	2,675,527	6,165,996
Operational & Business Reviews	2,428,332	1,852,655
Office Rent	28,130,767	28,791,802
Branch Electricity Expenses	3,957,804	3,216,264
Credit Reference Bureau	1,316,832	1,072,210
Asset Tagging	-	75,000
General Insurance	258,024	350,444
Fidelity and Cash insurance	1,374,005	1,318,239
Loan Guard Insurance	22,298,910	21,055,262
Bulk SMs Expenses	2,147,337	1,221,764
General Office Expenses	5,527,433	4,606,414
Annual System support & Maintenance	5,278,210	4,607,664
QMS &ISO certification	917,634	2,476,081
Courier Services	1,608,536	683,236
System Enhancements	116,000	
Legal fees	1,357,310	842,400
Managed cybersecurity services	2,321,740	1,968,700
Tax Consultancy	597,200	236,800
Audit fees	344,936	433,440
System Audit	301,600	450,000
	133,844,552	124,046,374

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CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Dec-24 Kshs	Dec-23 Kshs
7 Personnel expenses		
Salaries and wages	129,664,418	107,848,923
NSSF employer contribution	3,171,388	1,543,680
Staff provident fund scheme	14,326,056	11,508,691
Provision for leave days	356,166	0
Fringe benefit tax	106,002	39,669
Staff medical insurance scheme	15,447,649	10,368,899
Staff insurance	1,729,598	1,448,512
Staff benefits and leave allowances	11,815,627	9,991,669
Staff travel and subsistence	7,186,517	7,885,356
Staff benevolent	11,724	943,847
Staff evaluation, and recruitment	2,585,867	359,264
Staff Training	8,511,752	8,317,979
Staff bonus	10,800,000	8,466,500
Staff Team Building	4,927,818	4,006,873
Nita Expense	116,500	83,150
Housing Levy	1,859,081	1,061,717
	212,616,164	173,874,729
8 Marketing and public relations expenses		
Marketing expenses	16,347,519	14,767,193
Public Relations	6,155,663	12,642,043
Advertisement	2,625,032	2,981,272
Corporate Social Investment	577,961	
	25,706,176	30,390,509
9 Governance expenses		
Board sitting allowance	5,541,785	4,513,131
Members and delegates education	12,721,004	11,273,246
Board subsistence	6,191,291	4,352,078
Board education and seminars	8,446,700	7,294,261
Board travelling	4,709,718	2,113,551
ADM expenses	13,666,859	14,195,658
Branch committee costs	1,933,729	1,189,013
Election expenses	168,207	668,489
Board and delegates welfare	124,702	556,717
Ushirika Day Celebrations	606,138	1,155,467
	54,110,133	47,311,612
10 Financial Expenses		
Bank charges	2,977,499	2,504,879
M-pesa charges	998,517	276,522
Bad debts		
	3,976,016	2,781,401

