HARAMBEE SACCO

Empowerment. Development. Security

#BEBOLD!

This is the Turning Point!

2023

CS/1916

ANNUAL REPORT

& FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023


HARAMBEE SACCO
Empowerment. Development. Security
Saving money today secures, eases, and beautifies your tomorrow." ~ Ehsan Sehgal
HOLIDAY SAVING ACCOUNT
BUSINESS ACCOUNT
FEDHA FIXED ACCOUNT.
TOTO JUNIOR
52 WEEK SAVING CHALLENGE
0709 943 000/ 0709 943 100
Harambee Sacco
info@harambeesacco.com
www.harambeesacco.com
HARAMBEE DT SACCO SOCIETY LTD.
Harambee Co-operative Plaza, Ground , 1st, 2nd, 3rd and 4th Floor.
Haile Selassie Avenue/ Uhuru Highway Round-about
P.O Box 47815-00100 (GPO), Nairobi – Kenya.

HARAMBEE
SACCO

Empowerment
Development
Security

HARAMBEE DT SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
CS/NO:1916

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Mwangi & Kamwara Associates
Certified Public Accountants (Kenya)
Ushuru Sacco Centre, Wood Ave, Nairobi
P.o Box 34458- 00100 Nairobi

CORPORATE PHILOSOPHY

OUR PURPOSE

To empower members to live with dignity and accomplishment throughout their lives.

Empowerment is about members experiencing more joy of saving, having peace of mind because they are confident to face financial uncertainties; and satisfaction and fulfilment because they are part of a SACCO that cares and provides them with opportunities for advancement and personal growth.

OUR MOTTO

Your future Our Concern

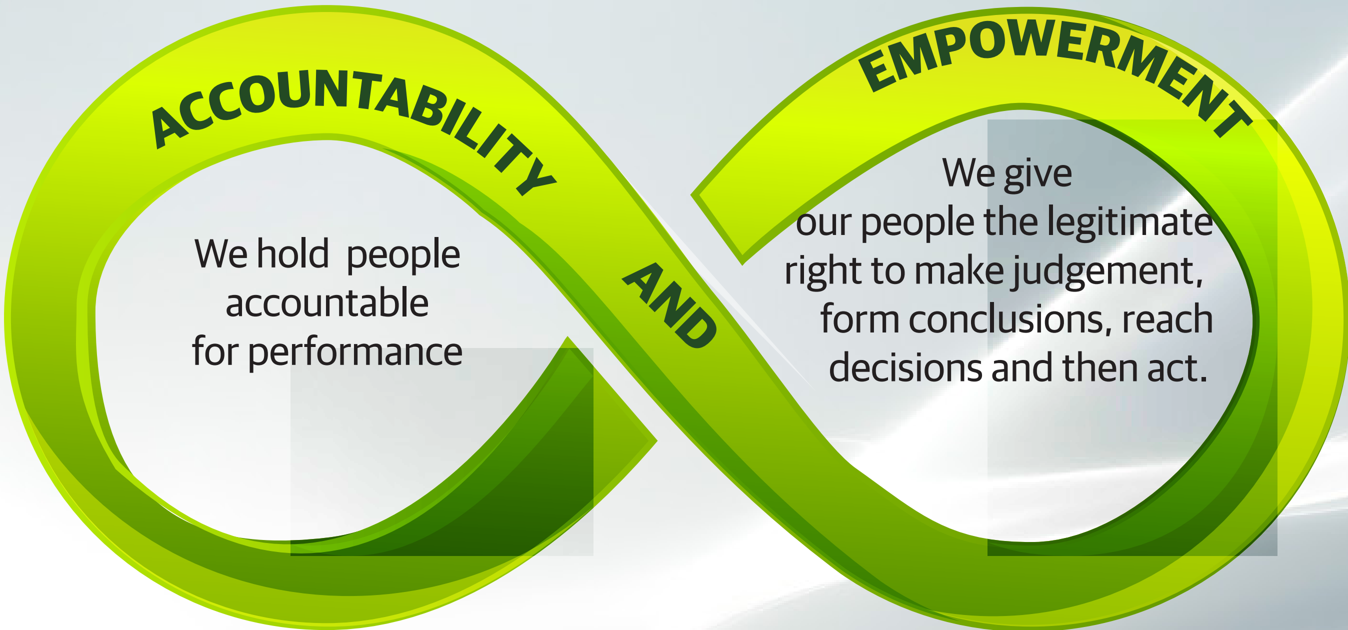
OUR VISION

To be the most trusted SACCO

OUR THEME YEAR 2024

This is the turning point!

OUR VALUES



Accountability and Empowerment

Service and Empathy

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SOCIETY INFORMATION

BOARD OF DIRECTORS			
	Mr. Macloud Malonza	National Chairman	
	Mrs. Millicent Simiyu	National Vice Chairman	
	Ms. Rollah Gatwiri	National Treasurer	
	Col Stephen Nganga	National Secretary	
	Mr. Antony Akama	Director	
	Mr. Luka Kiprono	Director	
	Mr. Philip Mitei	Director	
	Mr. Jacton Winda	Director	
	Col Benjamin Kiprop	Director	From 20th Feb 2023
	Ms Rosemary Muriithi	Director	From 20th Feb 2023
	Mr. James Aima	Director	From 20th Feb 2023
SUPERVISORY COMMITTEE	Mr. Joseph Yamo	Chairman	
	Mr. Charles Osore	Secretary	
	Major Joseph Bwire	Member	
CHIEF OFFICER	Dr. George Ochiri, MBS	Chief Executive Officer	

REGISTERED OFFICE

LR No. 209/9966
Harambee Co-operative Plaza
P.O. Box 47815-00100
Nairobi, Kenya.

INDEPENDENT AUDITOR

Mwangi and Kamwara Associates
Certified Public Accountants (K)
P.O. Box 34458-00100
Nairobi

PRINCIPAL BANKERS

Co-operative Bank of Kenya Limited
Ukulima House Branch,
P.O. Box 74956-00200,
Nairobi

Kenya Commercial Bank Limited
KICC Branch
Nairobi

HARAMBEE SACCO

Empowerment Development Security

P.O Box47815 - 00100 Nairobi
0709 – 943 000/100
Email: info@harambeesacco.com
Website: www.harambeesacco.com

Ref. No. HAR/ADM/2024

31st January 2024

TO ALL DELEGATES,
HARAMBEE DT CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED

Dear Sir/Madam,

RE: NOTICE OF THE YEAR 2024 ANNUAL DELEGATES MEETING.

Notice is hereby given that the **53rd Annual Delegates Meeting of Harambee DT Co-operative Savings and Credit Society Limited** will be held on **Monday, 19th February 2024** from **9.30 a.m.** at **Safari Park Hotel, Nairobi for the transaction of the following business.**

1. To read the notice convening the meeting and determine if a quorum is present.
2. To receive the Chairman's Report.
3. To receive the Address by the Guest of Honour.
4. To adopt and confirm Minutes of the 52nd Annual Delegates Meeting held on 20th February 2023 and discuss Matters Arising therefrom.
5. To receive and adopt the Audited Accounts for the year ended 31st December 2023 and Distribution of Surplus for the year 2023.
6. To receive the Treasurer's Report and to approve the year 2024 Revised Budget and Proposed Budget for year 2025.
7. To receive the Supervisory Committee's Report.
8. To pass Resolutions.
9. To appoint Society's Auditors for the year 2024.
10. Elections.
11. Any Other Business (for which 15 days' notice has been given).

Yours faithfully,
For & on behalf of Harambee DT Sacco Society Ltd

COLONEL STEPHEN M. NGANGA
HON. SECRETARY

Page **1** of **2**

c.c. **COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT & MARKETING**
NSSF BUILDING

CHIEF OFFICER,
CO-OPERATIVES
NAIROBI COUNTY

DIRECTOR OF CO-OPERATIVES,
NAIROBI COUNTY

SUB-COUNTY CO-OPERATIVE OFFICER – STAREHE
NYAYO HOUSE.

