



UKAGUZI

NON - WITHDRAWABLE DEPOSIT
TAKING SAVINGS AND CREDIT
CO-OPERATIVE SOCIETY LTD

Save. Borrow. Invest. Shine!!

UKAGUZI REGULATED NON-WDT SACCO SOCIETY LTD

CS/2234

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023



Mbaya & Associates
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UKAGUZI REGULATED NON-WDT SACCO SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER ,2023

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

SOCIETY INFORMATION

MANAGEMENT BOARD :

Chairman	Alfred D. Sumaili
Vice-Chairman	Anne.N. Wachira
Secretary	Mark. K. Gachanja
Treasurer	Peter K. Mureithi
Member	Pauline W. Nyaga
Member	Sammy M. N'gati
Member	Rose N. Muteshi
Member	George G. Ogutu
Member	Johnmark M. Mutuma

SUPERVISORY COMMITTEE MEMBERS:

Chairman	Mutegi Mwaniki
Secretary	Grace N. Mburu
Member	Nancy W. Muhari

SECRETARIAT

Accountant	Benjamin K. Chumba
Assistant Accountant	Margaret A. Opiyo
Assistant Accountant	Josiah O. Bosire
Loans Officer	Rachel N. Wainaina
Loans clerk	Annastasia W. Wakaba
Office assistant	Euster M. Misigo.

REGISTERED OFFICE

Anniversary Towers 3rd Floor, University way
P.o Box 61055-00200

NAIROBI

AUDITORS: Mbaya and Associates,LLP

BANKERS: The Co-operative Bank (K) Ltd, University Way Branch.

REGULATOR: SACCO Societies Regulatory Authority(SASRA)

INSURERS: APA Insurance Company Limited

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FOR THE YEAR ENDED 31 DECEMBER, 2023
REPORT OF THE MANAGEMENT BOARD

The members of the management Board submit the annual report together with audited financial statements for the year ended 31 December 2023

Incorporation

The Society is incorporated in Kenya under the Cooperative Societies Act Cap 490 and is domiciled in Kenya.

Principal Activity

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

Results

	<u>2023</u>	<u>2022</u>
	<u>Kshs.</u>	<u>Kshs.</u>
Surplus/(Deficit) before tax	63,840,079	63,603,669
Income tax expense	(2,553,553)	(1,806,848)
Net surplus/Deficit after tax	61,286,526	61,796,821
Retained surplus for the year	46,829,221	47,437,245
Interest on members deposit	268,118,804	240,618,737

Dividend Interest on members' deposits

The Management Board proposes to pay interest on members deposit at the rate of 13% compared to 12.7 % in 2022, and 20% Dividend on share Capital members approval at General Meeting.

The members of the management board who served during the year and to the date of this report is as listed on page 1

Independent Auditors

Mbaya & Associates LLP, Certified Public Accountants (K) were appointed during the year and have expressed their willingness to be in office in accordance with the Sacco Societies Act, 2008.

By order of the Management Board

Signature..........Date.....13/02/2024.....

Secretary

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STATISTICAL DATA AS AT 31 DECEMBER, 2023

	<u>2023</u>	<u>2022</u>
Membership - Active	2,193	2,128
- Dormant	6	8
Employees : Male	2	2
: Female	4	4
	Kshs.	Kshs.
Share Capital	48,981,698	23,401,700
Members' Deposits	2,234,037,183	2,071,738,949
Loans to members	2,534,136,176	2,347,894,191
Retained Earnings and Reserves	354,422,215	302,092,026
Other Financial Assets	67,238,907	67,238,907
Liquid Assets	354,865,679	275,205,050
Deposits and Shortterm Liabilities	2,574,973,328	2,377,388,802
Core Capital (Minimum 5Million)	336,165,006	258,254,819
Total Assets	2,978,377,241	2,702,882,529
Turnover	400,328,272	353,885,425
Total Expenditure	68,369,389	49,663,019
Total Interest Income	379,781,518	339,725,965
KEY RATIOS		-
Liquidity Ratio		
Liquid Assets/Total Short term liabilities(10%)	94.7%	76.00%
CAPITAL ADEQUACY RATIO		
Core capital /total asset (8%)	11.3%	9.60%
Core capital/Total Deposit (5%)	15.0%	10.80%
Retained earnings and Reserves to core Capital (50%)	105.4%	92.80%
EFFICIENCY RATIOS		
Interest on member Deposits	13.00%	12.70%
Dividend on Share Capital	20.00%	20.00%
Percentage of expenses to Revenue	17.1%	14.00%
Percentage of interest on members deposits to revenue	67.0%	68.00%
Total Delinquency loan/Total Loan Portfolio (5 %)	1.5%	0%

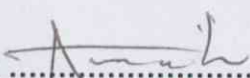
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ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER ,2023
STATEMENT OF THE MANAGEMENT BOARD RESPONSIBILITIES

The Co-operative Societies Act, Cap 490 requires the Management Board to prepare financial statements for each year which give a true and fair view of the affairs of the society at the end of the financial year and of its operating results for that year in accordance with the International Financial Reporting Standards. It also requires the Management Board to ensure that the society keeps proper accounting records which disclose with reasonable accuracy, the financial position of the society. They are also responsible for safeguarding the assets of the society and ensuring that the business of the society has been conducted in accordance with its objectives, by-laws and any other resolutions made at the society's general meeting.