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Dec-24 Kshs	Dec-23 Kshs
11 Depreciation and Amortization		
Depreciation	13,594,601	11,536,432
Amortization	4,619,760	4,433,323
	18,214,360	15,969,754
12 Cash and Cash Equivalents		
Petty cash	131,289	385,463
Treasury cash	23,299,533	23,867,798
Fixed deposit-Co-op bank	435,000,000	280,000,000
Fixed deposit-KCB bank	65,000,000	0
Chase bank (25% with KDIC)	4,566,125	4,566,125
KCB current Account -Litein branch	5,859,961	6,618,843
Co-op bank current account - BOSA	2,418,141	-2,959,979
Co-op bank current account- Nrb FOSA	13,101,253	17,427,073
Co-op kwa jirani (pos) investment	437,000	473,000
Mpesa settlement account	3,365,409	3,368,480
B2C settlement account	7,399,909	78,099
Safaricom paybill(Tangazoletu)	19,895,648	30,859,907
Tangazoletu settlement account	6,744,426	16,698,437
Chai Pesa settlement account	0.14	6,882,298
Safaricom Paybill (Skyworld)	-	2,194,430
CIT to Branches	-	0.00
Cooperative Bank Personal Cheque-Collateral A/c	500,000	
Overdrawn account balances		
Co-op bank current account- Nrb FOSA		
ATM settlement account	-4,335	-186,171
Bankers cheque settlement account	-4,496,380	-2,413,261
Co-op Bank -Customer settlement Account	-4,071	
	583,213,908	387,860,540
13 Account and other receivables		
Prepayments	13,165,492	16,186,948
Rent and electricity deposits	5,687,619	5,309,615
Insurance claims (CIC)/Funeral claims	-410,150	2,888,197
Chai Diamond Ltd loan and expenses receivable	17,122,190	19,492,766
Station remittances	5,215,220	18,843,398
Imprest Account	26,811	16,524
Investment Income Receivable	18,455,890	5,224,178
interest on loan Receivable	1,834,431	
Insurance on Loan receivable	92,807	
	61,190,310	67,961,626

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14 Property and Equipment

	OFFICE PARTITIONS & FITTINGS 10.0% KSHS	OFFICE EQUIPMENT 10.0% KSHS	OFFICE FURNITURE 10.0% KSHS	MOTOR VEHICLES 25% KSHS	MOTOR CYCLES 25.0% KSHS	COMPUTERS & ACCESSORIES 25.0% KSHS	TOTAL KSHS
Cost or Valuation							
As at 01 January 2023	105,408,784	25,713,862	14,574,273	8,150,000	604,250	49,779,306	204,230,475
Additions	25,588,460	2,409,260	518,850	-	323,990	7,375,757	36,216,317
Disposal	-	-	-	-	-	(62,640)	(62,640)
As at 31 December 2023	130,997,244	28,123,122.00	15,093,123	8,150,000	928,240	57,092,423	240,384,152
Depreciation							
As at 01 January 2023	52,897,721	12,693,491	6,979,628	3,521,702	287,110	37,634,365	114,014,017
Charge for the period	5,337,052	1,271,855	736,272	1,020,689	111,323	3,059,241	11,536,432
Disposal	-	-	-	-	-	(50,857)	(50,857)
As at 31 December 2023	58,234,773	13,965,346	7,715,900	4,542,391	398,433	40,642,749	125,499,592
Net book value							
As at 31st December 2023	72,762,471	14,157,776	7,377,223	3,607,609	529,807	16,449,674	114,884,560
Cost or Valuation							
As at 01 January 2024	130,997,244	28,123,122	15,093,123	8,150,000	928,240	57,092,423	240,384,152
Additions	13,363,892	318,095	1,252,150	-	849,200	3,708,924	19,492,261
Disposal	(35,609,061)	(2,652,406)	(451,678)	-	-	(19,819,026)	(58,532,171)
As at 31st Dec 2024	108,752,075	25,788,810	15,893,595	8,150,000	1,777,440	40,982,321	201,344,242
Depreciation							
As at 01 January 2024	58,234,773	13,965,346	7,715,900	4,542,391	398,433	40,642,747	125,499,589
Charge for the period	6,867,128	1,330,728	741,532	340,167	238,476	4,076,570	13,594,601
Disposal	(25,078,108)	(1,788,756)	(300,280)	-	-	(19,453,806)	(46,620,949)
As at 31st Dec 2024	40,023,793	13,507,318	8,157,153	4,882,557	636,909	25,265,511	92,473,241
Net book value							
As at 31st Dec 2024	68,728,282	12,281,492	7,736,442	3,267,443	1,140,531	15,716,810	108,871,000

