



**NATION
DT SACCO**

50

*Celebrating 50 Years
of Fulfilling
Dreams*

**ANNUAL REPORT
& FINANCIAL
STATEMENTS**

For the year ended 31 December 2024

Celebrating
50
Years of Fulfilling Dreams



In Partnership with



MILIKI LOAN Mortgage

FEATURES

Loan Limit: Minimum of Ksh.500k & Maximum of Ksh.10.5 million.

Tenure: Up to 25 Years.

Deposit Multiplier: Up to 10x Member Deposits.

Minimum Requirements: Ksh.300,000 in Share Deposits; Ksh.10,000 in Share Capital.

Note: This loan facility is either for purchasing an already built residential property, or constructing one.

Interest
As Low As

8%

*T&C Applies

Celebrating
50
Years of Fulfilling Dreams



USTAWI LOAN

FEATURES

- **Loan Limit:** Ksh.5m to Ksh.50m.
- **Loan Tenure:** 120 Months / 10 Years.
- **Deposits Multiplier:** Up to 6x Members Deposits.

Note: This loan facility supports construction or purchase of a rental/commercial property, large scale farming, & manufacturing.

**14.2% PA
amortized**

*T&C Applies

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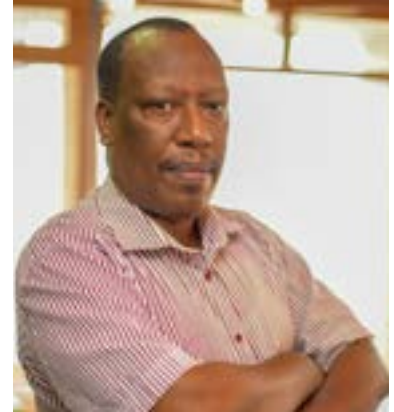
Board of Directors



PAUL MUIMI
Chairman



CATHERINE KARANJA
Vice Chairperson



JOHN KIARIE
Hon. Secretary



DORINE OGOLO
Treasurer



NICHOLAS NYAMORI
Director



PETER MUNAITA
Director



PETER NGARI
Director



FELICITY NDEGE
Director



MARY NYAGECHI
Director

Supervisory Committee



TERESA MAINA
Chair



SONIA GAKURU
Secretary



ALPHONSE NZULE
Member

Senior Management



MORRIS MUTAI
CEO



KELVIN MOGESI
Finance Manager



EUNICE MURITHI
Fosa Manager



ABEL CHESEREK
Credit Manager



ANGELLA KIVONDO
Marketing Manager

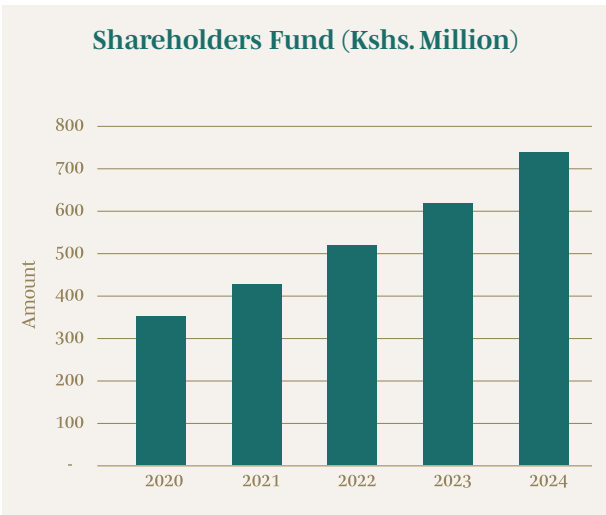
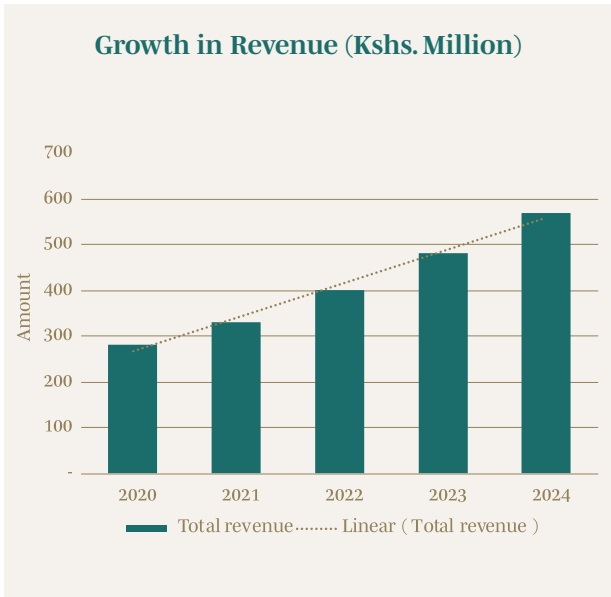
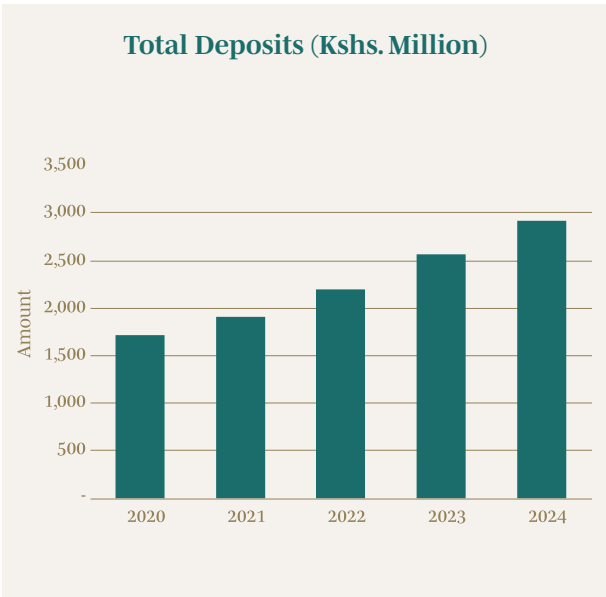
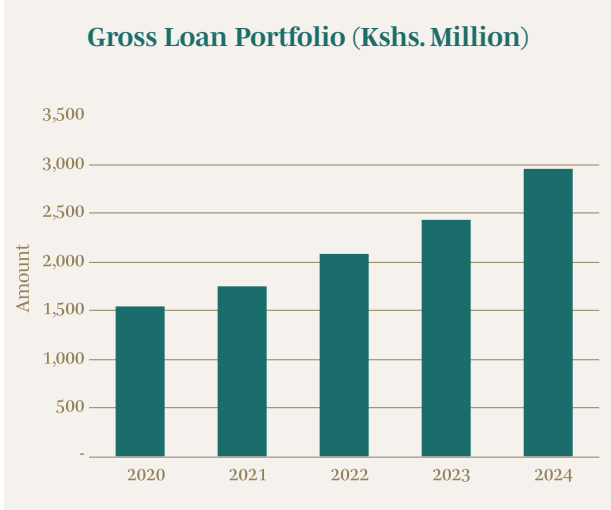
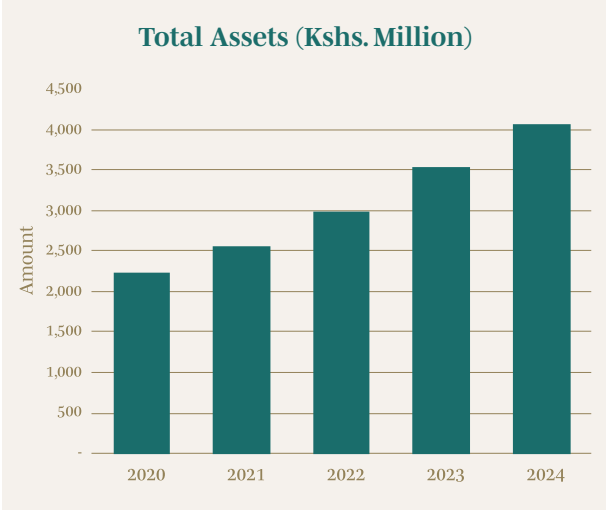


PETER NG'ETICH
Systems
Administrator



FAITH NDUNG'U
Internal Auditor

FINANCIAL HIGHLIGHTS 2024



Our strategic objectives

Vision



The financial solutions provider of choice.

Mission



To mobilise resources for provision of competitive, innovative products and services in a prudent manner that promotes financial security and wellbeing of our stakeholders.

Motto



Fulfilling Dreams



**Connect
Invest
Prosper**

Core Values

TRUST

We create trust in our members

TEAMWORK

We believe in pulling together

CUSTOMER EXCELLENCE

We believe in creating a memorable and positive experience for our members

INTEGRITY

We act in all manners with integrity



Chairman's Statement

Overview

The global economic environment was a mixed bag of hits and misses, with the latest statistics from the International Monetary Fund showing that average growth hovered around 3.2 percent in 2023 and 2024, down from 6.1 percent in 2021. This was mainly attributed to softening of growth in some of the world's major economies.

In Kenya, the country posted a growth rate of 5.4 percent during the year under review and is expected to increase to 5.7 percent in 2025. Inflation closed the year at a subdued 3 percent year-on-year on the back of stable fuel prices and good harvests which impacted positively on food prices.