The Management Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates in conformity with the International Financial Reporting Standards and in the manner required by the Co-operative Societies Act, Cap 490. The Management Board is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the society and of its operating results in accordance with the International Financial Reporting Standards. The Management Board further accepts responsibility for the maintenance of the accounting records, which may be relied upon on the preparation of the financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the management to indicate that the society will not remain a going concern for at least the next twelve months from the date of this

Approved by the Management Board on 13/02/24 and signed on its behalf by:

Chairman 

Board Member 

Board Member 

**UKAGUZI REGULATED NON-WDT SACCO SOCIETY LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023**

To the members of Ukaguzi Non-WDT Sacco Society Ltd

Opinion

We have audited the financial statements of Ukaguzi Non -WDT Sacco society Ltd set out on pages 9 to 21, which comprise the statement of financial position as at December 31, 2023, 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 Ukaguzi Regulated Non-WDT Sacco society Limited as at December 31, 2023, 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 Act no 14. of 2008 as read with the Sacco societies (Non-Deposit Taking Business) Regulations 2020

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.

UKAGUZI REGULATED NON-WDT SACCO SOCIETY LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023

Key audit matter	How our audit addressed the key audit matter
Loans and advances to members	
<p>Loans and advances constitute 85% of total assets. At the year end, total loan balance was Ksh 2,534,136,176. This represents an increase of 7.9% compared to prior year which is attributed to an increase in loan intake in the period under review.</p>	<p>-Obtaining audit evidence in respect of key controls over the loans issued and processes for impairment events identification and management judgments and the assumptions setting processes.</p>
<p>We considered this as a key audit matter going by the fact that extending loans to members earn interest thereon which is the Sacco's core source of income. In an event of material misstatement of these loans would mean the resultant financial statement will not present a true state of the sacco's financial affairs.</p>	<p>-We verified the loan approval process to ensure compliance with the set controls.</p>
Members deposits	
<p>Members deposit is a significant item in the statement of financial position since it forms 86.76% of the total liabilities. These deposits are used to provide loans to members. Members earn dividends in form of interest from the deposits they have with the Sacco.</p>	<p>-We verified that loans where issued to members who met the prerequisite deposits threshold as required by the credit policy.</p>
<p>We consider this deposits a key audit matter since misstatements in these deposits will affect the accuracy of interests computed.</p>	<p>-Tallied member deposit balances as per members register to financial statements and confirmed completeness.</p>
Revenue recognition	
<p>Revenue globally continues to be a major area exposed to fraud thereby requiring strong and comprehensive internal controls. There is an inherent risk on the accuracy of the revenue recorded in respect to the interest recognised from loans issued. This arises from the complexity and volume of the data.</p>	<p>We tested the design and operating effectiveness of key controls over the continued integrity of the operating system. We confirmed accuracy, validity reasonableness and reliability of the balances as used in the financial statements.</p>

UKAGUZI REGULATED NON-WDT SACCO SOCIETY LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023

Responsibilities of the Management Board for the Financial Statements

The Management Board 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 Non Deposit Taking Business Regulations 2020, 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 Management Board 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 Management Board 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 Management Board.

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**UKAGUZI REGULATED NON-WDT SACCO SOCIETY LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023**

- Conclude on the appropriateness of the Management Board' 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 Management Board 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 Management Board on page 2 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Leah Nganga Practicing Certificate No. 2208

Mbaya & Associates



Date 05/03/2024

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UKAGUZI REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2023