NOTE:

Registration of Delegates shall be done at the venue of the meeting (Safari Park Hotel Nairobi) on the same day starting at 6.30 am. Transport shall be available on the same day at Harambee Co-op Plaza Nairobi from 6.00 a.m.


Mr. Macloud Malonza, MBS, HSC

CHAIRMAN'S STATEMENT

Ladies and Gentlemen, It is my honor and privilege to welcome you all to our 53rd Annual Delegates Meeting.

It gives me great pleasure and pride on behalf of the Board of Directors, to hereby present the annual report and financial statements for the year ending 31st December, 2023.

Despite operating in an increasingly tough macro-economic environment, coupled with global geopolitical disruptions which raised the cost of doing business, Harambee DT SACCO remained resilient and delivered a respectable performance.

Our 2023 annual report showcases our exceptional results and highlights keys strengths going forward, our innovative spirit and our agility in taking this institution to the greatest heights possible.

Ladies and gentlemen, the year 2023 presented many institutions in the country with very tough operating conditions that included but were not limited to changes in taxation, political uncertainty, increased regulatory scrutiny and an economic slowdown, compounded by rising inflation and currency depreciation all of which had an impact on the spending power of our members.

In the words of Martin Luke Oduor – Chairman EABL, the year 2023 "Businesses navigated in an increasingly complex operating landscape that was characterized by a host of macroeconomic headwinds. The regional economic slowdown and inflationary pressure not only impacted on consumers disposable income but also significantly increased the cost of doing business."

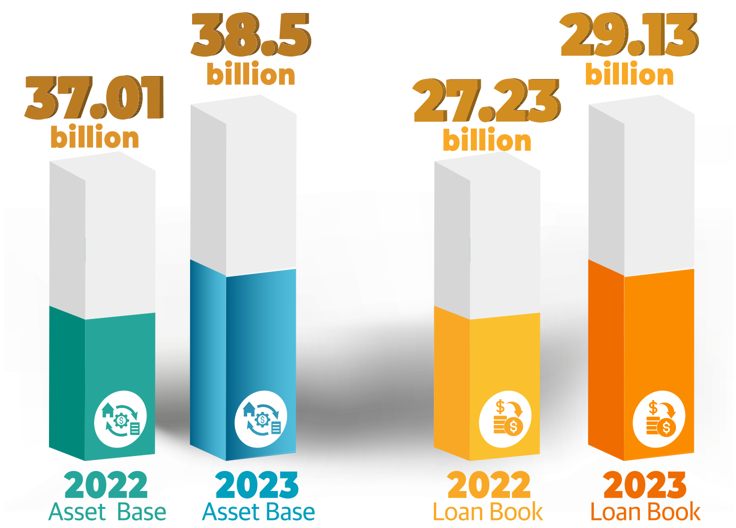
Yet despite all these challenges, the Society did make considerable progress with a spectacular performance.

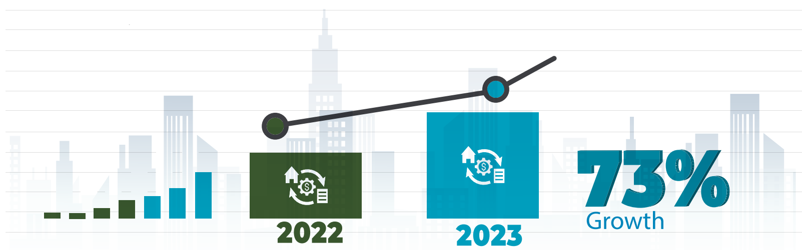
Despite the numerous challenges recorded in the year 2023, like the Central Bank of Kenya raising its rate to levels that were last experienced 11 years ago, Society was yet again at its best in terms of performance. From an asset base of Kes. 37.01b in 2022, the Society hit a high of Kes. 38.5b in 2023. The society was able to grant 29.13B in loan in 2023, against a low of Kes. 27.23B the previous year. Our share capital grew by 8% to stand at Kes. 2.34B against Kes. 2.17B in 2022.

Ladies and gentlemen, our net surplus grew by 73%, from a low of Kes. 532M in 2022 to a high of Kes. 919M in 2023. Indeed with regards to meeting our ratios as underpinned by the regulator, our performance was starling!

We nonetheless, have only one area of concern – This is captured by our performance in the area of Institutional capital/total assets where the statutory requirement stands at 8% yet we were at 6.2% up from 5.3% the previous year.

Society was yet again at its best in terms of performance in Asset Base and Loan Grants





Our net surplus grew by 73% between 2022 to 2023

Ladies and gentlemen, something drastic needs to be done to address this gap. My Board, working closely with the Management, have come up with a very comprehensive and integrated strategy that will address this concern going forward.

Today we will officially be launching a share-capital drive that seeks to mop up to the tune Kes.4B in a span of 2 to 3 years. It is our expectation that all delegates here present today will embrace this campaign and help the Board and Management to push it to the logical conclusion.

In essence, the success of this shares drive will help the Society reduce its reliance on external borrowing which last year stood at Kes. 3.05B. It will also buoy-up the Society's liquidity position thus making a great saving especially when it comes to loan interest payment.

Ladies and gentlemen, In order to sustain our growth trajectory going forward, the Board of Directors, is putting systems in place that will ensure this growth curve is not only sustained but improved through the deployment of an agile, dynamic and resilient strategy.

Ladies and Gentlemen, in 2023, the Society recorded some major feats that we would like to celebrate. Key amongst these are:

Dividend and Interest payout: The society is setting a new all-time high bar, with regards to the payment of Dividends to our shareholders. The Society is proposing a dividend pay out of 12% against 10% that was paid out in 2022.

The Society is also proposing to pay out interest rebates at 8.5% setting a new record for the SACCO in terms of interest paid on member deposits.

Delegates Training: As part of our key strategic imperatives, the Society was able to take all delegates for induction training in Mombasa. The training was a major success. The Board shall endeavor to support such initiatives whose ultimate goal is to create a sense of purpose and catalyze the combined energies of our delegates in driving forth our institution.

Ladies and Gentlemen, on **Governance,** as your Chairman, I must state that the Board and its committees have performed exceedingly well, in not only fulfilling their core mandate of delegating and supervising the running of the institution, but more importantly in supporting the management in meeting and surpassing their targets as set out in the 2021 – 2025 Strategic Plan.

The Way Forward:

Ladies and Gentlemen, the year 2024 is here with us, we are holding this ADM at the prime of new financial year with a view that all our teams – the staff of Harambee, the members of the Society, their elected delegates and the Board, will have ample time to deliver on the agreed targets. The task ahead is tough, but our cumulative experiences, our talents and the deep desire to forge ahead is the combustion oil driving us forward and at break-neck speed.

While Our focus for the year 2024, will be anchored on three key strategic areas, namely:

1) **Building our working and institutional capital.** In this regard, the Society will be launching a campaign dubbed "**Ongeza Shares Utajirike**" our target being the mopping up of funds to the tune of Kes. 2B at a 15% Dividend on share capital. If the society achieves this move, we will have hit our jackpot.
2) **Growing our Membership** in tandem with our salary processing accounts. As captured in our books over the years, our numbers have stagnated at 79k members, it is high time, the society hits 87k members. This can and must be achieved. We must put our heads together, gather our collective energies and push to grow this Society beyond the realm of dreams and ideals.
3) **Digitalization.** This is the now and the future. Every effort will be made towards the accomplishment of this objective. The local and international financial market is now digital driven. Every transaction must be channeled through the system, this will not only ease service delivery to our members, it will also increase access and exponentially increase the speed of our services and products to our members. As a result of which our management will trawl enough data for future planning, after all data is king!