The macro-economic environment remained relatively stable, with 91-day T-bill rates dropping to below ten percent because of positive monetary and fiscal measures by the authorities.

22%

**Growth in the
Loan Book**
to Kes 2.74B

15%

**Growth in
Assests**
to Kes 4.06B

Operations

I am proud to say that even in times of economic uncertainty, our Sacco continued performing robustly due to the support that we continued to receive from members.

Total assets grew by 15 percent, from Kes3.53 billion in 2023 to Kes4.06 billion in 2024 because of an intensive marketing drive that saw our member numbers increase substantially as well as contributions.

We also grew the loan book from Kes2.24 billion to Kes2.74 billion during the period under review, an impressive increase of 22 percent while members' deposits also posted good growth of 14 percent – from Kes2.56 billion to Kes2.92 billion – despite the challenging economic environment. Due to a strong underlying performance, the Sacco's core capital posted an impressive 20 percent increase from Kes 617.6 million to Kes 740 million during the year under review.

As a result of the good performance, the Board proposes a rebate of 11 percent – amounting to a total payout of Kes256 million – an increase from the previous year's Kes224.9 million. The board also proposes a 20 percent dividend payout amounting to Kes33.2 million, up from the previous year's Kes29.2 million.

Celebrating 50 years of fulfilling dreams

This year, our Sacco will be celebrating 50 years since formation in 1975. During this time, the Sacco has transformed the lives of thousands of members by extending facilities and ensuring that their money work for them through issuance of rebates and dividends.

2024

KES 4.06B

Total assets

grew by 15 percent, from Kes3.53 billion in 2023

Moving ahead, and in line with global trends and best practice, we continue investing in digitization of our operations as we lay focus on improving the customer experience on our journey to becoming a truly customer-centric institution. At the same time, we have been at the fore front of introducing new

products with a view to attaining the Kes5 billion milestone in assets by the end of 2025. By increasing our products menu and focusing on membership satisfaction, we are optimistic that this vision will be achieved.

As part of our strategy of refining our product portfolio in line with members' needs, we launched new products during the year under review to buttress the products that we already have and remain ahead of the curve.

Among the new products is Miliki loan, a mortgage facility launched in partnership with the Kenya Mortgage Refinance Company that will allow our members become homeowners. Ustawi loan on the other hand is a facility targeted at building wealth with commercial properties and is ideal for members wishing to build or acquire commercial properties for generating passive income.

Looking Ahead

As we look forward to the next 50 years, we remain focused on putting in place operational and governance structures that will ensure the Sacco remains faithful to the cause of enriching the lives of our members and their families through bespoke facilities. We remain upbeat that your Sacco will remain the financial institution of choice for generations to come.

Conclusion

The excellent results we posted in 2024 will not have been possible without the support of the Board members, to whom I would like to extend my sincere gratitude. They have provided immeasurable guidance in setting the Sacco's policies. The management and staff have rolled up their sleeves and risen to the occasion, redoubling their commitment to serving our members. Please accept, on behalf of myself and the board, our appreciation for your tireless efforts in adherence to the customer charter and going beyond the call of duty.

To the members: this Sacco would not be what it is without your continued support and custom. Any institution, more so a financial institution, thrives on the goodwill of its customers. In our case, we have enjoyed tremendous goodwill from our members and I therefore, once again extend our appreciation to you for your continued custom.

As we look forward to another bountiful year, I wish to conclude by paraphrasing an adage: that a journey walked together appears much shorter than the one walked alone. Let us continue walking together as we embark on the next chapter of Nation DT Sacco's growth.

KEY MOMENTS IN 2024



Members of staff introduction during Top Savers Breakfast meeting held at Serena Hotel.



Nation DT-Sacco Staff During the 2024 AGM.



New Office launch at IPS Building by former NMG CEO Stephen Gitagama



Board of Directors and invited guests during 2024 AGM



Commissioner for Cooperatives David K. Obonyo during the AGM 2024



Members following AGM proceedings-2024

Annual General Meeting Programme

Venue: St Andrews Church

Date: Saturday, February 15, 2025

TIME	AGENDA ITEM
7:30am – 8:30am	Arrival and registration.
8:30am – 9:30am	<ul style="list-style-type: none"> • Confirmation of Quorum. • Calling the meeting to order. • Opening Prayer. • Introductions.
	Reading and confirmation of Minutes for AGM held on 17 th February 2024.
	Presentation of Supervisory committee report.
	Presentation of Chairman’s Report.
	Presentation of 2024 audited financial statements; review adopt (<i>incl. Disposal of surplus</i>).
	Approve budget for 2025 (<i>revised</i>) and budget for 2026.
9:30am - 10:15am	Address by the Guest of Honour.
10:15am - 10:35am	Consolidated matters arising from the Minutes and all the reports
10:35am - 10:45am	Appointment of Auditors for 2025.
10:45am - 10:55am	Passing of resolutions proposed by the Board.
10:55am - 11:15am	<ul style="list-style-type: none"> • Confirmation of Zonal Elections: • Board Of Directors: <ul style="list-style-type: none"> • Nation Editorial Representative – 1 Position. • Nation Finance & Circulation Representative – 1 Position. • Nation Advertising Representative – 1 Position. • Supervisory Committee <ul style="list-style-type: none"> • Mwananchi Representative – 1 Position.
11:15am –11:25am	<ul style="list-style-type: none"> • Vote of thanks. • Closing prayer. • Adjournment.

January 28, 2025

TO: ALL NATION DT SACCO MEMBERS

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members will be held on **Saturday, February 15th 2025** at the **St Andrews Church** along Nyerere Road, Nairobi, at **8.00am** to transact the following purposes:

1. To receive the financial statements for the year ended 31 December 2024 and the Auditors', the Chairman's and the Supervisory Committee's reports thereon.
2. To approve payment of dividends on shares and interest on members' deposits.
3. To appoint auditors for the year 2025.
4. To approve 2026 and revised 2025 budgets.
5. To pass resolutions proposed by the Board.
6. To replace and/retain retiring Board of Directors and Supervisory Committee officials.
7. To conduct any other business.

Dated at Nairobi this **28th day of January 2025**.

By order of the Board.



John Kiarie

Hon. Secretary

cc:

- 1) District Co-operative Officer, Starehe Sub-County
- 2) The Sacco Societies Regulatory Authority (SASRA)
- 3) Mbaya & Associates, CPA(K)

Nation DT Sacco Society Ltd Annual General Meeting held on Saturday, February 17th, 2024 at P.C.E.A. St. Andrews Church, Nairobi, at 8:00am.

Society officials and guests present

A: Directors

1. Peter Munaita
2. Dorine Ogolo
3. John Kiarie
4. Felicity Ndege
5. Mary Edina Nyagechi
6. Peter Ngare
7. Catherine Karanja
8. Betty Kuremwa
9. Paul Muimi

B: Supervisory Committee

1. Teresa Maina
2. Sonia Gakuru
3. Alphonse Nzule

C: Ex official

1. Morris Mutai (Ag. CEO)

D. Cooperative officers

1. Davis M. Kathurima - Cooperative Officer, Nairobi County
2. Catherine Muriuki - Cooperative Officer, Nairobi County
3. Rosalina Mwithiga - Starehe Sub- County officer, Nairobi County
4. Godfrey Akhumali - Chief Cooperative officer, Nairobi County

E. Guest of Honour

- Mr. Charles Obonyo, Commissioner for Cooperatives Development

F. Invited Guests

1. Dennis Bagwasi – Relationship Manager, Co-operative Bank
2. Charles Muchiri – Centralized Operations, Diamond Trust Bank.
3. Peter Musau – Senior Manager, Diamond Trust Bank.
4. Linda Sohelo – Relationship Manager CIC Insurance Ltd.
5. Josphat Muigai– Deputy Regional Manager, KUSCCO Ltd.
6. Patricia Mathu – KUSCCO Ltd.
7. Sponsored High School students:
 - Martino Stanley Munyi – Starehe Boys
 - Atika Swaleh Abdul – Starehe Girls

Minute Details

Preamble: Confirmation of Quorum and Meeting Agenda

- The meeting was called to order at 8:30am. Quorum at the point of starting the meeting was – 250 members.
- Meeting opened with prayers conducted by one of the newest members, Mr. Timothy Ngesa
- A moment of silence was observed for the departed members and dependants.
- The chairman welcomed and introduced the various constituencies from where we draw our memberships. These include Corporates, referrals as well as members from the Diaspora.
- The Secretary read out the meeting agenda for confirmation:



- The Agenda was confirmed and adopted. This was proposed by Chris Waswa and seconded by Dorothy Kweyu.

MIN 1/2024: Confirmation of Minutes of the last AGM (meeting held 11-Feb-2023)

- The secretary conducted a quick scan of the last AGM minutes. The minutes were confirmed and adopted. This was proposed by Patrick Zuwiya and seconded by Richard Ojwang.
- The meeting resolved to have matters arising from the minutes consolidated with the other matters that may arise from Chairman's, Supervisory and the accounts. The consolidated matters will be addressed after speech by the chief Guest.