	NOTES	2023 KSHS	2022 KSHS
<u>REVENUE</u>			
Interest on loans to members	2	358,814,352	321,380,128
Other interest income	3	20,967,166	18,345,837
Interest Expense	4	(279,981,328)	(251,095,987)
NET INTEREST INCOME		<u>99,800,190</u>	<u>88,629,978</u>
Other Income	5	20,546,754	14,159,460
NET REVENUE		<u>120,346,944</u>	<u>102,789,438</u>
<u>EXPENDITURE</u>			
Personel Expenses	6	(15,202,807)	(12,086,811)
Depreciation and Armotization	7	(358,397)	(105,906)
Governance Expenses	8	(16,426,647)	(13,639,265)
Marketing Expenses	9	(278,280)	(391,640)
Administrative Expenses	10	(3,722,913)	(4,242,767)
Financial Expenses	11	(20,517,821)	(8,719,380)
NET SURPLUS BEFORE INCOME TAX		<u>63,840,079</u>	<u>63,603,669</u>
Provision for Tax	12	(2,553,553)	(1,806,848)
NET SURPLUS AFTER TAX		<u>61,286,526</u>	<u>61,796,821</u>
Less 20% Statutory Reserve Fund		(12,257,305)	(12,359,364)
Surplus available for distribution		<u>49,029,221</u>	<u>49,437,457</u>
Less Provision for Honoraria		(1,500,000)	(1,500,000)
Less Provision for Staff Bonus		(700,000)	(500,000)
Surplus to Retained Earnings		<u>46,829,221</u>	<u>47,437,457</u>

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UKAGUZI REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2023

<u>ASSETS</u>	<u>NOTES</u>	<u>2023</u> <u>KSHS</u>	<u>2022</u> <u>KSHS</u>
Cash and Cash Equivalent	13	343,231,282	263,808,624
Prepayments & sundry debtors	14	11,634,397	11,396,426
Trade and other receivables	15	21,540,533	11,803,037
Loans to Members	18	2,534,136,176	2,347,894,191
Other Financial Assets	21	67,238,907	67,238,907
Property, Plant and Equipment	22(a)	595,946	741,344
Software	22(b)	-	-
TOTAL ASSETS		2,978,377,241	2,702,882,529
LIABILITIES			
Members deposits	16	2,234,037,183	2,071,738,949
Interest on Members Deposits	17	271,914,792	243,500,606
Dividend on Share Capital	23	9,796,340	4,680,340
Trade and other Payables	24a	3,187,998	2,506,406
Sundry Creditors	24b	2,735,875	4,293,820
Benevolent Fund	27	53,301,140	50,668,681
TOTAL LIABILITIES		2,574,973,328	2,377,388,802
SHAREHOLDERS FUND			
Share Capital	25	48,981,698	23,401,700
Reserves	26	354,422,215	302,092,027
TOTAL SHAREHOLDERS FUND		403,403,913	325,493,727
TOTAL LIABILITIES & SHAREHOLDERS FUND		2,978,377,241	2,702,882,529

Auditor's Report Attached

The financial statements on page 6 to 16 were approved and signed by management

CHAIRMAN [Signature] B/MEMBER [Signature]

TREASURER [Signature] DATE 13/02/2024

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER, 2023

	NOTES	SHARE CAPITAL	RETAINED EARNINGS	STATUTORY RESERVE	CAPITAL RESERVE	GENERAL RESERVE	TOTAL EQUITY
		kshs	kshs	kshs	kshs	kshs	kshs
As at 1st Jan 2022		20,741,800	133,212,523	56,296,064	57,466,959		267,717,346
Adjusted Balance		20,741,800.00	133,212,523.00	56,296,064.00	57,466,959.00		267,717,346.00
Total recognized Loss/Income 2022			61,796,820				61,796,820
Statutory Fund			(12,359,364)	12,359,364			-
Provision of Honoraria/ Staff Bonus			(2,000,000)				(2,000,000.00)
Transfer to share Capital Reserve			(15,431,517)		15,431,517		-
Dividend on Share Capital			(4,680,340)				(4,680,340.00)
Issue of Share Capital		2,659,900.00					2,659,900.00
At the end of the year 2022		23,401,700.00	160,538,122	68,655,428	72,898,476		325,493,726
As at 1st Jan 2023		23,401,700.00	160,538,122	68,655,428	72,898,476	3,040,003.00	325,493,726
Prior Year Adjustment							3,040,003
Total recognized surplus 2023			61,286,526				61,286,526
Statutory Reserve Fund			(12,257,305)	12,257,305			-
Provision of Honoraria/ Staff Bonus			(2,200,000)				(2,200,000)
Transfer to Capital Reserve			(22,100,872)		22,100,872.00		-
Dividend on Share Capital			(9,796,340)				(9,796,340)
Issue of Share Capital		25,579,998.00					25,579,998
At the end of the year 2023		48,981,698.00	175,470,131	80,912,733	94,999,348.00	3,040,003.00	403,403,913

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CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2023