Ladies and gentlemen, in the year 2023, our Society saw the exit of Director Antony Akama who retired from the Civil Service. Mr. Akama has been a dedicated member of the Society's Board, a position he has served with diligence and zeal. As he goes out, the Board takes this opportunity to wish him well in his future endeavors.

As I come to the conclusion, allow me to state that I would like to sincerely appreciate my colleagues in the Board for their commitment and diligence in undertaking their roles and obligations during the year under review. They have shown a rare streak of focus and dedication in guiding and supervising the management in their quest of the objective of this great institution.

Fellow Delegates and all members present here today, on behalf of my Board, I most sincerely wish to take this opportunity to thank our Ministry, our regulator SASRA, the Apex bodies, our stakeholders, all the delegates, and staff of Harambee DT SACCO for their continued support. The future is bright and promising only if we continue working closely together for the better good of our Society.

Thank you.

God bless you and long live Harambee DT SACCO

MR. MACLOUD MALONZA, MBS HSC
NATIONAL CHAIRMAN

EAGLES POSSESS VISION

Eagles are known for their sturdy vision and the shrill focus. The eagle has the sharpest vision of all birds. It has the ability to focus on something up to 5KMs away. When the eagle sites his prey, he narrows his focus on it and sets out to get it. No matter the obstacle, the eagle will not move his focus from the prey until he gets it. When its eyesight grows dull with age, it glides up towards the sun, and, by staring at the sun, which only it can do, burns up all the mistiness of age.

Such is Harambee DT SACCO. We have a laser sharp focus towards being the best, the most trusted SACCO with a large loyal youthful membership and totally dedicated to empowering members to live with dignity and accomplishment throughout their lives.

In the year 2024, we shall embark on key strategic initiatives that will catapult us to our desired position. These initiatives include; Funds mobilization including salary accounts growth, Membership Recruitment, Member engagement and Excellent Customer Service, Innovation and Digitalization.

However, there are many challenges that threaten our survival including; competition, inflation, Government levies and other macroeconomic uncertainties but just like the eagle, we remain focused on the goal.

Our foundation is set and the year 2024 thematically marks our turning point.

#TheTurningPoint!
#TuvukePamoja!

Dr. George Ochiri MBS

CEO'S STATEMENT

Preamble

In 2019, we started our Journey back to greatness driven by the thematic pillar ***"Reclaiming our Lost Glory",*** the basis of which was to return the society back to our financial Eden. This was a time when the best and the model SACCO to emulate in the continent of Africa was Harambee DT SACCO. Came the year 2020, and our theme was anchored on the premise ***"The Harambee We want",*** our strategic motive was to move the dice a notch higher. This was followed with ***"Transformation for better"*** in 2021. During this period, our focus was to pick the lessons of the two previous years and use the same to catapult the Society to even higher status.

With ***"Mteja Kwanza"*** as our overriding theme for the financial year 2022, the Society was able to deliver a robust financial performance driven by the fact that we had put our member at the fore of our business and operational focus. Our strategic theme for year 2023 was ***Towards living with dignity.*** Pegged on two key performance pillars namely: Institutional Strengthening and Digitilization. Based on our previous experience, the lessons learnt and retrospectively looking at ourselves as an institution through the Kaizen optical prism, Harambee DT SACCO is now at ***"The Turning Point!"*** the last thrust to financial and institutional greatness. The foundation is set, its all systems go! The financial year 2024 thematically marks ***our turning point.***

Strategic Milestone for 2024

As clearly mapped-out in our Strategic plan 2021 - 2025, we shall channel most if not all our constructive energies on two crucial pillars, namely:

Member Inclusion – deepening our member engagement so as to encourage active participation of all our members in our activities. This is earmarked to stir and spur organic growth and increase ownership of the Society, its products and initiatives.

Exceptional member experience journey – we seek to grow the youth membership by leaps and bounds as they guarantee the institution a future. But for us to achieve these milestones and get the necessary lift that will catapult us to the better financial results, certain minimum thresholds must be met. We have two key areas that we seek to achieve in the year 2024:

1) ***Financial independence*** – we must be optimally free of external borrowing – this we can only achieve if members buy more into the institution. We are planning to conduct a capital share-drive and our target is Kes. 4B in two years.

2). ***Grow our members and salary accounts.*** At 15,600 salary accounts, the society still has miles to go before we can seat comfortably and claim success. Every effort must be put to hit the target of 150,000 members with over half the number processing their salaries through the Society. This will ensure continuity and growth as a bulwark for the institution now and in future.

Governance

On behalf of the Management, I want to thank the Chairman and his entire Board for their continued support. I want to thank the entire staff for their dedication and support. Above all, I want to thank the delegates and all members for keeping their faith, for trusting the journey, for continually giving us all the support and encouragement that we need as we steer this massive financial frigate ahead. The delegates did amazing marketing duties, engaged the members and indeed, we can feel you.

Our strategic theme for 2024 is ***"This is the Turning Point!"***. As a society we wish to ensure that all our members will live and abound in their endeavors, anchored in the knowledge and faith that as long as they are members of Harambee DT SACCO, they will never walk alone.

We are offering members a chance to invest in Harambee DT SACCO shares. With a guaranteed return of 15% for the next 5 years, an investor shall have recouped 75% of the amount invested and perpetual annual income.

Going Forward

We invite the delegates to support the capital shares drive initiative. Just like investing in the Nairobi Securities exchange, treasury bonds or on rentals, we are offering members a chance to invest in Harambee DT SACCO shares. With a guaranteed return of 15% for the next 5 years, an investor shall have recouped 75% of the amount invested and perpetual annual income. This will lead to healthy liquidity and compliance.

For and on Behalf of
Harambee DT SACCO Society Ltd

DR. GEORGE OCHIRI, MBS.
CHIEF EXECUTIVE OFFICER

EAGLES
FLY ALONE

Eagles fly alone at high altitude and not with sparrows or with other small birds. No other bird can go to the height of the eagle.

In 2019, we started our Journey back to greatness driven by the thematic pillar “Reclaiming our Lost Glory”, the basis of which was to return the society back to our financial Eden.

We understood and accepted our difference. We embraced our unique journey and the outcome is eminent.
As a SACCO we are unique yet broad-minded. We have the confidence to make tough decisions and the compassion to listen to the needs of our members. We believe we are the MARKET LEADERS! We become market leaders by the quality of our actions and integrity of our intent.

Our foundation is set. We are now at the “turning point” and this is the last thrust to Financial greatness.

#TheTurningPoint!
#TuvukePamoja!

BOARD OF DIRECTORS

Mr. Macloud Malonza
National Chairman

Rosemary K. Murithi
Director

Col Stephen Nganga
National Secretary

Mrs. Millicent Simiyu
Vice Chairperson

Dr. George Ochiri
C.E.O.