MIN 2/2024: Confirmation of the various AGM Reports

All reports were being treated as read, communication to the effect having been circulated earlier. The respective reports were herein confirmed as follows:

- Supervisory Committee report.** Teresa Maina, the Supervisory committee Chair presented the report highlights. The report was adopted. this was proposed by Peterson Njuguna and seconded by Domitila Omuse.
- Chairman's Report:** The Chairman, Mr. Munaita, presented highlights of the report. The report was adopted. This was proposed by Malachi Nyachieo and seconded by Patrick Zuwiya.
- The Audited Accounts.** The Treasurer, Dorine Ogolo, presented the report highlights. The report was adopted. This was proposed by Lucas Owiyo and seconded by Ng'ang'a Mbugua
The Auditor, Mbaya & Associates presented the Auditors statement.

MIN 3/2024: Highlights on the Chairman's report (refer the detailed report)

Backdrop.

The year was fairly difficult, we were operating against a backdrop of global inflationary pressure that contributed to weakened shilling and high interest rates.

Business Outcome.

- We developed strategic objectives and leveraged on technologies to help us deliver sound value propositions to our customers.
- Our investment income is contributing more than a quarter of our revenues for the second year running, complementing interest from loans.
- We have met and surpassed prudential benchmarks. We adhere to good governance guidelines.
- The board recommends payment of interest (rebates) on member deposits of 11% and dividend on share capital of 20%.

Growing Together.

- Promoting financial freedom for our members remains our key imperative. We have facilitated and witnessed our members fulfil many of their dreams, from building homes, taking children through school, setting up businesses and address health needs.
- We continue to challenge the members to make prudent use of the facilities provided by the society, to borrow wisely and to promptly settle outstanding obligations to the society.

Management change.

- Our long serving CEO, Jacob Kimathi left the society to pursue other interests. We all acknowledge his contribution to the growth of the society to what it is today.

Appreciations.

- We appreciate the Management and Staff who, through their diligent, consistent and innovative application of financial solutions have helped us scaled these great heights.

MIN 4/2024: Speech by the Chief Guest

The meeting was graced by Mr. Charles Obonyo, Commissioner for Cooperatives Development. Before he gave his speech, the other visiting ministry officials were invited to greet and share a word with the members.

Brief by Rosaline Mwithiga: she observed that some members were leaving immediately after signing and picking up merchandise. While it's an indication of those members' contentment with the institution's solid leadership, by leaving earlier, they miss opportunity to participate actively.

Brief by Mr. Geoffrey Akhumali: He challenged the members to get into culture of savings and boost their savings, endeavor to borrow for development, not consumerism. He further challenged the members to increase patronage of the Sacco. He reminded the officials that they are tasked with responsibility to diligently serve the humanity which is service to God.

Chief Guest Speech (Excerpts)

- The commissioner reminded the members that the AGM is the supreme authority. He observed that those leaving earlier is an indication of those members confidence in the way the institution is being run. Even then, he expressed that leaving the meeting earlier as not being the spirit of cooperatives.
- The chief guest reiterated the important role the Sacco sector plays in the economy. The elected leaders should be people of high integrity. He lauded Nation Sacco for being in good books.
- He emphasized and challenged the members on the need to patronize the Sacco.
- He dissuaded the members from striving to get higher dividends and rebates (interest). Instead, aspire to have provision of cheaper Credit (loans)
- Develop products and services that are responsive to the needs of the diverse membership. Leverage on technology to enhance service delivery
- He challenged the members to personally introspect and able to answer how they have benefited from the Sacco, either through returns on savings or development, aided by the cheaper Credit.
- It is equally important that having benefited from the loans, one should not feel pain servicing (repaying) the loans.
- Provision of affordable credit is one of the key features that distinguish Saccos from other financial institutions
- After his speech, the Commissioner participated in a ceremony to award gifts and certificates to members recognized in the following categories:
 - i) Most improved in deposits
 - ii) Most improved and consistent youth saver
 - iii) FOSA patronization

MIN 5/2024 Consolidated matters arising

Outstanding growth in Other Incomes (from the Accounts):

- Wainaina Kiganya sought to know why the growth in other interest incomes is an issue. The auditor explained it is a positive observation. Management was able to explain with documentation to support.

Other clarifications on the Accounts

- **Write-offs:-** Wycliffe Sammy sought clarification on the write-off. This was explained as relating to the entrance fee for the newly recruited members who fall off before paying thus the amounts could not be realized.
- **Missing Note:** Reference to the wrong note/ missing Note 24 was pointed out. The treasurer explained that had erroneously been captured. The correct reference is Note 19.
- **Assets for disposal:** It was explained the respective items were fully depreciated and had zero book value. The items for disposals go through board approval.
- **Returns on market expenditure:** The Treasurer explained that yield from marketing spend is not felt immediately. This is used to progressively build the brand for returns in the long run.

Relocation costs (from Chairman's report and accounts):

- Chairman explained that we were forced to spend in distress. Previously, we have benefited from ICT equipment offered and shared by NMG (e.g. Network Switches, Routers, Uninterrupted Power supply - UPS) etc. With the relocation we have had to acquire our own equipment. Most of these ICT components are however reusable should we have to move to another location or moving to our own property.

Other matters and recommendations:

- Delivery channels improvements –Youthful members Murimi and Lee Sangoro made appeal for enhancements of the Mobile Solutions to include the IOS (iPhone) devices, as well as enabling direct MPESA payments through Paybill and Buy Goods options.
- Reaching out to Diaspora - Member Jacinta Mbithe challenged the Sacco to make deliberate efforts to reach out to the Diaspora especially Egypt where there are many Kenyans ready to join the Sacco.

MIN 6/2024 Appointment of Auditors

- The current Auditor Messrs. **Mbaya & Associates** has not served for more than three years and has expressed willingness to continue offering the service.
- Members approved reappointment of the auditor to continue serving in 2024. This was proposed by Charles Owiyo seconded by Salim Ramadhan.

MIN 7/2024 Board Resolutions

The following resolutions were presented to the members for review. The members deliberated and approved of the resolutions as below:

	Resolution	Proposer	Seconded
1)	To pay dividend on shares at 20% and rebates (Interest) on savings at 11%.	Lazarus Nandegu	Miriam Omindo
2)	To retain borrowing powers at Kshs400 Million.	Chege Gachamba	Bernard Katete
3)	To approve Budget to purchase Sacco property at Ksh 175million. • The resolution drew mixed reactions from those in favour and against, and a vote was put up. • Proposal to defer – this was proposed by Wycliffe Asulwa and seconded by Josephine Ariga • Proposal to adopt and pass the resolution - this was proposed by Wilson Wasonga and seconded by Jacinta Muvevi. • The Voting was done by show of hands. The majority voted for the resolution to purchase.	Wilson Wasonga	Jacinta Muvevi Gabriel Dzuya
4)	To review our Bylaws to define how we relate with our sister company Nation Housing as well as align with emerging changes in the movement	Wainaina Kiganya	Francis Mutegi
5)	To make benevolent fund compulsory for the nuclear family (the monthly contribution to go up by Ksh 100).	Elijah Gacheru	Ng'ang'a Mbugua

MIN 8/2024 Approval Budget

The treasurer presented the budget which was adopted for discussion. This was proposed by Vincent Juma and seconded by Paul Nyota.

Matters arising. The treasurer took time to explain significant increases:

- The budget is drawn up and aligned with our 5-year strategic plan.
- The notable increase in marketing has been explained in earlier reports. The marketing budget needs to be distinct from that of Sales.

Members discussed and approved the budget. This was proposed by David Muiruri and seconded by Francis Mutegi.

MIN 9/2024 Elections

The Coop official Davis Kathurima steered the session.

- In his opening remarks, he reminded members that we had revised our Bylaws to provide for the formation of a Nomination Committee. The committee is chaired by the Coop official. This Committee is the body that vets and clears the candidates and conducts the elections. This year, the call for the elections was made early enough.

- To get cleared, a candidate must meet the set requirements (as per Bylaws and Elections Policy). Patronizing Sacco is a key requirement.
- Elections are held every year. The Bylaws require one-third of the officials to retire each year (They are eligible for re-election).
- The vetted and cleared candidates were:

BOARD

	Constituency	Candidate
NMG	NBD	Nicholas Nyamori
	Plant	Paul Muimi
	Shared services	John Kiarie

SUPERVISORY COMMITTEE

	Constituency	Candidate
	NMG	Maria Sonia Gakuru

The elections were confirmed as below

	Candidate	Proposer	Secunder
Board	Nicholas Nyamori	Salim Ramadhan	Anne Andisi
	Paul Muimi Munyao	Malachi Nyachio	Henry Mackenzie
	John Kiarie	Michael Ngugi	Edward Ogunda
Supervisory	Maria Sonia Gakuru	Michael Ngugi	Domitila Omuse

Having been proposed and seconded, the candidates were declared as having been duly elected.

AOB

- Michael Ngugi, one of the long serving members was invited to greet the members. In his short speech, he remarked that our Sacco is one of the best performing Saccos in the country. He took note of the high attendance as an indication of the confidence the members have in the Sacco and its leadership.
- Felicity Ndege, the Vice Chairman gave Vote of thanks
- With no other business to transact, the meeting ended at 2 pm, with a closing prayer conducted by Dorothy Kweyu.