CASHFLOW FROM OPERATING ACTIVITY	Notes	2023	2022
		KSHS	KSHS
Interest Receipts		358,814,352	321,380,128
Other income		216,812	519,853
Interest Expenses		(251,567,142)	(225,520,989)
Payments to Employees & Suppliers		(48,891,878)	(39,488,884)
		58,572,144	56,890,108
Increase /Decrease in Operating Assets			
Loans to Member's		(193,076,597)	(249,291,636)
Prepayment and Sundry Debtors		(237,971)	(5,755,051)
Trade and other receivables		(9,737,496)	(3,216,308)
		(203,052,064)	(258,262,995)
Increase /Decrease in Operating Liabilities			
Deposits from Member's		162,298,234	179,842,046
Increase in BBF		2,632,459	3,305,813
Increase in Special deposits		-	2,596,711
Other Savings		-	270,166
Trade and Other Payables		(2,237,798)	(2,069,800)
Sundry Creditors		(1,557,945)	(4,321,112)
		161,134,950	179,623,824
NET CASH FROM OPERATING ACTIVITIES BEFORE TAX		16,655,030	(21,749,063)
Income Tax paid		(2,256,140)	(1,523,773)
NET CASH FROM OPERATING ACTIVITIES		14,398,890	(23,272,836)
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of Assets		(213,000)	-
Dividends from investments		20,329,942	13,639,607
Interest Income		20,967,166	18,345,837
Purchase of Shares		-	-
Dividend paid on Share Capital		(4,680,340)	(4,148,360)
NET CASHFLOW FROM INVESTING ACTIVITY		36,403,768	27,837,084
CASHFLOW FROM FINANCING ACTIVITY			
Share Capital Contributions		25,579,998	2,659,900
Increase in General Reserve		3,040,003	-
NET CASHFLOW FROM FINANCING ACTIVITY		28,620,001	2,659,900
NET CHANGES IN CASH AND CASH EQUIVALENT		79,422,659	7,224,148
CASH AND CASH EQUIVALENTS AT START		263,808,624	256,584,476
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		343,231,282	263,808,624

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UKAGUZI REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
NOTES TO THE AUDITED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2023

1. SIGNIFICANT ACCOUNTING POLICIES:

(a) Statement of compliance & basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards. Financial statements are presented in the local functional currency, Kenya shillings (KES) and prepared under historical cost convention method, as modified by revaluation of certain assets as prescribed by IFRSs,

(b) Adoption of new and revised international Financial reporting Standards (IFRSs)

i. New and revised standards effective -IFRS 9 Financial Instruments

At the date of authorization of these financial statements, various new and revised standards and interpretation were issued and effective. Except for the revised version of IFRS 9, Financial instruments which were issued in 2014 and becoming effective on 1st January 2018, none of them has had an effect on the Saccos Financial statements.

ii. Impairment - Financial assets

IFRS 9 replaces the 'Incurred Loss' model in IAS 39 with forward-looking 'Expected Credit Loss' (ECL) model. This model requires consideration judgement about how economic factors affect ECLs, which should be determined on a probability-weighted average basis. Under IFRS 9, Impairment allowance will be measured on either of the following bases: a) 12 months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date. b) Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. Lifetime ECL measurement applies if the credit risks of a financial asset at the reporting date has increased significantly since initial recognition and 12 month ECL measurement applies if it has not. An entity may determine that a financial asset's risk has not increased significantly if the asset has low credit risk at the reporting date. The Society has adopted 12 months ECL measurement.

(b) Revenue recognition

Interest on loans to members is charged on a monthly basis on reducing balance at the rate of 1% per month for loans up to 48 months, 1.08% per month for 60 months and 1.17% per month for 72 months and 84 Months

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash in 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 insignificant risk of changes in value.

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NOTES TO THE AUDITED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

1. (a) Property, plant and equipment

Depreciation is calculated at an annual rate estimated to write off each asset over a period of time. Office Equipment and Furniture have been depreciated at 12.5% p.a on reducing balance over its economic useful life. Computers, Printers & Software have been depreciated at 30% p.a on straight-line basis

(b) Statutory Reserve Fund:

Transfers are made to the Statutory Reserve Fund at a rate of 20% of the Net Operating Surplus in accordance with Section 47(1) of the Co-operative Societies (Amendment) Act 2004. A bank account is maintained for the same.

2. INTEREST ON LOANS TO MEMBERS: Ksh. 358,814,349

LOAN DURATION	INTEREST EARNED	
	2023	2022
	Kshs.	Kshs.
Refinancing	13,576,506	
Ukash Mobile Loan	3,762,721	
Emergency Loan	9,532,649	
School Fees Loan	2,724,823	
48 Months Normal Loan	10,924,957	
48 Months Aggregated Loan	29,666,567	
Upto 48 months	-	75,420,233
60 month's Loan	36,664,948	37,252,826
72 month's Loan	69,261,450	85,234,954
84 month's Loan	94,537,374	106,932,556
96 month's Loan	88,162,357	16,539,559
TOTALS	358,814,352	321,380,128

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UKAGUZI REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTES TO THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2023