Ms.Rollah Gatwiri
National Treasurer

Col Benjamin Kiprop
Director

Mr. Philip Mitei
Director

Mr. Luka Kiprono
Director

James Omondi Aima
Director

Jackton Winda
Director

SUPERVISORY COMMITTEE

Mr. Charles Osore
Secretary

Mr. Joseph Yamo
Chairman

Maj Joseph Bwire
Member

SENIOR MANAGEMENT TEAM

Mr. John R. Munene
Finance Strategy & Investments

Francis Kitonyi
Audit

Renson Mwandoe
Operations & Credit Administration

Renson Mwandoe
Operations & Credit Administration

Victor Joe Ireri
FOSA

Mr. John R. Munene
Finance Strategy & Investments

Daniel Tabut
Information Communication Technology (ICT)

Gladys Gichohi
Legal Services

Fridah Njeru
Business Development & Marketing

Fridah Njeru
Business Development & Marketing

Gladys Gichohi
Legal Services

Victor Joe Ireri
FOSA

Dr. George Ochiri
Chief Executive Officer

Dr. George Ochiri
Chief Executive Officer

Daniel Tabut
Information Communication Technology (ICT)

Elizabeth Obell
Human Resources & Administration

Michael Musyoka
Risk & Compliance

David Awuor
Procurement

Elizabeth Obell
Human Resources & Administration

Francis Kitonyi
Audit

David Awuor
Procurement

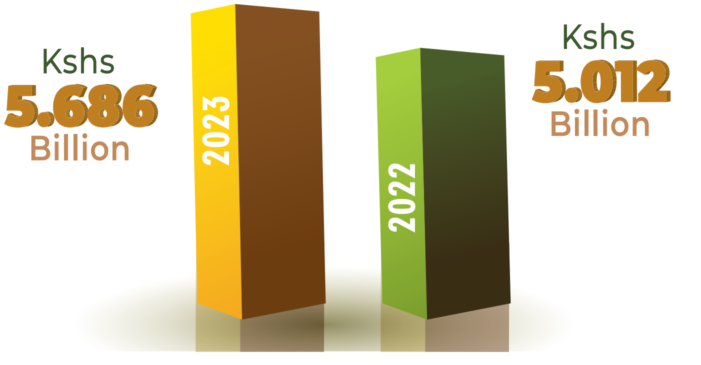
Michael Musyoka
Risk & Compliance

Kabukuru Gichuki
Corporate Communication

Kabukuru Gichuki
Corporate Communication

TREASURER'S STATEMENT

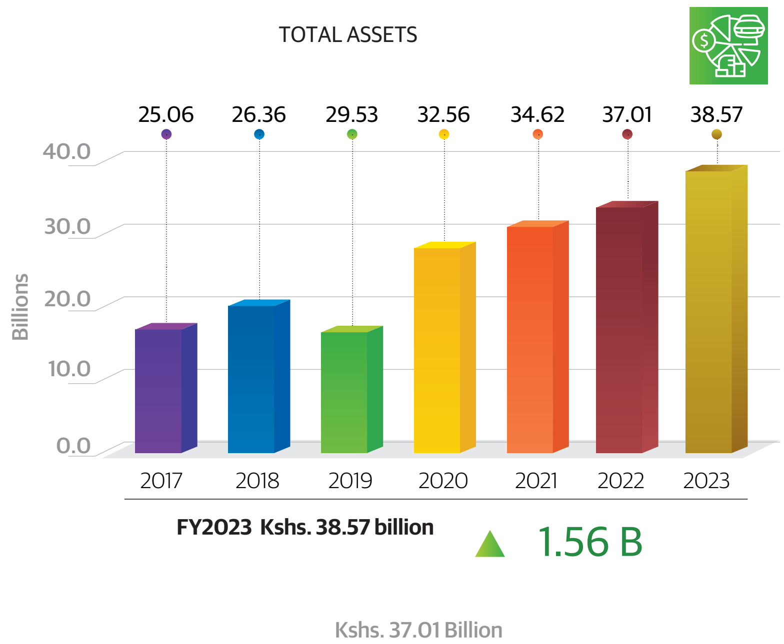
It is an honor distinguished Guests, Chairman and Board of Directors of Harambee DT SACCO Society Ltd, to note that the financial year 2023 has presented us the most improved performance in history of the Society despite the difficult hard Economic times. The Total Revenue grew to Kshs. 5.686 Billion from Kshs. 5.012 Billion in year FY 2022, a growth of 13% compared to the previous financial year. These results are attributed to continuous patronage of our products, management efforts geared towards product enhancements and performance driven initiatives focusing on loan Book Growth. Cost saving was also a major strategy. Most of the key financial indicators recorded growth as highlighted below.



Key Financial Performance Highlights

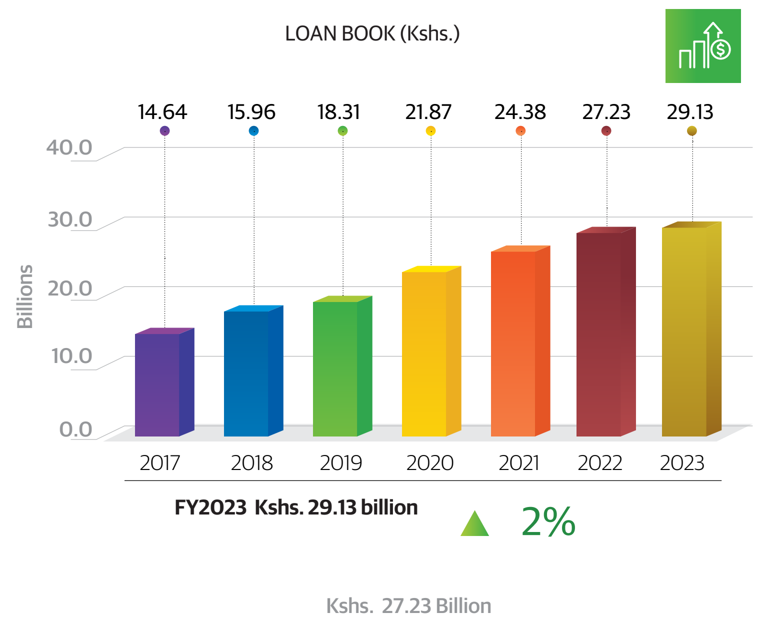
(a) Growth in Asset Base

Against the backdrop of multiple disruptions to macroeconomic uncertainties including supply chain disruptions, increasing interest rates, inflation and Government levies, the Society's Total Assets increased by Kshs. 1.56 billion from Kshs. 37.01 billion recorded in year 2022 to Kshs. 38.57 billion in year 2023 representing a growth rate of 4%. The growth was marginal due to introduction of austerity measures in the 2nd half of the year under review arising from aforementioned factors straining the Society's liquidity position. The increase is attributed to growth of the loan book by Kshs.1.90 billion from Kshs.27.23 billion in 2022 to Kshs.29.13 billion in 2023. It is important to note that the Society utilized internally generated funds to finance cashflow requirements at the same time retiring external Term Loan. The Society will align itself with the operating environment, review growth strategies, analyze non-earning assets, do Product differentiation to align with changing business environment and focus on a small market niche through consolidation, penetration and efficiency gains in order to increase member fortunes and maximization of wealth.



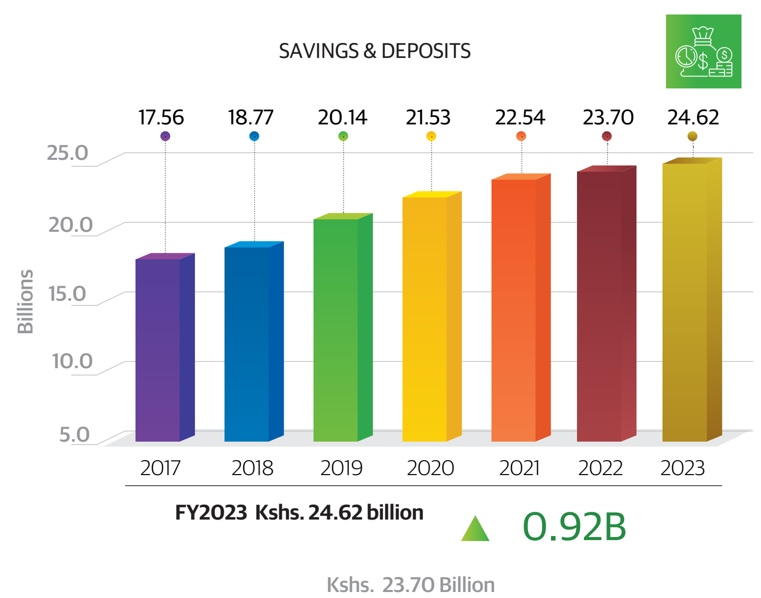
(b) Loans and Advances to Members

In a depressed economy, SACCO's lending practices adopted conservative principles suspending external buyoffs and common share-boost products for the 2nd Half of 2023. This in effect helped stabilize liquidity challenges at the same time retired Term Facility to a tune of Kshs 0.475 billion. The Society's total outstanding loans with members grew by 7 percent from Kshs. 27.23 billion to Kshs.29.13 billion. The Society's Loan Book contributed 83.8% of the total Income. The ratio of members' loans to Total Asset increased from 74% in 2022 to 76% in 2023. The Society recorded significant growth on loan book. Members appetite for loans is quite high and the management continues with disbursement of Loans as the applications are received. The Board will continue to implement strategies that will enhance growth of internally generated funds hence improve Society's liquidity status both in the short and long term. The management is in the last stages of completing the Share prospectus in readiness for share-drive launch within the 1st quarter of the year. I call upon members to embrace and subscribe to more shares and earn a guaranteed return of 15% return plus residual from FY 2024 going forward.