SIGNED:



CHAIRPERSON

Peter Munaita



SECRETARY

John Kiarie



MEMBER

Dorine Akoth

NATION SAVINGS CREDIT AND CO-OPERATIVE SOCIETY LIMITED
SUPERVISORY COMMITTEE REPORT FOR THE
ANNUAL GENERAL MEETING HELD ON 15th FEBRUARY 2025
NATION SAVINGS CREDIT AND CO-OPERATIVE SOCIETY
SUPERVISORY COMMITTEE

ENGAGEMENT OBJECTIVES

The supervisory objective is to ensure that adequate checks and balances are put in place and that the principles of transparency and accountability are observed for the good of the Society and its members. The committee also has a mandate to investigate in all aspects the affairs of the society including a review of its books and make their quarterly reports and annual reports to the commissioner, or his representative as required by the Act. Furthermore, the committee is also required to generally assist in the interpretation of loan policies, the Act, the Rules, AGM resolutions and the CMB policies with a view to creating understanding and a harmonious working relationship between the members, the CMB and any other Society sub-committee and finally to present a yearly report to the AGM with a view to highlighting key issues of concern to the members.

SCOPE

The scope of the supervisory engagement covered all operations, governance, risk management and assessment of internal control procedures of the Sacco for the period January to December 2024. We carried out the following tests among others: -

- Reviewed the Sacco operations to ensure that proper and accurate books of accounts and records are maintained.
- Reviewed loan issuance procedures to ensure that they are prudent and comply with the by-laws and laid down policies and procedures of the society.
- Followed up on general issues affecting society’s operations to ensure that they were effectively resolved.
- Reviewed the performance of the Sacco and highlighted all inherent weaknesses controls and issues of concern to the Board for action.

SUMMARY OBSERVATIONS AND RECOMMENDATIONS

1. STATUTORY COMPLIANCE

We continue to monitor our compliance with regulatory requirements. Over the year 2024 Nation Sacco has complied with the SASRA regulations and submitted their monthly files on time on the SASRA portal.

A. CAPITAL ADEQUACY

Clause 9 of the Sacco Societies Regulation 2010 sets out the capital adequacy requirements that registered SACCO’s must abide to. Nation Sacco has complied with the requirements highlighted in the table below:

	SASRA Requirements	Q1	Q2	Q3	Q4
Core capital / Total Assets	10%	19%	20%	20%	18%
Core capital/ Total Deposits	8%	24%	26%	27%	25%
Institutional Capital/ Total Assets	8%	14%	15%	15%	14%

B. LOAN RISK CLASSIFICATION

Clause 41 of the Sacco act further sets out the classification of loans based on the repayment frequency and timelines. The longer a loan takes before it is serviced the higher the risks as reflected by the levels of the loan provisions. The table below shows loan risk classification as at the end of 2024.

Dec-24					
Loan Risk Classification as per Clause 41 and 44 of the Sacco Act					
Sacco Act Clause	Category	2023 (Dec)	2024(Dec)	Increase/ (Decrease)	Percent
1 (3)(a)	Performing Loans	2,055,712,503	2,413,857,059	358,144,556	17%
41 (3)(b)	Watch	145,095,200	271,944,512	126,849,312	87%
41 (3)(c)	Substandard Loans	73,076,587	95,480,902	22,404,315	31%
41 (3) (d)	Doubtful	33,283,085	48,491,150	15,208,065	46%
41 (3) (e)	Loss	122,218,108	122,631,805	413,697	0%

Non-performing loans have continued to increase which increases the risk of non-recoverability.

We noted that the portfolio at risk for Sacco is 9.1% against a target of 8.25% set for the year. The regulatory guideline is that the portfolio at risk should be maintained at below 5%.

The gross principal loans to deposit ratio is high at 101% while the standard is 80%. The net effect is that the Sacco is disbursing more loans to members than members deposits (FOSA & BOSA) and this increases the risk of default.

Further analysis indicates that management and the board has adopted aggressive loan recovery measures with loans worth Kshs45 million handed over to auctioneers and other loans pursued actively in court approximately Kshs6.8 million. Other stringent measures that have commenced implementation are:

- Investment in a debt collection system
- Investment in a credit-scoring tool
- CRB integration to automate positive and negative listings
- At least 5 private investigators have been onboarded in 2025
- 5 debt collection agencies to be onboarded in 2025
- Service of statutory notices will be sent to defaulters through Sacco advocates

RECOMMENDATION

- We commend management for ensuring that Sacco is continuously compliant with SASRA regulations. However, the board and management need to ensure compliance to gross principal loan to deposit ratio to ensure full compliance.
- The board and management to drive full enforcement of the measures adopted to ensure recoverability of non-performing loans.

c. LOAN LOSS PROVISION

Clause 41 and 44 of the Sacco act sets out the classification of loans and the basis of providing for the loan loss reserve. IFRS 9 with regard to impairment provisions on financial instruments took effect for the financial periods commencing January 2018 henceforth. At the minimum, deposit taking Saccos are required to fully observe and comply with requirements of section 41 and 44 of the regulations, 2010. This requires 1% compulsory general provision for loans classified as performing to cover the expected credit loss.

The expected provision as per Sasra requirements is Kshs208,483,401 for the year ending 31.12.2024. The Sacco has made a provision of Kshs 209,940,680 and is fully compliant.

RECOMMENDATION

The SC calls upon and encourages members to take up quality loans and also pay on a timely basis so as to boost the performance of the Society. Further as per point (B) we encourage the board and management to ensure that the adopted measures are enforced to ensure recoverability.

2. BUSINESS DIVERSIFICATION

Sacco introduced two products in 2024; Miliki (Mortgage) and Ustawi (Commercial) loan products which have been approved by SASRA. These are long-term loans that are meant to benefit members achieve their visions as per the Sacco mission. Miliki loan is backed by KMRC to help members access mortgage product through Sacco.

RECOMMENDATION

We commend management and the board for pursuing approvals of the above products and further encourage marketing of the products to members.

We encourage members to take advantage of and patronize the products to achieve their vision.

3. EMERGING RISKS

A CREDIT RISK:

Credit risk remains a high risk for Sacco. With changes in the macro-economic factors, inflation, increased taxes and redundancies, there is a high likelihood that this risk will continue to rise.

B CYBER SECURITY RISK:

Cyber threats remain a risk as they are getting more sophisticated and intense amid the increasing levels of dependence on digital devices. There is increased attacks in the financial sector. Phishing, ransomware and crypto jacking are among the top cyber security threats and trends in the recent past.

C AUTOMATION DELAYS:

There is a risk of delay in the system upgrade and other automation projects.

RECOMMENDATIONS

The SC recommends that the board and management continue monitoring and mitigating the risks in Sacco to prevent adverse effects should the risks occur.

4. BANK, MSACCO, POS RECONCILIATION.

BANK RECONCILIATIONS

The bank reconciliations are done on time and are up to date. We noted that management has put in effort to reconcile some long outstanding items (credits in the bank not in cashbook), although there are still some pending amounts that need to be fully reconciled.

RECOMMENDATION

Continue to engage the bankers to ensure full reconciliation of pending amounts. Increased effort to ensure the bank responds.

We encourage all members to always indicate their full details when depositing money in banks and further submit bank slips for receipt.

5. GOVERNANCE

DIRECTORS & STAFF LOAN PERFORMANCE

The SC noted that all directors and staff serviced their loans promptly throughout the year. We commend the board for leading by example

MEETINGS

The SC noted that the board and the committees were constituted as per the regulation and met as guided by SASRA regulations. The minutes for the meeting were available for review and they were signed in line with the regulation. We appreciate the board for adhering to the SASRA regulations and urge them to continue.

RECOMMENDATION

The Board and Management to continue to adhere to the principles of good corporate governance, and lead by example to ensure operational efficiency, sustained growth and improved members confidence in the Sacco operations.

6. STAFF MATTERS

STAFF MOVEMENT

The SC noted that there was staff movement and confirmations during the year. The CEO was confirmed during the year after acting in the position for 3 months. The former internal auditor was promoted to finance manager role, and a new internal auditor has since been hired after a competitive interview process. Within the year there were 8 joiners and 2 exits in the sacco personnel.

REVIEW OF HR POLICY

The SC noted that the board contracted a consultant to undertake a review of the HR policy to address amongst other issues performance management and salary grading in comparison to market.

STAFF TRAINING

The SC noted that all staff undertook trainings aligned to their areas of operations. In addition, group training in customer service experience was conducted.

RECOMMENDATION

We appreciate the Board for driving employees' career growth and urge the board to nurture and keep on motivating the staff and encourage the continued development of staff capacity and talents to ensure smooth promotions and transitions. In addition, continue to drive implementation of the recommendations from the HR review exercise and recommendations.

7. MEMBERSHIP MATTERS

CUSTOMER SURVEY STATISTICS

A survey was carried out in September 2024 to establish the Sacco members' level of satisfaction with Nation Sacco's products and services. Based on the responses obtained, 58.1% of the respondents were promoters (indicating high satisfaction), 16.3% of the respondents are passive while 25.6% are detractors (indicating dissatisfaction). While a high percentage of the responders were satisfied, we note that dissatisfaction was mainly highlighted in poor customer service and slow responsiveness, slow adoption of digitization, high processing costs and charges.