<u>3. OTHER INTEREST INCOME</u>	2023	2022
	Kshs.	Kshs.
Interest from CIC Unit trust	4,013,917	9,140,766
Interest From KUSCCO Fixed Deposit	4,321,743	7,188,795
Interest From Madison Wealth Fund	4,926,097	2,016,276
Interest From Call Deposits	7,705,409	-
	20,967,166	18,345,837
<u>4. INTEREST EXPENSE</u>		
Interest on Members Deposit.	268,118,804	240,618,737
Interest on Christmas Savings	1,155,994	1,058,477
Interest on B.B.F Loan	2,539,849	2,391,013
Interest on Education Savings	755,675	818,120
Interest on Special Deposits	7,411,006	6,209,640
TOTAL	279,981,328	251,095,987
<u>5. OTHER INCOME</u>		
Entrance Fees	152,000	382,000
Coop Bank Dividend	20,100,872	13,431,517
Rebates from KUSCCO LTD	-	25,839
Commission from CIC	55,362	99,414
Dividend From CODIC	229,070	208,090
MISC Income	9,450	12,600
Totals	20,546,754	14,159,460
<u>6. PERSONEL EXPENSE</u>		
Salaries & Wages	5,807,976	4,835,949
Casual Labour Expenses	153,182	42,900
Pension Expenses	1,098,886	724,704
House Allowances	2,520,000	1,896,000
Special Duty Allowances	278,280	200,920
N.S.S.F Expenses	80,040	14,400
Staff Training	927,800	960,900
Transport Expenses	-	172,000
Commuter Allowances	1,260,000	960,000
Extraneous allowance	1,380,000	888,000
Staff Medical Allowance	394,642	430,477
Uniform & Clothing	13,520	41,412
Leave Allowances	462,143	479,870
Staff Insurance Expenses	545,338	439,279
Staff Contingency	5,000	-
Acting Allowance	192,000	-
Responsibility Allowance	84,000	-
Sub-Totals	15,202,807	12,086,811

UKAGUZI REGULATED NON-WDT SACCO SOCIETY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTES TO THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2023

	2023	2022
<u>7. DEPRECIATION AND ARMOTIZATION</u>	KSHS	KSHS
Depreciation	358,397	105,906
Armotization	-	-
Sub-Totals	358,397	105,906

8. GOVERNANCE EXPENSES

Corporate Tax	-	-
General Meeting Expenses	6,984,753	5,854,240
Education to Members	2,614,260	2,093,546
Board Sitting Allowance	4,556,090	3,949,152
Board Education	766,000	742,050
Board Contingency	50,000	-
Governance Consultancy	520,500	190,350
Ushirika Day Celebrations	935,044	809,927
TOTAL	16,426,647	13,639,265

9. MARKETING AND PUBLICITY

Corporate Social Responsibility	199,105	133,253
Marketing Expenses	79,175	258,387
Total	278,280	391,640.00

UKAGUZI REGULATED NON-WDT SACCO SOCIETY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTES TO THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2023

	<u>2023</u>	<u>2022</u>
	Kshs.	Kshs.
<u>10. ADMINISTRATIVE EXPENSES</u>		
Printing & Stationery	455,781	327,099
Postage & Telephone	230,294	347,073
Office Expenses	1,017,440	949,878
Regulation and Licensing (SASRA)	30,000	30,000
Internet/ Website Expenses	182,269	299,954
Software Support Expenses	495,670	962,000
Payroll Processing Expenses	863,805	831,203
Audit Fees	270,050	309,330
Repairs & Maintenance	10,202	9,250
Transport	72,280	176,980
Affordable Housing Levy	95,122	-
TOTAL	<u>3,722,913</u>	<u>4,242,767</u>
<u>11. FINANCIAL EXPENSES</u>		
Bank Charges	232,384	536,584
Provision for credit Impairment	6,834,613	891,421
Insurance Premiums	13,450,824	7,291,375
TOTAL	<u>20,517,821</u>	<u>8,719,380</u>
<u>12. PROVISION FOR TAX:</u>		
Interest from Madison	4,926,097	2,016,276
Interest from CIC	4,013,917	9,140,766
Interests From Call Account	7,705,409	-
Commission from CIC	55,362	99,414
Gross Income	16,700,785	11,256,456
Taxable Income [50% of Gross]	8,350,393	5,628,228
Entrance Fees (100%)	152,000	382,000
Miscellaneous income(100%)	9,450	12,600
Total Taxable Income	8,511,843	6,022,828
Charge for the Year [30% of Taxable Income]-L	2,553,553	1,806,848
Less Installment Tax paid	(1,987,532)	(1,538,240)
Tax Payable	<u>566,021</u>	<u>268,608</u>

UKAGUZI REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTES TO THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2023