(c) Members' Deposits and Savings.

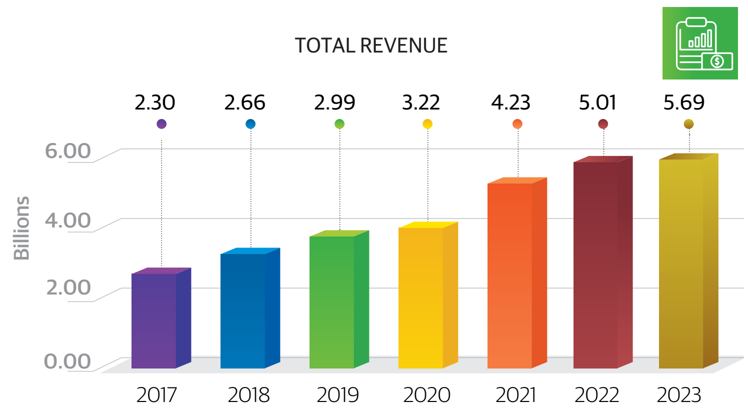
Members' deposits and savings grew from Kshs. 23.70 billion reported in year 2022 to Kshs.24.62 billion in 2023 representing a growth KShs.0.92 Billion recording a 4 % growth. Fixed deposits accounts recorded a decline of Kshs 10 million in 2023 to Kshs 159.37 million from Kshs 169.4 million recorded in FY 2022. We are still calling upon members to heed to the core business which is savings and credit. We have an array of products such as Business Savings Account, Toto Junior Savings Account, 52WeekSavingsChallenge, Holiday Savings Account among others. Please embrace a savings culture and the net effect is enhanced liquidity and more business.



(d) Income Statement Analysis

I. Total Income

The Society maintained an upward trajectory in income generation. It was at its best with a high of Kshs. 673.04 million to register a total income of Kshs. 5.685 billion compared to Kshs. 5.012 billion in year 2022, 13% increase. Compared to the strategic plan target, this was 88% achievement. The growth was driven by interest income from member loans and other operating income. The management will continue to keep up the growth momentum as we match towards attaining a total income target of Kshs. 6.7 billion in year 2024.

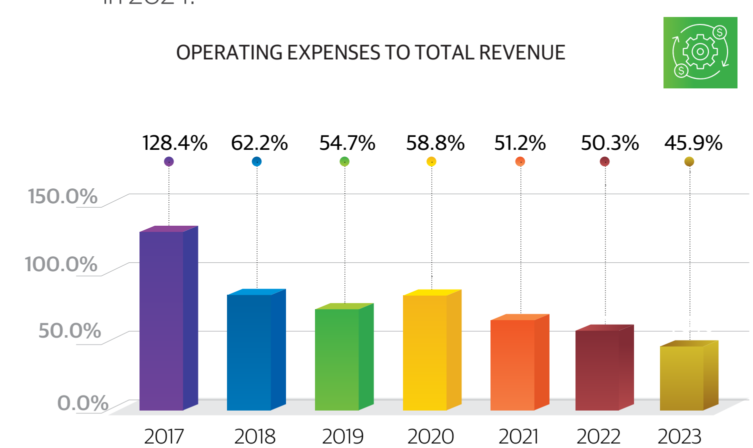


FY2023 Kshs. 5.685 billion

Kshs. 5.012 Billion

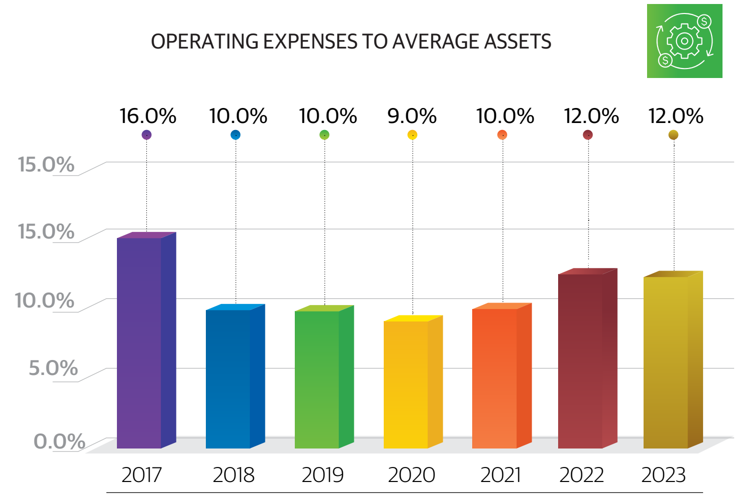
II. Operating Expenses

The Society's total operating expenses decreased by 15% from Kshs.2.5 billion in 2022 to Kshs.2.0 billion in 2023, driven by cost cutting measures adopted. Interest on members deposits increased by 11% from Kshs. 1.73 billion in 2023 to Kshs. 1.93 B in 2024.