We also noted that member participation during the staff survey exercise has continued to be low.

RECOMMENDATION

We recommend that the board and management consider implementing quicker processes of solving customer queries.

Members are urged to participate in the surveys to ensure comprehensive feedback from all members and so that management can serve the members better.

8. MEMBER EDUCATION & ENGAGEMENT

The success of co-operative movement depends on co-operative education and training of members as well as the application of the principles, practice and methods of cooperation as a way of conducting business. In 2024 management held various fairs across the country to engage and educate members on Sacco products. Further the management held various forums to motivate savers and educate members on financial matters, investment opportunities and Sacco products.

RECOMMENDATION

We commend management for active engagement with Sacco members and recommend more sensitization to members to participate in the scheduled training and engagements.

Members are urged to attend and participate in these forums as they are valuable in ensuring members understand Sacco operations, Sacco products and have the opportunity to ask questions.

9. BOARD RESOLUTIONS.

During the last AGM, the following resolutions were passed as per AGM/MIN 7/2024.

Ref	Resolutions	Status
1	Pay eligible members interest on deposit (rebates) at the rate of 11% and Dividends on Share Capital at 20%	Was done as per the AGM resolution
2	Retain Society bankers as Co-operative Bank; Diamond Trust Bank; Standard Chartered Bank and Equity Bank.	Was retained as per the AGM resolution
3	To retain borrowing powers at Kshs400 Million	No borrowing in 2024.
4	Make Benevolent Fund Mandatory for all members	The implementation of the mandatory contribution encountered challenges due to the monthly inactivity of numerous accounts and resistance from some members.
5	Buy of Class A Co-operative Bank Shares	Shares totaling 4,140,880 at a cost of ksh8.62per share were purchased in 2024. The Sacco is actively seeking additional shares for purchase.
6	Purchase Sacco Property for office use at Ksh175 Million.	The decision was deferred pending a cost-benefit analysis and further market assessment.
7	Review of By-laws to formalize relationship between Nation Housing & Nation DT Sacco	The Nation Housing by-laws have been reviewed and are pending registration, while the Nation DT Sacco by-laws are scheduled for review this year.

FOCUS AREA

We wish to specifically point out the following issues that need immediate attention by the Board:

- Managing Credit Risk
- Loan Collections & Recoveries
- Customer Service
- System Upgrade

CONCLUSION

Based on our review of the operations of SACCO for the year ending 31 December 2024, we are of the opinion that Sacco's internal control environment was adequate in preventing the occurrence of fraud and errors. There is a reasonable assurance that the books are complete and reliable.

Despite the emerging risks and unpredictable macro-economic factors, the state of the SACCO finances are sound and solid. A lot of effort has been put in place to achieve our strategic goals as a society and the accolades go to the Board and the staff for their tremendous determination.

We take this opportunity to thank all members for having entrusted us with the oversight of the operations of our great Sacco.

We remain steadfast and devoted to serving you and shall do our best to ensure that Nation SACCO continues in the right trajectory.

SIGNED:



CHAIRPERSON

Teresa W. Maina



SECRETARY

Sonia Gakuru



MEMBER

Alphonse Nzule



**NATION
DT SACCO**

NATION DT SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED

CS/NO:2386

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2024



MBAYA & ASSOCIATES LLP
Certified Public Accountants
(Kenya)
3rd Floor, Western Heights
Karuna Road, Westlands
P.O Box 45390 - 00100
Nairobi, Kenya

SOCIETY INFORMATION

1. The Board and Supervisory Committee Members:

a) Board Members

Paul Muimi	Chairman	
Catherine Karanja	Vice Chairperson	
John Kiarie	Hon. Secretary	
Dorine Ogolo	Treasurer	
Betty Kuremwa	Member	Up to February 2024
Nicholas Nyamori	Member	From March 2024
Peter Munaita	Member	
Felicity Ndege	Member	
Mary Nyagechi	Member	
Peter Ngari Komu	Member	

b) Supervisory Committee

Teresa Maina	Chairperson
Alphonze Nzule	Member
Sonia Gakuru	Member

2 Registered office:

Nation Sacco Society Ltd
IPS Building, 10th Floor
P.O.Box 22022-00400
Nairobi.
LR No. 209/6853
Telephone: 0719 038 571
Email: info@nationsacco.com

3 Bankers:

I) Standard Chartered Bank Kenya Avenue Branch P. O. Box 98683-80100 Nairobi.	II) Co-operative Bank of Kenya Kimathi Street Branch P. O. Box 48231-00200 Nairobi.
III) Diamond Trust Bank Nation Centre Branch P. O. Box 61711-00200 Nairobi.	IV) Equity Bank Kenya Avenue Branch P. O. Box 98683-80100 Nairobi.

4 Auditor:

Mbaya & Associates LLP
Certified Public Accountants, CPA (K)
3rd Floor, Western Heights, Karuna Road
P. O. Box 45390 - 00100
Nairobi.
Tel 020 244 438 68, Cell Phone 0722 207 938

5 Chief Executive Officer:

Morris Mutai
P.O.Box 22022-00400
Nairobi.

REPORT OF THE BOARD OF DIRECTORS

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

Incorporation

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

Principal activity

The Society continued to receive savings from and provision of loans to its members.

Results for the period

	2024	2023
	Kshs	Kshs
Surplus/(deficit) before tax	149,589,028	125,293,816
Income Tax Expense	(8,468,499)	(8,457,867)
Surplus for the year	141,120,529	116,835,949
Other Comprehensive Income /(loss) net of tax	(12,638)	-
Total Comprehensive Income/ (loss) for the year	141,107,891	116,835,949
Interest on Members Deposits and Savings	273,452,177	238,946,534

Dividend & Interest on members' deposits

The directors have recommended payment of 20% (2023: 20%) as dividend on investment shares and pay 11% (2023: 11%) interest on Sacco deposits.

Auditors

Mbaya & Associates were appointed as auditors during the year and have expressed their willingness to continue in office in accordance with Section 44(1) of the Sacco Societies Act, No. 14 of 2008.

By Order of the Board



Date: 30th January 2025

John Kiarie
Hon. Secretary

STATISTICAL INFORMATION

		2024	2023
		Kshs	Kshs
Membership:	Active	7842	6,912
	Dormant	189	168
Total		8,031	7,080
Financials			
Total assets		4,063,188,008	3,530,047,381
Total interest generating assets		3,788,494,735	3,319,297,003
Members' deposits:	Active	2,595,655,157	2,276,023,307
	Dormant	8,925,423	8,895,248
Total deposits		2,917,131,529	2,561,375,566
Loans and advances to members		2,742,464,744	2,244,444,810
Financial investments		1,046,029,991	1,074,852,193
Equity Investments		37,562,233	1,909,503
Core capital		740,053,946	617,699,066
Share capital		174,708,801	152,555,018
Institutional capital		565,345,144	465,144,048
Total revenue		571,446,344	482,291,146
Total interest income		563,170,553	474,568,595
Total expenses		165,766,690	132,094,044
Interest on member deposits		256,090,626	224,903,286
Dividend on share capital		33,173,793	29,216,891
Employees of the Sacco (Male -16, Female-11)		27	21
Key Ratios:			
Capital Adequacy Ratio			
Core Capital/Total Assets		18%	17%
Core Capital/Total Deposits		25%	24%
Institutional Capital/Total Assets		14%	13%
Liquidity Ratio (15%)			
Liquid assets/Total deposits and short term liabilities		40%	47%
Operating Efficiency/Loan quality ratios			
Total expenses/Total revenue		29%	27%
Interest on member deposits/Total revenue		45%	47%
Interest rate on member's deposits		11%	11%
Dividend rate on members share capital		20%	20%
Total delinquent loans/Gross loan portfolio		9%	9%
LDR- Loans to deposit ratio		94%	88%

STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES

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

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

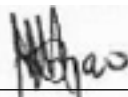
- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.

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

In preparing these financial statements the directors have assessed the society's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the society will not remain a going concern for at least the next twelve months from the date of this statement.

"The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities."

Approved by the board of directors on **30th January 2025** and signed on its behalf by:



CHAIRMAN



TREASURER



HON SECRETARY



Independent Auditor's Report

To the members of Nation DT Sacco Society Limited

Opinion

We have audited the financial statements of Nation DT Sacco Society Limited set out on pages 32 to 48, which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nation DT Sacco society Limited as at December 31, 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Sacco Societies Act no 14. of 2008 as read with the Sacco societies (Deposit Taking Business) Regulations 2010.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Sacco ,society in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matter

Other interest incomes

The Society earned Ksh 148,105,247 as other interest incomes in the current year under review as compared to Ksh 126,305,719 in the previous year representing a 17.2 % increase.

We considered this as a key audit matter because of the significant increase from the previous year and also because its attributable to the investment decisions made by management on the members funds.

How our audit addressed the key audit matter

We obtained management representations on the composition of the other interest incomes and their completeness.