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

			Dec-24	Dec-23
			Kshs	Kshs
15 Loans and advance to Members				
At the start of the year			4,529,701,878	4,151,584,403
Disbursements during the year			2,386,826,521	2,811,624,139
Repayments during the year			(1,950,119,202)	(2,433,506,664)
			4,966,409,197	4,529,701,878
Provision for impairment				
As at start of the year			73,857,828	74,513,512
Provision for impairment			17,225,710	2,195,156
Impaired loans written off				(2,850,840)
Impaired loans written Back			133,291	
			91,216,830	73,857,828
			4,875,192,367	4,455,844,050
2024				
NO	No of A/cs	Classification	Loan Portfolio	Req Prov
1	13,762	Performing (0 Days)	4,908,493,201	49,084,932
2	313	Watch (1-30 Days)	1,312,046	65,602
3	355	Substandard (31- 180 Days)	12,667,247	3,166,812
4	229	Doubtful (181 - 360 Days)	10,074,438	5,037,219
5	985	Loss Over 360 Days	33,862,265	33,862,265
	15,644		4,966,409,197	91,216,830
2023				
NO	No of A/cs	Classification	Loan Portfolio	Req Prov
1	12,291	Performing (0 Days)	4,440,218,799	44,402,188
2	336	Watch (1-30 Days)	39,368,641	1,968,432
3	455	Substandard (31- 180 Days)	23,889,002	5,972,251
4	288	Doubtful (181 - 360 Days)	9,420,957	4,710,479
5	876	Loss Over 360 Days	16,804,479	16,804,479
	14,246		4,529,701,878	73,857,828
		Net Increase / (Decrease) in impairment	17,359,002	
16 Intangible Assets				
As at 1st January			41,189,703	39,070,837
Additions			6,212,915	2,118,866
Write off- Impaired Asset			(928,000)	
			46,474,617.82	41,189,703
Accumulated amortization as at 1st January 2024			19,529,944	15,096,622
Amortization for the year			4,619,760	4,433,322
Depreciation Component Write off Asset			(366,063)	
			23,783,641	19,529,944
Net Book Value			22,690,977	21,659,759
17 Financial Assets				
a Quoted Shares at fair Value				
Eveready (k) Ltd, 2,200 shares @ 1.15			2,530	2,376
Total Kenya Ltd, 9,525 shares @ 20			190,500	171,450
Co-op Bank of Kenya Ltd, 176,400 Shares @ 16.45			2,901,780	2,010,960
National Bank of Kenya Ltd, 83 shares @ 41.6			3,453	3,420
Kengen Ltd, 6,431 shares @ 3.64			23,409	12,926
Safaricom Ltd, 42,500 shares @ 17.05			724,625	590,750
			3,846,297	2,791,882

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CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Dec-24 Kshs	Dec-23 Kshs
(b) Un-quoted shares at fair value - Available for sale		
Co-op Holdings Ltd (6,683,544) shares of 1/=) valued 8.5	56,810,124	49,458,226
Co-operative Ins. Company Ltd (9,957,792 shares of 1/= each) 3.5	34,852,272	22,305,454
Kuscoco Ltd (100,423 shares of Kshs. 100/= each)	10,042,319	10,042,319
Chai Diamond Investment Ltd	58,028,471	58,028,471
	159,733,186	139,834,470
Provision for impairment of the Kuscoco investments	(1,042,319)	-
Total Investments	162,537,164	142,626,352
Change in Fair Value of Re-valuation of Assets	20,953,131	2,230,730
18 Members deposits		
BOSA		
At the start of the year	3,109,887,629	2,846,191,093
Additions in the year	741,651,668	630,386,379
Withdrawals during the year	-370,296,271	-366,689,842
	3,481,243,027	3,109,887,629
FOSA		
At the start of the year	372,236,203	436,948,605
(Withdrawals)/additions in the year	143,558,988	50,160,724
	515,795,191	372,236,203
Fixed Deposit		
At the start of the year	114,873,125	60,725,990
Additions in the year	175,722,867	265,527,907
Withdrawals during the year	(223,895,321)	(211,380,772)
	66,700,671	114,873,125
Total Members' deposits	4,063,738,889	3,596,996,958
19 Accounts and other payables		
Staff statutory deductions	7,704,548	6,161,587
Excise duty payable	718,458	615,051
Withholding tax payable	264,139	7,363
Withholding VAT payable	185,801	54,431
Provision for leave days	1,702,000	1,345,833
Audit fees	172,391	259,987
Conveyance fees	91,400	91,400
Sundry Creditors	20,892,021	25,911,768
Accrued Interest on FOSA Savings	6,342,532	5,388,282
Withholding tax rental	42,549	14,997
Deceased claims payable	19,619,351	12,412,693
Unreceipted Bankings	-	333,673
Agency Float, Commission and banking securities	158,411	108,133
Interest on Preferential Deposit Payable	2,676,094	
	60,569,696	52,705,199