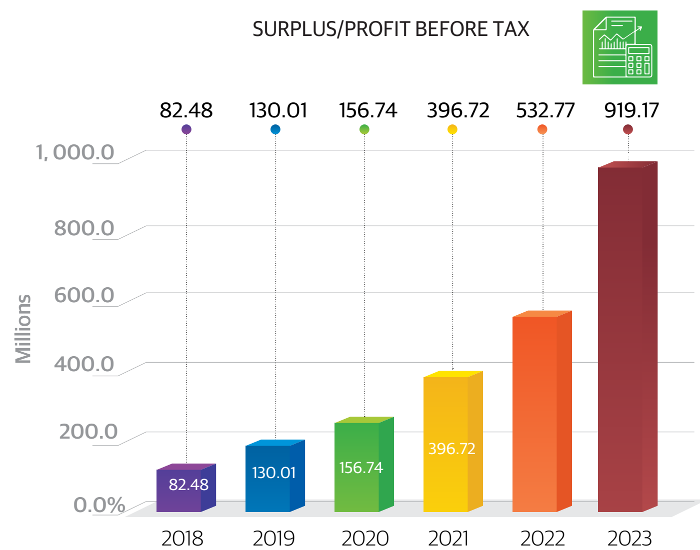
FY2023 Kshs. 2.0 billion

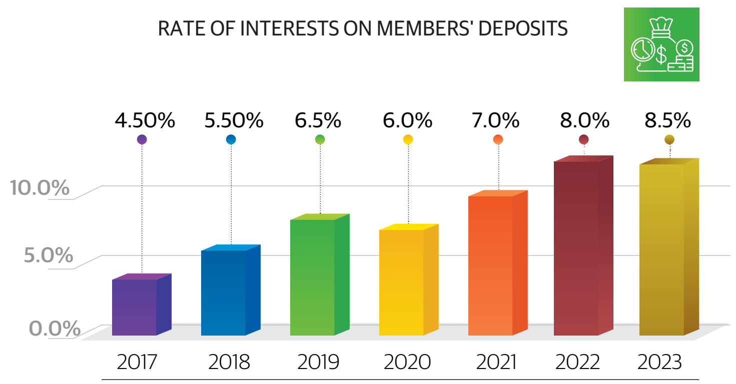
Kshs. 2.5 Billion

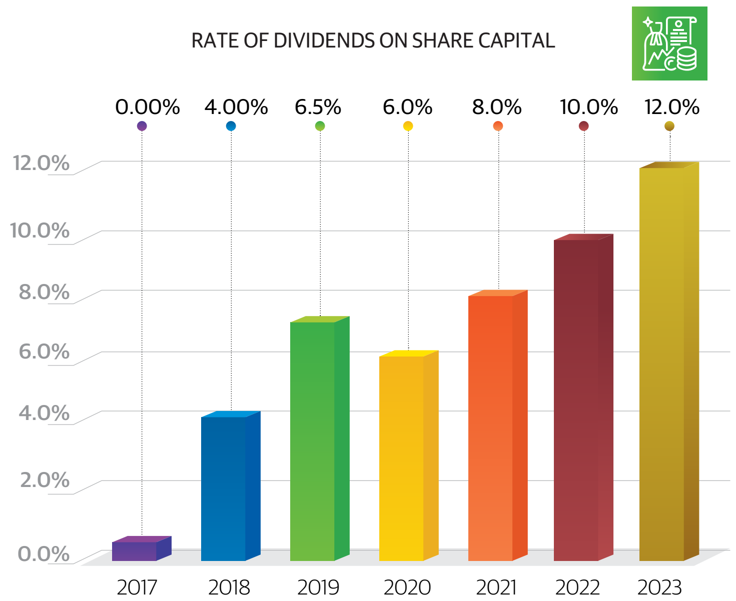


III. Surplus & Distribution

The Society performance improved to book a surplus after tax of Kshs. 804.55 million in year 2023 compared of Kshs. 444.61 million reported in year 2022, a growth rate of 81%. These results were arrived at after netting off interest on members' deposits of Kshs. 1.930 billion. The Society proposes to pay Interest on members deposits at a rate 8.5% for year 2023 compared to 8.0% in year 2022 and a dividend on share capital at 12% compared to 10% in year 2022 an improvement of 20%. Total payout to members being Kshs. 2.212 billion compared to KShs1.955 billion in year 2022, representing 39% of the Total Income and growth rate of 13% . I encourage members to invest more in the upcoming share drive and earn a return of up to 15% plus competitive Interest on Member Deposits.







e) Compliance with Prudential Standards

The Society's compliance with minimum prudential ratios is as shown below. The Society has continued to grow the Institutional Capital now at 6.2% in 2023 compared to 5.3% in 2022 against the requirement of at least 8%. Our Asset base is at Kshs.38.57 billion, meaning the Society should be owning in excess of Kshs.3 billion to meet this ratio, noting that this is a moving target that levels with growth of Asset Base.

RATIOS	STDS	2023	2022
Capital Adequacy Ratios			
Core Capital / Total Assets	≥10%	12.3%	11.2%
Core Capital / Total Deposits	≥8%	19.3%	17.4%
Institutional Capital / Total Assets	≥8%	6.2%	5.3%
Non-Earning Assets/Total Assets	<10%	14.3%	15.8%
Equities & Investments / Deposits	≤ 5%	7.5%	7.7%
Net Loans / Total Assets	70-80%	75.5%	73.6%

RATIOS	STDS	2023	2022
Deposits & Savings / Total Assets	70-80%	63.8%	64.0%
Liquidity Ratios			
Liquid Assets/Savings Deposits & Short-Term Liabilities	≥15%	25.7%	25.4%
Liquid Assets/ Total Deposits and Long-Term Liabilities		5.3%	4.8%
External Borrowing / Total Assets	<25%	7.9%	9.5%
Operating Efficiency Ratios			
Total Expenses / Average Assets		12.0%	11.5%
Interest on Members' Deposits / Total Revenue		34.0%	34.7%
Rebates/Interests on Members' BOSA Deposits		8.5%	8.0%
Dividends on Members' Share Capital		12.0%	10.0%
Total Delinquency Loans / Gross Loan Portfolio	≤ 5%	1.2%	1.4%

MS. ROLLAH GATWIRI
NATIONAL TREASURER

#52WeekSavings Challenge Year 2024 is on...

Do not be left behind!

How to Join

1. Dial *357#
2. Go to Option 2 (My account), then Option 8 (Member Accounts)
3. Option 3 (52week savings challenge)
4. then option 1 (Apply for 52weekSavingsChallenge), then 1 again to accept terms and conditions,
5. Enter PIN, then option 1 (to confirm your application).
6. At this point, you will get a prompt to deposit Kes. 100 for week 2 from M-Pesa, and input your M-PESA PIN.

How to Save

A

How to Deposit to #52WeekSavingsChallenge via USSD *357#

STEPS

Dial *357#,
Go to Option 4 (Payments and Deposit),
then Option 1 (FOSA Deposit via M-Pesa),
then Option 2 (52WeekSavings Challenge),
then you will be prompted to input the amount and M-Pesa PIN to complete the transaction.

B

How to transfer from FOSA Account to #52WeekSavingsChallenge

STEPS

Dial *357#
Option 6 - Funds Transfer
Option 1 - Harambee Sacco Account
Option 1 - FOSA Savings
Option 1 - My Account
Option 5 - 52WeekSavingsChallenge
Enter Amount
then prompts to complete transfer

For more info

+254 709 943 000 +254 709 943 100

SUPERVISORY COMMITTEE REPORT

Year in Review 2023

Mobilization of funds
Re-engineer products
Conduct share drive
Increase salary accounts & deposits
Reconcile loan book balances vs remittances received to address the apparent variance
Dispose idle assets

Credit Management
Conduct share drive to reduce or completely alleviate external borrowing

FOSA
Undertake reconciliation in the recommended areas

ICT
Address ICT departmental structure, understaffing & staff capacity
Improve ICT equipment
Disaster Recovery Plan

Corporate Governance
Carry out Corporate Governance Audit
Clearly separate Board & Management roles

Finance Department
Improve reconciliation

HR/Staffing
Carry out job analysis to establish skills gap

Records
Documents to be scanned & stored in retrievable software

Legal Matters
Consider Alternative Dispute Resolution (ADR) for long overdue cases

Marketing
Re-engineer products & introduce product champions

Land Projects
Faster disposal of idle assets

Board Performance
Ensure faster issue resolution

Capital Adequacy
Comply with institutional capital requirements

Core Function

In compliance with the provisions of Cooperative Act and Regulations on the Supervisory Committee, we conducted Audit and Inspection and made the following observations discussed/presented under the listed headings: -

1. Mobilization of funds (savings)
2. Credit Management (loans)
3. FOSA Operations
4. Technology
5. Corporate Governance
6. Finance
7. Human Resources
8. Records (information)
9. Society's Legal Matters
10. Business Development & Marketing Department
11. Land Projects
12. Performance of the Board
13. Capital Adequacy

1. Mobilization of Funds

For Harambee DT SACCO to be a SACCO of Choice, the Board, Management, staff and members must redefine the following critical but necessary objectives:-

a) Return on Investment – What is the required return?

b) Risk profile of the SACCO – What is the portfolio at risk?

The SACCO must embrace -

a) Products – Most of the SACCO products require to be re-engineered to check the decline in patronage which is at 5% for most of the products apart from the **M-BOOSTA**. To improve institutional capital, which is long overdue, share drive must be conducted as a matter of urgency.

b) Salary Accounts – The numbers have improved but not significant enough to tip scales to more non-funded transactions to address the return-on-Investment objective. Furthermore, to address the liquidity problem and to improve the cashflow within the SACCO, we recommend that Loans and Credit Department to reconcile the loan book balances and the remittance received on a monthly basis to reduce the apparent disconnect between the two balances.