We reviewed the investment certificates and statements as shared by the investment managers to confirm the completeness and accuracy.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Societies Act no 14 of 2008 as read with the Sacco Societies (Deposit Taking Business) Regulations 2010, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the sacco's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the sacco's or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

Report on other legal and regulatory requirements

In our opinion the information given in the report of the directors on page 26 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Andrew Bulemi Practicing Certificate No. 2071.

Mbaya & Associates

Mbaya & Associates



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Date **31st January, 2025**

STATEMENT OF COMPREHENSIVE INCOME

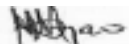
	Notes	2024	2023
Revenue:			
Interest on loans and advances	3	415,065,306	348,262,876
Other incomes	3	148,105,247	126,305,719
Total interest income		563,170,553	474,568,595
Interest expense	4	(273,452,177)	(238,946,534)
Net interest income		289,718,376	235,622,061
Financial incomes	5	8,275,791	7,722,551
Operating income		297,994,167	243,344,612
Operating Expenses			
Financial expenses	6	26,580,954	21,321,562
Personnel expenses	7	45,233,245	43,992,039
Governance expenses	8	14,599,475	11,190,234
Marketing expenses	9	14,048,190	6,320,786
Depreciation & Amortization	10	8,356,701	3,839,741
Administration expenses	11	39,586,573	31,386,434
Total operating Expenses		148,405,139	118,050,796
Net operating surplus before income tax		149,589,028	125,293,816
Income tax expense	20	8,468,499	8,457,867
Net surplus		141,120,529	116,835,949
Other comprehensive income			
Gain/loss on investment held to maturity	16	(12,638)	-
Total comprehensive income for the year		141,107,891	116,835,949

STATEMENT OF FINANCIAL POSITION


	Notes	2024 Ksh	2023 Ksh
Assets			
Cash and cash equivalents	12	1,084,037,846	1,134,268,075
Prepayments and sundry receivables	13	144,057,533	116,644,390
Right of Use of Asset	14	17,877,206	0
Loans and advances to members	15	2,742,464,744	2,244,444,810
Investments Securities held to maturity	16	37,562,233	1,909,503
Intangible assets	17	5,200,950	549,469
Property, plant and equipment	18	30,959,664	30,651,391
Tax receivable	20	1,027,833	1,579,743
Total assets		4,063,188,008	3,530,047,381
Liabilities			
FOSA savings	19	246,370,792	215,561,149
Short term deposits	19	66,180,157	60,895,862
Member deposits	19	2,604,580,580	2,284,918,555
Rebates payable	4	256,090,626	224,903,286
Trade payables and accruals	21	72,016,291	70,007,954
Lease Liability	22	17,877,206	0
Total liabilities		3,263,115,651	2,856,286,806
Equity			
Share capital	23	174,708,801	152,555,018
Retained earnings	24	209,597,942	137,618,424
Statutory reserve	24	175,747,202	147,525,624
General reserve	24	180,000,000	180,000,000
Dividend account	24	33,173,793	29,216,891
Credit reserve	24	26,844,618	26,844,618
Total shareholders' funds		800,072,357	673,760,575
Total liabilities and shareholders funds		4,063,188,008	3,530,047,381



The financial statements on pages 32 to 48 were authorized for issue by the Board of Directors on **30th January 2025** and signed on its behalf by:



CHAIRMAN



TREASURER



HON SECRETARY

STATEMENT OF CHANGES IN EQUITY

	Notes	Share Capital Kshs	Statutory Reserves Kshs	Retained Earnings Kshs	General Reserves Kshs	Proposed Dividends Kshs	Credit Reserve Kshs	Total Equity Kshs
At 1 January 2023		134,194,242	124,158,434	131,038,458	130,000,000	23,257,919	29,625,548	572,274,601
Changes in equity in 2023								
Prior year adjustment				(325,938)				(325,938)
Surplus for the year		-	-	116,835,949	-	-	-	116,835,949
Total comprehensive income for the year		134,194,242	124,158,434	247,548,469	130,000,000	23,257,919	29,625,548	688,784,612
Shares issued	23	18,360,776	-	-	-	-	-	18,360,776
20% Transfer to statutory reserve		-	23,367,190	(23,367,190)	-	-	-	-
Transfer to general reserve		-	-	(50,000,000)	50,000,000	-	-	-
Loan loss provision reserve capitalised	15	-	-	-	-	-	(2,780,930)	(2,780,930)
Provision for honoraria		-	-	(4,400,000)	-	-	-	(4,400,000)
Provision for staff bonus		-	-	(2,945,965)	-	-	-	(2,945,965)
Transaction with the owners								
Dividends paid 2022		-	-	-	-	(23,257,919)	-	(23,257,919)
Proposed dividends 2023		-	-	(29,216,891)	-	29,216,891	-	-
At 31 December 2023		152,555,018	147,525,624	137,618,423	180,000,000	29,216,891	26,844,618	673,760,574
At 1 January 2024		152,555,018	147,525,624	137,618,423	180,000,000	29,216,891	26,844,618	673,760,574
Surplus for the year		-	-	141,107,891	-	-	-	141,107,891
		152,555,018	147,525,624	278,726,314	180,000,000	29,216,891	26,844,618	814,868,465
Shares issued	23	22,153,783	-	-	-	-	-	22,153,783
20% Transfer to statutory reserve		-	28,221,578	(28,221,578)	-	-	-	-
Performance bonuses-Board		-	-	(4,500,000)	-	-	-	(4,500,000)
Performance bonuses-Staff		-	-	(3,233,000)	-	-	-	(3,233,000)
Transaction with the owners								
Dividends paid 2023		-	-	-	-	(29,216,891)	-	(29,216,891)
Proposed dividends 2024		-	-	(33,173,793)	-	33,173,793	-	-
At 31 December 2024		174,708,801	175,747,202	209,597,942	180,000,000	33,173,793	26,844,618	800,072,357

STATEMENT OF CASHFLOWS

	Note	2024 Kshs	2023 Kshs
Cash flows from operating activities			
Interest receipts	3	571,446,344	482,291,147
Payments to employees and suppliers	7-12	(140,142,989)	(115,600,268)
Less gain on disposal		(99,255)	(106,216)
		431,204,099	366,584,663
(Increase)/Decrease in operating assets			
Net loans to Members	15	(523,019,935)	(344,551,916)
Loans Write off		-	-
Trade and other receivables	13	(27,413,143)	(14,626,720)
		(550,433,078)	(359,178,636)
Increase/(decrease) in operating liabilities			
Deposits from members	19	355,755,963	361,446,825
Interest on members' deposits		(224,903,286)	(165,998,930)
Trade and accrued expenses	21	2,008,337	10,575,116
Cash flow from operating activities before income taxes		13,632,036	213,429,038
Tax paid	20	(7,916,589)	(9,609,924)
Net cash flow from operating activities		5,715,447	203,819,114
Cash flows from investing activities			
Purchase of tangible & intangible properties	18	(13,419,954)	(29,982,775)
Disposal of tangible assets		202,754	106,291
Equity Investments - Coop Class A Shares		(35,665,368)	-
Net cash flow from Investing activities		(48,882,568)	(29,876,484)
Cash flows from financing activities			
Share capital proceeds	23	22,153,783	18,360,776
Dividends paid	24	(29,216,891)	(23,257,919)
Entrance fee write off			(325,938)
Net cash from financing activities		(7,063,108)	(5,223,081)
Net Increase/(Decrease) in cash and cash equivalents		(50,230,229)	168,719,549
Cash and cash equivalent at the beginning of the year		1,134,268,077	965,548,528
Cash and cash equivalent at the end of the year	13	1,084,037,848	1,134,268,077

ACCOUNTING POLICIES

1. Significant accounting policies+A7:J43

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

a) Basis of preparation

The financial statements have been prepared under the historical cost basis, except where otherwise stated in the accounting policies below and are in accordance with International Financial Reporting Standards. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the society takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 on 'Inventories' or value in use in IAS 36 on 'Impairment of Assets'.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

b) Going concern

The financial performance of the society is set out in the report of the directors and in the statement of profit or loss and the other comprehensive income. The financial position of the society is set out in the statement of financial position. Disclosures in respect of risk management are set out in note 1(r).

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

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

c) New and amended standards adopted by the society

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

ACCOUNTING POLICIES (Cont)

1. Significant accounting policies (continued)

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

- Amendments to IAS 12 'Income Taxes' effective for annual periods beginning on or after 1 January 2019 clarifying on the recognition of income tax consequences of dividends.
- Amendments to IAS 19 'Employee Benefits' effective for annual periods beginning on or after 1 January 2019 clarifying the effects of a retirement benefit plan amendment, curtailment or settlement.
- Amendments to IAS 23 'Borrowing Costs' effective for annual periods beginning on or after 1 January 2019 clarifying that specific borrowings remaining unpaid at the time the related asset is ready for its intended use or sale will comprise general borrowings.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' effective for annual periods beginning on or after 1 January 2019 clarifying that IFRS 9 is only applicable to investments to which the equity method is not applied.
- Amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' effective for annual periods beginning on or after 1 January 2019 in relation to remeasurement of previously held interests on a joint operation on obtaining control.
- Amendments to IFRS 9 'Financial Instruments' effective for annual periods beginning on or after 1 January 2019 clarifying that the existence of prepayment features with negative compensation will not in itself cause the instrument to fail the amortised cost classification.
- IFRS 16 'Leases' (issued in January 2017) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease' and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

New standards, amendments and interpretations issued but not effective

IFRS 17 'Insurance Contracts' (issued in May 2017) effective for annual periods beginning on or after 1 January 2021 establishes the principles for the recognition, measurement, principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The society does not issue insurance contracts.