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Dec-24 Kshs	Dec-23 Kshs
20 Accrued Interest on Member Deposits		
As at start of the year	283,125,080	246,265,824
Payment during the year	<u>(283,098,242)</u>	<u>(246,173,169)</u>
Accrued interest on Member Deposits	<u>302,036,549</u>	<u>283,125,080</u>
	<u>302,036,549</u>	<u>283,125,080</u>
21 Taxation		
Balance b/f	(493,299)	(5,791,225)
Installment tax	(7,387,431)	(1,428,264)
Tax provision for the year	10,555,096	6,716,573
Tax paid	493,299	-
Tax credit	<u>(972,618)</u>	<u>9,617</u>
Balance c/f	<u>2,195,047</u>	<u>(493,299)</u>
22 Share capital		
As at the start of the year	642,708,029	536,545,376
Contributions during the year	<u>76,001,507</u>	<u>32,666,050</u>
At the end of the year	<u>718,709,536</u>	<u>642,708,029</u>
23 Reserves		
Retained earnings	272,880,522	258,612,315
Revaluation reserve	63,286,164	42,333,033
Statutory reserve	251,700,437	228,497,529
Proposed Dividends	75,578,886	83,552,044
Proposed Honoraria	<u>3,000,000</u>	<u>2,800,000</u>
	<u>666,446,009</u>	<u>615,794,921</u>
23 Disposal Account		
Cost of computers, furniture & equipment	58,532,171	62,640
Accumulated depreciation	<u>(46,620,949)</u>	<u>50,857</u>
Net Book Value	11,911,222	11,783
Cash received	<u>(7,249,191)</u>	<u>87,840</u>
Gain/(Loss) on disposal	<u>4,662,031</u>	<u>76,057</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Dec-24 Kshs	Dec-23 Kshs
24 Prior year Adjustment		
Overprovision of Rebates	26,838	7,829
Overprovision of Dividends		57,554
Decerease in Provision for Previous Years Leave Days		345,227
Over provison income Tax	8,620	(9,617)
Account Write-off Closure		15,152,177
	35,458	15,553,170
25 Related party Transactions		
a Key management personnel and directors remuneration		
Management salaries and wages	61,047,620	53,286,335
Honoraria and Sitting allowances	8,541,785	7,313,131
	69,589,405	60,599,466
b. Loans and Advances to Board		
At Start of the year	49,244,492	47,418,633
Disbursement during the year	32,536,300	40,520,500
Repayments	(24,313,331)	(38,694,641)
At the end of the year	57,467,461	49,244,492
Total Deposits	26,856,722	21,371,710
Share Capital	2,340,444	2,046,166
 Loans and Advances to Staff		
At Start of the year	61,373,489	49,148,936
Disbursement during the year	54,610,990	56,312,103
Repayments	(40,912,119)	(44,087,550)
At the end of the year	75,072,360	61,373,489
Total Deposits	36,717,460	30,551,681
Share Capital	5,304,494	3,980,756

26 Comparatives

Where necessary, presentation in the previous year has been adjusted to match presentation in the current year.