Finally, it is important that all the members of the SACCO improve their deposits into the SACCO by exceeding the minimum of Kshs.3,000.00.

c) Disposal of Idle Assets

The SACCO must reduce the value of non-earning assets and make provision for non-realisable assets to improve on the financial position statement. At this juncture we need to reflect on the decision of lack of decision on the following assets: -

i) Nyali

ii) Limuru Road

iii) Matundu Lane

iv) Other Land Projects

This issue must be resolved for the SACCO to cultivate an image of a progressive institution.

2. Credit Management

The year under review the Society's loan book balance was Kshs.29,131,851,447.00 in comparison to the previous year which was Kshs.27,234,759,986. There was an increase of 8%. We are delighted to report improvement in performance. However, the Society must strive to meet certain prudential ratios which will ensure sound management. In this respect, the SACCO should adopt and adhere to **CAMELS** which is **Capital Adequacy, Asset Quality, Earnings, Liquidity and Sensitivity.** There is need to address Credit Management in the Society under above topics list.

From the Financial Statement for the last i.e 2023 Annual Delegates Meeting loan delinquency that is value of portfolio at risk was at 1.5 % compared to the current provision of 1.2%. This compares very well to the industry average which stands at 5%. This is commendable. However, it brings to question the quality of asset created.

In the previous year, we pointed out that the Society's outstanding external loan of Kshs.3,525,000,000.00 attracted an interest expense of Kshs.423,993,555.00 To this end, the management should improve in the working capital management and the financial matching concept.

During the year under review, the amount decreased to Kshs.3,050,000,000.00 which has attracted interest expense of Kshs.522,185,208.00. This is an area of concern, and the Board, Management and members must address urgently by conducting share drive and improve deposit mobilization.

We recommend that before leverage, the SACCO needs to generate more funds internally before turning to external sources of funds. It is imperative that we use more of equity than debt to finance our operations. To this end there is need to improve collection/remittance to address liquidity problem and ratio requirements which the statute recommends 15%.

3. FOSAs

The Committee conducted audits and inspections in all the SACCO FOSA branches which indicated that by and large the operations were effective. However, efficiency in the branches was not satisfactory.

- **Petty cash** – No cap on the expenditure (upper limit) though the accounts were well maintained throughout the FOSAs.
- **Reconciliation** - Most of the branches lack capacity to provide proper reconciliation. There is an outstanding figure of Kshs.1,873,814.08 that has been unreconciled for a while now in Nakuru that the society should consider writing off.
- **Staffing level** – There is need to rationalise the staffing levels since some branches are understaffed (Kisumu, Eldoret and Nakuru).

From the earlier reports we have recommended reconciliation in the following key areas

a) Main Account
b) M-Sacco
c) ATM
d) M-pesa
e) Banker's cheques
f) Point of Sale Transactions

For the SACCO to maintain a continuous growth trajectory, it is our humble submission that these areas **MUST** be addressed.

Finally, we commend the management for embracing online cash transfer instead of cheques.

4. Technology

The ICT must be the key department in the organisation to drive among other things accountability, transparency, and agility of service delivery in the SACCO. However, the following issues are unsatisfactory and must be addressed: -

a) Understaffing in the Department
b) Improvement of the equipment
c) Training and development of staff
d) Proper disaster recovery plan
e) Proper organization chart and reporting levels in the section.

5. Corporate Governance

Corporate Governance is at the heart of decision making in an organisation. It is therefore, imperative that Corporate Governance issues be given a place of prominence. We recommended in the previous report that the SACCO to carry out corporate governance audit. This was never implemented hence lack of implementation of various programs envisaged under the year under review thereby stifling the growth trajectory of the organisation. We want to sincerely point out that there must be a clear distinction between the Board and the Management in line with the best practices, functioning in the corporate world.

Finally, the SACCO should identify various stakeholders with a view of addressing their requirements to meet the return and risk objectives of the SACCO.

6. Finance Department

It is commendable to note the increase in asset base from Kshs.37.0 billion to Ksh. 38.5 billion, an increase of 4% improvement. However, significant statistics like capital adequacy and institutional capital ratio are yet to be complied with the regulatory threshold and industry standards. The Department needs to put more efforts specifically on areas of reconciliation.

7. Human Resource/Staffing

The Department has in recent times recruited/procured a number of employees as per the statistics provided by the financial statement. However, there is need to carry out job analysis to establish the skills gap in the organization and enhance utilisation of skills available. It is worth noting that the ICT Department is understaffed and there is need to employ to boost the performance and secure the operations of the organization.

8. Records

The Society's Records Section is now well arranged, and files can be traced with ease improving the effectiveness of the SACCO. This notwithstanding, the SACCO needs still to invest in modern practices of the Records Management. To this end, we recommend that all the documents in the SACCO be scanned and stored in retrievable software.

Last year we reported that the registry was in a dire condition, we are happy to report that a lot has been put in to remedy the situation and ensure smooth operation of the department: -

a. Files have been successfully archived.
b. The registry has already been transformed from old file storage system to modern storage system (bulk filing system). We have procured and installed a total of 8 bulk filing units that are holding a total of 68,283 files. This year we shall acquire one more unit, for the 7,489 files remaining, plus the new entrants that shall come up.

c. Filing of member records by the records team is now real-time.

d. Currently all the branches are complying with a turnaround time of one week of sending member records to the HQ records section for filing to the respective member files.

e. Electronic Document Management System project (The EDMS project) is complete, and users at the Head Office and FOSA branches are currently undergoing training before roll out.

9. Society's Legal Matters

The Society's outstanding legal matters should be profiled, audited, and be concluded to reduce the contingent liability or asset to be incurred or received in future. We recommend that all cases that have been dragging for some time now be settled out of court settlement. These cases need to be concluded – Limuru Road case – Tenant/clients vs Harambee Sacco.

10. Business Development & Marketing Department

The Marketing Department has made significant strides in promoting the image and branding of the SACCO. However, Society's products are declining in their performance. None of the products is performing above 5%. In this regard, the SACCO needs to re-engineer the products to forestall the eminent decline and introduce product champions to improve the patronage of these products.

11. Land Projects

There are several land projects that are still outstanding for example – Greenfield, Kanyakwar, Siaya just to mention a few. It is imperative that the Board take appropriate steps to ensure the amicable conclusion to these projects not to forget the sale of Nyali Mombasa Maisonettes which is now a thorn in the flesh of the SACCO.

12. Perfomance of the Board

While the efforts by the board are commendable based on the overall performance of the SACCO, its worth noting that some key decisions were delayed or have not been forthcoming especially in the areas of staff discipline and disposal of properties.

13. Capital Adequacy

a. **Liquidity Ratios -** The Society's liquidity ratio is at 25.7% which is in compliance with the required ≥ 15%

b. **Total Delinquency/Gross loan portfolio** While the requirement is to have it at ≤5%, there has been a great improvement where we are currently at 1.2% thus the performance on this quite commendable.

c. **Capital Adequacy Ratios** The institutional capital/Total Assets improved to 6.2% while the requirement is ≥8% on this the society is on the right track having improved steadily from 5.4% to 6.2%.

d. **Equities and investments/deposit** The SACCO has failed to comply with this ratio while the regulation stipulates ≤5% the Society is at 7.5%, there is need for the SACCO to comply with the requirements of the regulator.

Conclusion

In our opinion, based on our monthly audits carried out in the year 2023, the SACCO's internal control environment was adequate in preventing the occurrence of frauds and errors.

Despite the challenges Harambee DT SACCO faced in the year 2023, a lot of progress has been made towards the achievement of the SACCO's corporate vision, purpose, and strategic plan.

This committee is dedicated to serve you and ensure that Harambee DT SACCO remains your financial and development partner of choice.

We take this opportunity to sincerely thank the Board of Directors, management and staff for the cooperation and support accorded to us in the performance of our functions as a committee.

Thank you for giving us the opportunity to serve you. May God bless you and God bless HARAMBEE DT SACCO.