Amendments to IFRS 3 'Definition of a Business' (issued in October 2018) applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

Amendments to IAS 1 and IAS 8 'Definition of Material' (issued in October 2018) applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

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

ACCOUNTING POLICIES (Cont)

1. Significant accounting policies (continued)

d) Critical accounting estimates and judgement

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

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

e) Measurement of expected credit losses (ECL):

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

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

- Determining criteria for significant increase in credit ;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL

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

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

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

Key sources of estimation uncertainty

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

ACCOUNTING POLICIES (Cont)

1. Significant accounting policies (continued)

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The society uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions

f) Useful lives of property and equipment and intangible assets

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

g) Revenue

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

i) Interest from loans to members

Interest on loans to members is calculated on a reducing balance method at a monthly rates ranging between 1% to 5%.

Interest income is recognised on a time proportion basis by reference to the principal outstanding and the effective interest rate applicable.

ii) Other interest Income

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

New members to the SACCO are required to pay an entrance fee. The fees is recognised in the Statement of Comprehensive Income in accordance with IAS 1.

iii) Other Income

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

Dividend is recognised when the right to receive income is established.

h) Property, plant and equipment

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

ACCOUNTING POLICIES (Cont)

1. Significant accounting policies (continued)

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

Depreciation is calculated on straight line method to write down the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates in use are:

Assets	Rate (%)
Computers, photocopiers and other accessories	30%
Computer Software	20%
Furnitures, fixtures and fittings	13%
Office equipment	25%
Loose tools	50%

i) Amortization

Computer Software licence cost is capitalised on the basis of the cost incurred to acquire it. This cost is amortised at 20% per year on straight line basis.

J) Financial instruments

Financial assets and liabilities are recognized on the statement of financial position when the Society has become a party to the contractual provisions of the instrument.

k) Trade receivables

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

l) Bad debts

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

m) Bank borrowings

There were no bank borrowings during the year.

n) Trade payables

Trade payables are stated at their nominal value.

o) Loans and advances

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

p) Unquoted investments

The unquoted investments are stated at cost.

q) Investment in equities

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

ACCOUNTING POLICIES (Cont)

1. Significant accounting policies (continued)

r) Currency

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

s) Retirement benefits obligations

The Society contributes to a mandatory defined contribution provident fund by the National Social Security Fund.

t) Tax

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

u) 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 provisions of section 47 (1&2) of the Co-operative Societies Act, Cap 490.

v) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank, 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.

w) Provision for liabilities and other charges.

Provisions are recognised when the Society has a present obligation as a result of a past event, it is probable that the SACCO will be required to settle the obligation, and a reliable estimate of the amount of the obligation made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

x) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank, 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.

y) Risk management policies

The financial risk management objectives and policies are outlined below:

Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligation resulting in financial loss to the society. The society's main income generating activity is lending to customers and therefore credit risk is a principal risk.

- (1) Ensuring that granting of loans is completely vetted by the credit committee.
- (2) The Sacco has adopted a policy of only dealing with creditworthy counterparties.
- (3) All loans advanced are co-guaranteed by members and other securities where applicable.
- (4) A loan insurance is maintained to cover any deceased/permanently disabled member loans/deposit balances.
- (5) Employees who change employment are promptly followed-up to ensure their accounts are kept good.

ACCOUNTING POLICIES (Cont)

1. Significant accounting policies (continued)

Unearned interest income risk

The SACCO is exposed to the risk that unearned interest income may be accrued but not received. Exposure to unearned interest income is managed by only recognizing the interest income on performing loans.

Interest risk

“The society’s exposure to interest rate risk arises from borrowings and financial assets. Loan and advances and members deposits are fixed interest securities and therefore not susceptible to market interest rate changes.

Financial assets and liabilities advanced and obtained at different rates expose the society to interest rate risk. Financial assets and liabilities obtained at fixed rates expose the society to fair value interest rate risk, except where the instruments are carried at amortised cost. The society maintains adequate ratios of borrowings when compared to total borrowings in fixed interest rates.. There were no external borrowings during the year.”

Liquidity risk

Cash flow forecasting is performed by the finance department monthly by monitoring the society’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the society does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Liquidity risk is addressed through;

- (1) The SACCO has an aggressive policy of mobilizing deposits from members.
- (2) The SACCO does not invest members savings in fixed properties.
- (3) Approval of loans is subject to availability of funds as indicated in the cash flow reports.

z) Comparatives

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

NOTES

		2024	2023
		Kshs	Kshs
3	(a) Interest income		
	BOSA loans	325,602,930	262,142,879
	FOSA loans & Advances	89,462,375	86,119,997
		415,065,306	348,262,876
	(b) Investment income		
	Income from other institutions	62,908,308	61,628,408
	Income from government securities	85,196,940	64,677,311
		148,105,247	126,305,719
4	Interest expenses		
	Interest on member deposits	256,090,626	224,903,286
	Interest on savings and short-term deposits	17,361,551	14,043,248
		273,452,177	238,946,534
5	Financial income		
	Mobile banking income	3,316,029	2,962,770
	Fees and other commissions	1,642,128	1,544,414
	Salary processing fees	1,564,068	1,678,181
	Membership fees	1,201,500	1,132,000
	Withdrawal commission	143,600	169,900
	Other income	279,965	106,216
	Dividend income	128,502	129,070
		8,275,791	7,722,551
6	Financial expenses		
	Provision for the year	25,000,000	20,000,000
	Financial/Bank charges	1,580,954	1,321,562
		26,580,954	21,321,562
7	Personnel expenses		
	Salaries and wages	28,085,297	27,347,017
	Other allowances	5,099,166	5,447,815
	Staff Education & Training	2,530,341	2,377,858
	Medical cover	2,499,724	2,528,748
	Pension fund	1,806,106	1,864,035
	Staff amenities	1,037,944	1,094,042
	Fringe benefit Tax	964,874	505,968
	Incentive scheme	766,900	938,615
	Gratuity fund	753,308	717,436
	Insurance cover	635,576	607,235
	N.S.S.F contributions	575,640	267,920
	Housing Levy	457,270	275,400
	Industrial training levy	21,100	19,950
		45,233,245	43,992,039

NOTES (CONTINUED)

	2024	2023
	Kshs	Kshs
8 Governance expenses		
Board Sitting Allowance	5,084,701	3,986,800
AGM expenses	4,115,000	3,137,000
Board Education & Training	3,855,885	2,662,458
Board Welfare Expense	840,000	790,000
Logistics & Transport expenses	420,890	293,976
Board Airtime	283,000	320,000
	14,599,475	11,190,234
9 Marketing Expenses		
Marketing, sales and promotion	12,162,270	5,974,306
Pre - 50th Anniversary	1,500,000	-
Ushirika day celebrations	385,920	346,480
	14,048,190	6,320,786
10 Depreciation & Amortization	Kshs	Kshs
Depreciation expenses - Note 18	7,938,229	3,528,018
Amortisation expenses - Note 17	418,473	311,723
	8,356,701	3,839,741
11 Administration Expenses		
Loan and deposit Insurance premium	14,649,190	10,656,082
Rent & rates	5,673,146	3,672,746
SASRA deposit levy	3,849,875	3,341,684
Insurance on computer crime	1,841,583	1,780,127
Software licence and maintainance	1,811,966	1,703,366
Relocation expenses	1,481,531	866,384
Debt Collection Services	1,301,303	1,724,921
Office Tea & Refreshment	1,045,175	884,012
Security costs	1,022,285	383,357
Consultancy fees	916,337	699,043
General insurance costs	830,107	791,972
Strategic planning expenses	916,000	875,000
Stationery and office supplies expenses	760,798	878,578
Legal fees	750,000	750,000
Cleaning and sanitation services	532,906	382,041
Office expenses	453,425	416,547
Audit fees	412,060	374,600
Subscription fees	226,000	206,000
Entertainment expenses	202,328	136,653

NOTES (CONTINUED)