	<u>2023</u>	<u>2022</u>
	<u>Kshs</u>	<u>Kshs</u>
13. CASH AND CASH EQUIVALENT:		
Co-op Bank - B.B Fund - Savings Account	297,010	297,010
Cash In Hand (Verified)	17,610	19,609
Office/Branch Imprest	14,305	14,305
Co-op Bank -SRF Savings A/C	-	6,318,859
M.PESA Pay Bill 691244	1,608,361	3,327,184
M.PESA Pay Bill 3028713	352,271	35,242
Co-op Bank - Current A/C	13,985,408	75,394,419
Co-op Bank Deposit on Call	178,771,382	456,360
CIC Money Market	-	2,266,758
BBF Fund (in Call Account)	53,004,130	-
KUSCCO Savings -(BBF)	-	50,371,671
KUSCCO Savings	52,750,000	53,290,931
Madison Money Market	-	2,016,276
Madison Fixed Deposit	42,430,805	70,000,000
TOTAL	343,231,282	263,808,624

14. PREPAYMENTS & SUNDRY DEBTORS

Prepayments: Credit Life Protection Policy	11,333,335	11,250,000
: Staff Medical Cover	128,876	146,426
: WIBA PLUS Policy	36,856	-
: Software Maintance	135,330	-
	11,634,397	11,396,426

15. TRADE & OTHER RECEIVABLES

Debtors (Employer-Appendix I)	13,835,124	11,803,037
Interest Receivable - Call Account	7,705,409	-
TOTAL	21,540,533	11,803,037

16. LOAN PORTFOLIO ANALYSIS:

Balance b/f	2,373,719,844	2,124,428,207
Loans disbursed	1,477,062,641	1,707,119,059
Repaid in the year	(1,283,986,043)	(1,457,827,422)
Balance as per Ledger	2,566,796,442	2,373,719,844
Less Provision for Credit Impairment	32,660,266	25,825,653
Net loan portfolio	2,534,136,176	2,347,894,191
 Balances as per Ledger	 2,566,796,442	 2,373,719,844
Balances as per Members' Statements	2,566,796,442	2,373,719,844
Variance		

CREDIT IMPAIRMENT MOVEMENT
CLASSIFICATION

<u>CLASSIFICATION</u>	2023			2022	
	No.A/c	PORTFOLIO	PROVISION	PORTFOLIO	PROVISION
Performing-0-30 days 1%	2409	2,528,650,422	25,286,504	2,366,308,143	23,663,081.00
Watch-31-90 days 5%	44	15,294,130	764,706	1,620,065	81,003.00
Substandard-91-180 Days-25%	32	19,798,617	4,949,654	4,921,034	1,230,259.00
Doubtful- over 181-360 Days-50%	22	2,787,743	1,393,872	38,585	19,293.00
Loss- Considered uncollectible-100%	7	265,530	265,530	832,017	832,017.00
TOTALS		2,566,796,441.83	32,660,266	2,373,719,844	25,825,653.00

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UKAGUZI REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTES TO THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2023

	<u>2023</u>	<u>2022</u>
	<u>Kshs</u>	<u>Kshs</u>
17. OTHER FINANCIAL ASSETS:		
Co-op. Holdings Class A 8,986,464 Shares	63,989,164	63,989,164
KUSCCO Ltd 6799.86 shares of 100/= each	679,986	679,986
Shares in Ukaguzi housing	500,000	500,000
Codic 2069 Shares@ 1000/= each	2,069,757	2,069,757
TOTAL	67,238,907	67,238,907

18. PROPERTY PLANT & EQUIPMENT

Depreciation is calculated at an annual rate estimated to write off each Office Equipment and Furniture have been depreciated at 12.5% p.a on reducing balance over its useful life.

Computers, & Printers have been depreciated at 30% p.a on straight-line basis as below: -

	Furniture & Equipment	Computers, Printers & Accessories	TOTAL
	Kshs.	Kshs.	Kshs.
Cost as at 01.01.23	1,989,405	3,403,097	5,392,502
Additions:	38,000	175,000	213,000
Disposal	-	-	-
As at 31.12.23	2,027,405	3,578,097	5,605,502

ACCUMULATED DEPRECIATION

Accumulated as at 01.01.23	1,486,324	3,164,835	4,651,159
Charge for the year	67,635	290,762	358,397
Total Accumulated as at 31.12.23	1,553,959	3,455,597	5,009,556
N.B.V as at 31.12.23	473,446	122,500	595,946
N.B.V as at 31.12.22	503,081	238,263	741,344

19. MEMBERS' DEPOSITS:

19(a) Non-Withdrawable Deposits

Balances as per Ledger	2,146,843,336	1,963,330,798
Balances as per Members' Statements	2,146,843,336	1,963,330,798
Variance	-	-

Balance b/f	1,963,330,798	1,783,488,752
Net Deposits in the year	148,413,098	134,335,857
Capitalised Interest for the year	35,099,440	45,506,189
Closing balance	2,146,843,336	1,963,330,798

19 (b) Target Deposits

Balance C/f	105,154,042	102,557,331
Add receipts	31,196,604	49,774,161
	136,350,646	152,331,492
Less refunds	(52,358,667)	(47,177,450)
Closing Balance	83,991,979	105,154,042

19(c) Other Deposits

Christmas Savings Scheme	1,839,481	1,960,565
Education Savings Scheme	1,362,387	1,293,544
	3,201,868	3,254,109
TOTAL MEMBER DEPOSITS	2,234,037,183	2,071,738,949

UKAGUZI REGULATED NON-WDT SACCO SOCIETY LIMITED**ANNUAL REPORT AND FINANCIAL STATEMENTS****NOTES TO THE AUDITED ACCOUNTS****FOR THE YEAR ENDED 31 DECEMBER, 2023**

	2023	2022
20.INTEREST ON MEMBERS DEPOSITS	<u>Kshs</u>	<u>Kshs</u>
Bal b/d	243,500,606	217,925,608
Provision for the year	268,118,804	240,618,737
Paid	(239,704,618)	(215,043,739)
Bal c/f	<u>271,914,792</u>	<u>243,500,606</u>
21.DIVIDEND ON SHARE CAPITAL		
Provision for the Year (20%)	<u>9,796,340</u>	<u>4,680,340</u>
22(a)TRADE & OTHER PAYABLES		
Proposed Honoraria	1,500,000	1,500,000
Proposed Staff Bonus	700,000	500,000
Payable Expenses: Audit Fees	162,030	185,598
: Consultancy fee	25,000	52,200
: Staff Salaries	234,947	-
Provision for Tax	566,021	268,608
Total	<u>3,187,998</u>	<u>2,506,406</u>
22(b)SUNDRY CREDITORS		
Commissioner for Dometics Taxes	250,316	279,640
National Social Security Fund	15,120	-
National Hospital Insurance Fund	10,800	9,600
CIC Pension	139,950	-
Ukaguzi Housing Society	-	65,000
Ex-Members' Deposits	2,291,561	3,939,580
Affordable Housing Levy	28,128	-
TOTAL	<u>2,735,875</u>	<u>4,293,820</u>
23. BENEVOLENT FUND		
Fund balance b/f	50,668,681	47,362,868
ADD:		
Contributions for the Year	4,422,800	4,558,800
Interest on loan to Society	2,535,849	2,391,013
TOTAL FUND	<u>57,627,330</u>	<u>54,312,681</u>
LESS:		
Funeral Claims A	(3,700,000)	(2,980,000)
Refunds B	(626,190)	(664,000)
Net Accumulated Fund	<u>53,301,140</u>	<u>50,668,681</u>
REPRESENTED BY:		
Cash in Bank	-	297,010
Co-op Call account C	53,301,140	50,371,671
TOTAL	<u>53,301,140</u>	<u>50,668,681</u>

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UKAGUZI REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
NOTES TO THE AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
24. SHARE CAPITAL:		
Balances as per Ledger	48,981,698.00	23,401,700.00
Balances as per Members' Statements	48,981,698.00	23,401,700.00
Variance	-	-
Balance b/f	23,401,700	20,741,800
Shares Issued During the Year	25,579,998	2,659,900
Closing balance	<u>48,981,698</u>	<u>23,401,700</u>
26. RESERVES		
Statutory reserve	80,912,733	68,655,428
Capital reserve	94,999,348	72,898,476
General Reserve	3,040,003	-
Retained Earnings	175,470,131	160,538,122
Total	<u>354,422,215</u>	<u>302,092,026</u>
19) RELATED PARTY TRANSACTIONS		
a) Insider Loan		
Board Of Directors	33,241,179	24,421,086
Supervisory Committee	3,163,389	4,391,432
Secretariat	14,254,183	14,343,700
Total Insider Loans	<u>50,658,751</u>	<u>43,156,218</u>
b) Insider Deposits		
Board Of Directors	17,260,396	13,873,091
Supervisory Committee	7,456,385	6,754,680
Secretariat	7,335,555	6,460,164
Total Insider Deposits	<u>32,052,336</u>	<u>27,087,935</u>
c) Payments to related parties		
Sitting Allowance : Board of Directors	3,929,057	3,495,636
: Supervisory Committee	627,033	453,516
Honoraria : Board of directors	1,165,000.00	1,165,000
: Supervisory Committee	335,000.00	335,000
Bonus to the Secretariat	700,000.00	500,000
	<u>6,756,090.00</u>	<u>5,949,152</u>
20. OTHER FINANCIAL ASSETS:		
Co-op. Holdings Class A 8,986,464 Shares	63,989,164	63,989,164
KUSCCO Ltd 6799.86 shares of 100/= each	679,986	679,986
Shares in Ukaguzi housing	500,000	500,000
Codic 2069 Shares@ 1000/= each	2,069,757	2,069,757
TOTAL	<u>67,238,907</u>	<u>67,238,907</u>

NOTE A: FUNERAL CLAIMS

The Fund pays Kshs. 100,000.00 upon death of a contributor and Kshs. 80,000.00 upon death of a named Next-of-kin. The figure represents payments made during the year.