	2024	2023
	Kshs	Kshs
Telephone and postages	183,600	177,540
Repairs and maintenance	168,990	144,750
Travelling expenses	115,193	115,126
Alarm transmission charges	118,320	108,460
Business permits & Licenses	112,000	150,000
Electricity expenses	-	109,441
Asset Tagging Expense	58,093	-
Permit & licences	58,004	58,004
Saso- shared services	50,000	-
Loss On Sale of Fixed Assets	46,358	-
	39,586,573	31,386,434
12 Cash and cash equivalents		
Government securities	620,000,000	620,000,000
Kenya Women Finance Trust - Fixed Deposits	-	310,221,049
Family Bank Limited FXD	192,157,442	-
Co-op bank - Fixed deposits	100,000,000	-
Jubilee Unit Trust - Money Market	60,347,270	-
Corporate bond	51,040,000	51,040,000
CIC Unit Trust - Money Market	21,519,832	91,925,698
Co-operative Bank of Kenya- Current A/C	11,635,365	20,598,920
Mobile cash	15,246,172	19,267,354
Treasury cash	7,042,211	8,455,295
Diamond Trust Bank- Current A/C	1,853,593	6,558,152
Standard Chartered - Current A/C	1,407,378	4,234,168
Coop Trust Holdings Ltd	965,446	1,665,446
Collection A/C	831,355	-
Office cash	2,221	8,162
Equity Bank - Current A/C	(10,441)	293,831
	1,084,037,846	1,134,268,075
13 Prepayments and Sundry Receivables		
Check offs debtors	73,109,303	53,886,801
Interest receivable loans	42,620,003	30,764,629
Interest receivable investments	21,649,743	24,315,414
Staff debtors	2,597,653	3,814,411
Utility deposits	2,532,596	2,314,900
Prepayments & sundry debtors	1,548,235	1,548,235
	144,057,533	116,644,390
14 Right of Use of Asset		
Right of Use of Asset	17,877,206	-

NOTES (CONTINUED)

15	Loan and Advances to Members			
	Risk classification analysis:	No of A/Cs		
	Performing	5676	2,413,857,059	2,055,712,503
	Watch	359	271,944,512	145,095,209
	Substandard	482	95,480,902	73,076,587
	Doubtful	205	48,491,149	33,283,085
	Loss	762	122,631,805	122,218,108
	Total loans and advances	7484	2,952,405,427	2,429,385,492
	Less: Loan loss reserve	Loan loss reserve	209,940,680	184,940,682
	Net loans and Advances		2,742,464,747	2,244,444,810
	Loan loss reserve			
	At the start of the year		184,940,680	162,159,750
	Provision for the year		25,000,000	20,000,000
	Transfer from credit reserve		-	2,780,930
	Total		209,940,680	184,940,680
	Required provision:			
	Performing	1%	24,138,571	20,557,125
	Watch	5%	13,597,226	7,254,760
	Substandard	25%	23,870,226	18,269,147
	Doubtful	50%	24,245,574	16,641,543
	Loss	100%	122,631,805	122,218,108
			208,483,401	184,940,683
16	Financial investments			
	CIC shares (888888 @ market value of ksh1.97)		1,751,109	1,751,109
	Co-operative bank shares (4,152,976 shares at ksh8.62)		35,811,124	145,756
	KUSCCO shares (fully impaired)		-	12,638
	Total		37,562,233	1,909,503
17	Intangible Assets: Computer Software			
	At 1 January 2024		9,938,605	9,806,400
	Additions		5,069,953	132,205
	Balance as at 31 December 2024		15,008,558	9,938,605
	Accumulated impairment			
	At 1 January 2024		9,389,136	9,077,413
	Amortisation expenses - Note 17		418,473	311,723
	Balance as at 31 December 2024		9,807,609	9,389,136
	Carrying amount			
	As at 31.12.2024		5,200,950	549,469

NOTES (CONTINUED)

18 Property, Plant and Equipment:

	Computer hardware & Accessories	Furniture Fixtures & Fittings	Office Equipments	Loose Tools	Totals
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At start of year 01.01.24	22,565,515	21,724,202	5,852,167	2,929,344	53,071,228
Additions	4,154,662	1,675,588	1,503,964	1,015,787	8,350,001
Disposals	(155,000)	(5,779,665)	-	-	(5,934,665)
At end of period 31.12.24	26,565,177	17,620,124	7,356,131	3,945,130	55,486,564
Depreciation					
At start of year 01.01.24	8,322,071	8,868,626	2,524,452	2,704,686	22,419,835
Depreciation on disposal	(133,411)	(5,697,753)	-	-	(5,831,164)
Charge for the period	4,368,413	2,086,211	960,392	523,213	7,938,229
At end of period 31.12.24	12,557,072	5,257,085	3,484,843	3,227,899	24,526,900
Net Book Value					
At end of period 31.12.24	14,008,104	12,363,039	3,871,287	717,232	30,959,664
At end of period 31.12.23	14,243,444	12,855,576	3,327,715	224,658	30,651,393

19 Members' Deposits

	2024	2023
	Kshs	Kshs
a) Fosa Savings (Withdrawable deposits)		
At the start of the year	215,561,149	182,151,836
Net deposits during the year	30,809,643	33,409,313
	246,370,792	215,561,149
b) Short term deposits		
i) School fees savings		
At the start of the year	52,414,253	44,688,933
Net savings during the year	5,922,698	7,725,320
	58,336,951	52,414,253
ii) Special savings		
At the start of the year	8,481,609	14,407,369
Net savings during the year	(638,402)	(5,925,760)
	7,843,207	8,481,609
	66,180,157	60,895,862
c) Members' Savings (Non-Withdrawable deposits)		
At the start of the year	2,284,918,555	1,958,680,603
Net deposits during the year	319,662,025	326,237,952
	2,604,580,580	2,284,918,555
Total	2,917,131,529	2,561,375,566

NOTES (CONTINUED)

	2024	2023
	Kshs	Kshs
20 Tax liability		
As at start of year	(1,579,743)	(427,686)
Provision for the year	8,468,499	8,457,867
Payment during the year	(7,916,589)	(9,609,924)
	(1,027,833)	(1,579,743)
21 Trade payable and accrued expenses		
Trade creditors	31,031,028	32,112,957
Benevolent fund	18,796,596	16,785,685
Honoraria & staff Bonus	7,782,559	7,395,523
Discount received on treasury bond	7,003,412	8,097,695
Interest on savings	4,235,978	3,031,001
Statutory deductions	1,432,745	773,328
ATM settlement & POS account	943,468	1,021,258
Bad debts provisions	790,507	790,507
Total	72,016,291	70,007,954
22 Lease Liability		
Lease Liability	17,877,206	-
23 Share capital		
Balance brought forward	152,555,018	134,194,242
Contributions for period	22,153,783	18,360,776
Total	174,708,801	152,555,018
24 Reserves		
Retained earnings	209,597,942	137,618,424
Statutory reserve	175,747,202	147,525,624
General reserves	180,000,000	180,000,000
Proposed dividends	33,173,793	29,216,891
Credit reserve	26,844,618	26,844,618
Total	625,363,555	521,205,557
25 Insider loans and advances		
	Aging Analysis	
17- Directors' accounts	Performing	34,707,147
47 - Employees' accounts	Performing	44,430,756
Total		79,137,903
		90,015,138

ANNEX: BUDGET PROPOSALS FOR YEAR 2025 AND 2026.

a) Operating Budget for 2025 (revised) and 2026 estimates

Income items	Actual 2024	Budget 2025	Variance		Budget 2026
			2024 vs 2025	Var	
			Kshs	% age	
Interest income	415,065,306	515,548,574	100,483,269	24%	621,321,251
Interest expense	(17,361,551)	(20,061,967)	2,700,416	-16%	(22,465,132)
Other income	156,381,039	180,755,553	24,374,515	16%	212,842,572
Net income	554,084,793	676,242,160	122,157,367	22%	811,698,691
Loan loss provision	25,000,000	25,000,000	(0)	-0%	30,000,000
Financial expenses	1,580,954	5,752,229	(4,171,274)	-264%	6,477,451
Personnel expenses	42,702,904	55,779,014	(13,076,110)	-31%	64,145,866
Governance expenses	10,743,591	10,929,479	(185,888)	-2%	12,022,427
Marketing expenses	14,048,190	23,218,700	(9,170,510)	-65%	16,462,440
Depreciation & amortization	8,356,701	9,505,921	(1,149,219)	-14%	12,744,626
Administration expenses	41,907,923	53,520,092	(11,612,168)	-28%	58,993,781
Compliance costs	4,064,875	5,185,407	(1,120,532)	-28%	5,442,028
Total expenses	148,405,139	188,890,841	(40,485,702)	-27%	206,288,618
Net operating surplus	405,679,654	487,351,319	81,671,665	20%	605,410,073

Notes:

1. Income Projections: Revenues are projected to grow by 22%, driven by increased lending activities and a moderate growth in investment income.
2. The growth in Personnel Expenses is attributed to the annual salary increment and the recently recruited staff, aimed at enhancing capacity for the efficient implementation of the Society's 2023-2027 Strategic Plan.
3. Marketing Expenses are meant to sustain sales and marketing activities, drive the Society's growth momentum, tap into new markets, and cover one-off costs for the 50th anniversary celebrations
4. Governance Expenses caters for AGM costs, directors allowances and other related expenses.
5. Administration Expenses includes costs associated in running the office such as rent & rates, system audit, insurances costs, Mid term strategic plan review
6. Compliance Expenses caters statutory fees such as SASRA deposit levy, licences & permit and business permit.
7. Operating Surplus. We project to close the year with a Surplus of Ksh487 million.

b) Capital Budget 2025/2026

	Amount
Core Banking System	15,000,000
CRM & Debt Collection System	4,000,000
Computers / Laptops /managed printer & other Accessories	1,500,000
Furniture, Fittings & Equipments	640,000
	21,140,000



**NATION
DT SACCO**

Annual Report 2024

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