NOTE B: REFUNDS

The figure represents refunds made to members who were retired or resigned from the Society.

NOTE C: DEBTORS (Society)

This represents contributions pending transfer from the Society's main account to the BBF savings account.

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UKAGUZI REGULATED NON-WDT SACCO LIMITED
APPENDIX I

DEBTORS (EMPLOYER ACCOUNT) -AS AT 31 December 2023

At the closure of the year the following employers had not remitted members' contributions. The same have been posted to the members' personal accounts:

EMPLOYER	AMOUNT KSHS
1.National Crime Research Centre	22,000.00
2. The Judiciary	308,342.00
3. State Department For Housing and Urban Dev't	81,928.00
4. Makueni County Executive	113,825.00
5. Kisii County Executive	1,160.00
6.National Hospital Insurance Fund	343,000.00
7. Competition Authority Of Kenya	118,535.00
8. Controller Of Budget	10,740.00
9.State Department for Correctional Services	34,135.00
10. Ethics and Anti Corruption Commission	541,052.00
11. State Department for Roads	161,108.00
12 State Department for Devolution	130,207.00
13. Public Service Commission	561,450.00
14 State Department for Public works	89,360.00
15.State Department for Foreign Affairs	105,171.00
16. Executive Office of The President	69,602.00
17 Tana and Athi Rivers Dev't Authority	14,986.00
18 State Department for Youth Affairs And Arts	44,003.00
19. Registrar of Political Parties	84,730.00
20. The National Treasury	1,794,223.00
21.Tourism Board	55,200.00
22.State Department for Sports	26,320.00
23. Kenya Education Management Institute	11,350.00
24. State Department for Medical Services	260,796.00
25.State Department for Social Protection	56,449.00
26. Nyeri County Executive	86,183.00
27. State Department for Lands and Physical Planning	20,300.00
28. State Department for Broadcasting and telecommunication	44,140.00
29.Nairobi City County Executive	52,500.00
30. State Deparment for Voc. And Tech.Training	14,890.00
31.Council For Legal Education	161,285.00
32. State Department for labour and skills development	85,988.00
33.Kenya Medical Research Institute	22,400.00
34.Kenya National Hospital	8,134,667.00
35. Kenya Medical Training Institute	92,184.00
36. National Construction Authority	39,550.00
37. Teachers Service Commission	6,180.00
38. Technical University Of Mombasa	35,185.00
TOTAL	13,835,124.00

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UKAGUZI REGULATED NON-WDT SACCO LIMITED
APPENDIX II

SCHEDULE OF PAYMENTS TO BOARD AND SUPERVISORY COMMITTEE
FOR THE PERIOD ENDED 31 December 2023

S/NO	M/No	NAME	POSITION	HONORARIA	SITTING ALLOW	TOTAL
				KES	KES	KES
BOARD OF DIRECTORS						
1	1017	Alfred David Sumaili	Chairman	140,000.00	426,261.00	566,261.00
2	2083	Anne Njoki Wachira	Vice Chairman	135,000.00	477,386.00	612,386.00
3	2071	Peter Mureithi Karuria	Treasurer	135,000.00	732,654.00	867,654.00
4	2385	Mark Kuria Gachanja	Hon. Secretary	135,000.00	608,524.00	743,524.00
5	1810	Rose Ngui Muteshi	Board Member	124,000.00	348,245.00	472,245.00
6	2599	Pauline Wawira Nyaga	Board Member	124,000.00	271,663.00	395,663.00
7	1957	Sammy Mutisya Ngati	Board Member	-	283,307.00	283,307.00
8	1627	George Gari Ogutu	Board Member	124,000.00	373,961.00	497,961.00
9	2938	Johnmark Mutea Mutuma	Board Member	124,000.00	421,340.00	545,340.00
10	2981	Millicent Awino Awiti	Board Member	124,000.00	71,432.00	195,432.00
			SUB TOTAL	1,165,000.00	4,014,773.00	5,179,773.00
SUPERVISORY COMMITTEE						
1	2523	Mwaniki Mutegi	Chairman	115,000.00	183,276.00	298,276.00
2	1452	Grace Nyambura Mburu	Secretary	115,000.00	183,276.00	298,276.00
3	2022	Nancy Wambui Muhari	Member	105,000.00	174,076.00	279,076.00
			SUB TOTAL	335,000.00	540,628.00	875,628.00
			GRAND TOTAL	1,500,000.00	4,555,401.00	6,055,401.00