MR. JOSEPH YAMO
CHAIRMAN – SUPERVISORY COMMITTEE


HARAMBEE SACCO
TWENDE HOLIDAY
Kenyan Coast | China | Dubai | South Africa
2024 SACCO INITIATED TRIPS
KENYAN COAST
6 Days, 5 Nights
August
Kes 112,000
DUBAI
7 Days, 6 Nights
NOVEMBER
USD 1,960
CHINA
9 Days, 8 Nights
OCTOBER
USD 2,450
SOUTH AFRICA
7 Days, 6 Nights
DECEMBER
USD 2,390
How to OPEN a
Holiday Savings Account
Steps
Dial *357#
Option 2 - My Account
Option 8 - Member Accounts
Option 4 - Holiday Savings Account
Option 1 - Apply for Holiday Savings Account
Option 1 - Accept
Enter savings duration (in months)
Enter PIN
Option 1 - Yes to Confirm
You will be prompted to input
Kshs 1000 from Mpesa
How to DEPOSIT to
Holiday Savings Account
Steps
Dial *357#
Option 4 - Payments and Deposit
Option 1 - FOSA Deposit via M-PESA
Select Account (Holiday Savings Account)
Enter Amount & confirm Details
You will be prompted by M-PESA for payment
Enter M-PESA PIN to complete the transaction


get a
Holiday
savings account
For more info
+254 709 943 000
+254 709 943 100

FINANCE, STAFF AND ADMINISTRATION COMMITTEE

The Human Capital Management

The value of any business is a function of the financial capital and the intellectual capital managed by the ***human capital.*** As Jim Collins said, ***"Great vision without great people is irrelevant."*** At Harambee DT SACCO, the key function of our Human Capital is to ensure that the SACCO is aligned towards the achievement of her Strategic intent in the most effective and efficient manner through; Talent acquisition, Talent Management & Retention Strategies.

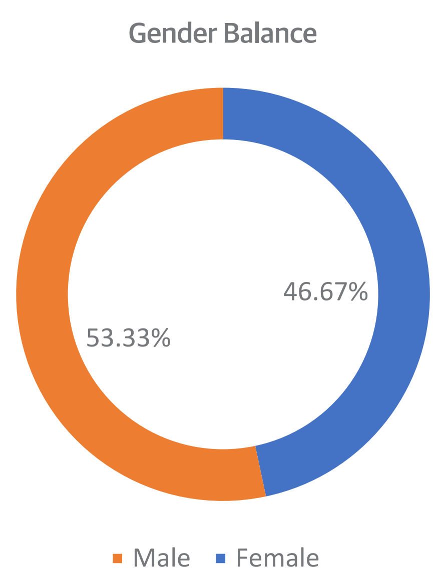
The Society's total staffing level of 150 staff are distributed in the following categories:

S/No	Category	No. of Staff	
		2022	2023
1	Permanent & Pensionable	130	128
2	3-5 Years Contract (in Grades 9 – 6)	9	8
3	1 year Contracts (Credit Officers Grade 5)	0	0
4	1 year Call Centre	3	5
5	1 year Contract (Marketing)-Bde & Telesales	16	9
	TOTAL	**158**	**150**

Gender Balance

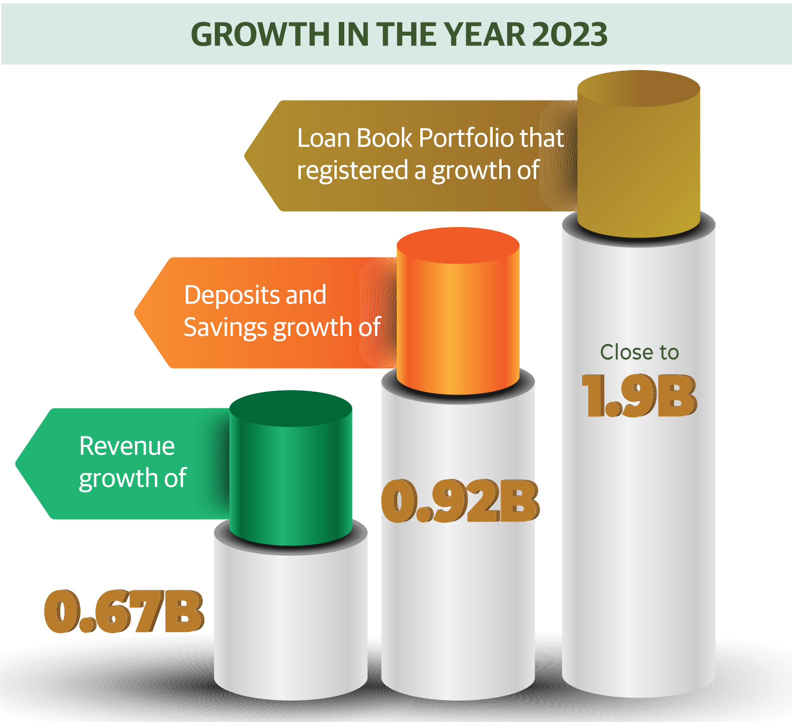
The SACCO is an equal opportunity employer. Over the years, the SACCO has maintained a regional balance with near equal representation on gender balance.

Gender	Total Staff	Percentage
Male	70	46.67
Female	80	53.33
Total	**150**	**100%**



Staff achievement

The Society registered excellent growth in the year 2023. Key among the growth areas being the Loan Book Portfolio that registered a growth of close to **1.9 Billion,** deposits and Savings growth of **0.92B & Revenue growth of 0.67B.** This achievement confirms that staff worked tirelessly with dedication and commitment and recorded tremendous results despite the challenging work environment of 2023.



Salaries & Wages Administration

The Society fully implemented and concluded the 2019-2022 Collective Bargaining Agreement for the unionized staff. Further, the 2023/2026 CBA negotiation is at an advanced stage to ensure the Employment Terms and Conditions of Unionizable staff are favorable. The Management staff also received annual salary increment for the year 2023 to cushion them against the prevailing high cost of living.

Training and Development

The Society in pursuit of equipping staff with entrepreneurial mindset to entrench Business agility and sustainable growth identified 'Institutional Strengthening' as the Strategic theme for the year 2023. To build capacity and achieve this strategic intent all Staff were engaged in a one-week training that saw them come up with practical strategic targets that they committed to and actually undertook to improve the performance of the SACCO.

This notwithstanding our key focus remains, continuously empowering the staff and holistically building capacity of the human capital by ensuring that employees acquire the right skill sets to deliver on the strategic mandate of the SACCO and their individual career development.

Work Place Health & Safety

In the year 2023, the Society conducted Occupational Safety and Health audit to ascertain the status of Occupational Safety, Health and welfare conditions at Harambee DT SACCO Society Ltd to ensure safe work environment for Staff. The Society also undertook fumigation of the Plaza and all our branches on a monthly basis. To safeguard the health of the employees we have an enhanced Staff medical cover that includes the Staff next of Kin. In order to help the staff to manage work/life balance, we held several talks on financial literacy, Staff wellness, mental health, staff career & personal growth.

Disciplinary Matters

The Society endeavors to have a disciplined workforce in order to drive its Vision and purpose. Therefore any form of indiscipline from staff members and any breach of the set out Policies, Procedures and Regulations are dealt with decisively but in a fair, transparent manner and in consistent with the provisions of the HR disciplinary procedures, the Employment Act and other relevant employment regulations.

Staff Separations / Exits

In the year 2023, we had a few number of exits from the Society as shown below:

	Particulars	Year
No.	Reasons for Exits	2023
1.	Death	0
2.	Resignation	2
3.	Dismissals	3
4.	Mandatory Age Retirement	0

The Society remains the employer of choice as indicated by the labour turnover, which was low as stipulated above. The Staff work/life balance and general welfare remains a top priority of the SACCO, as a happy staff is an engaged employee.

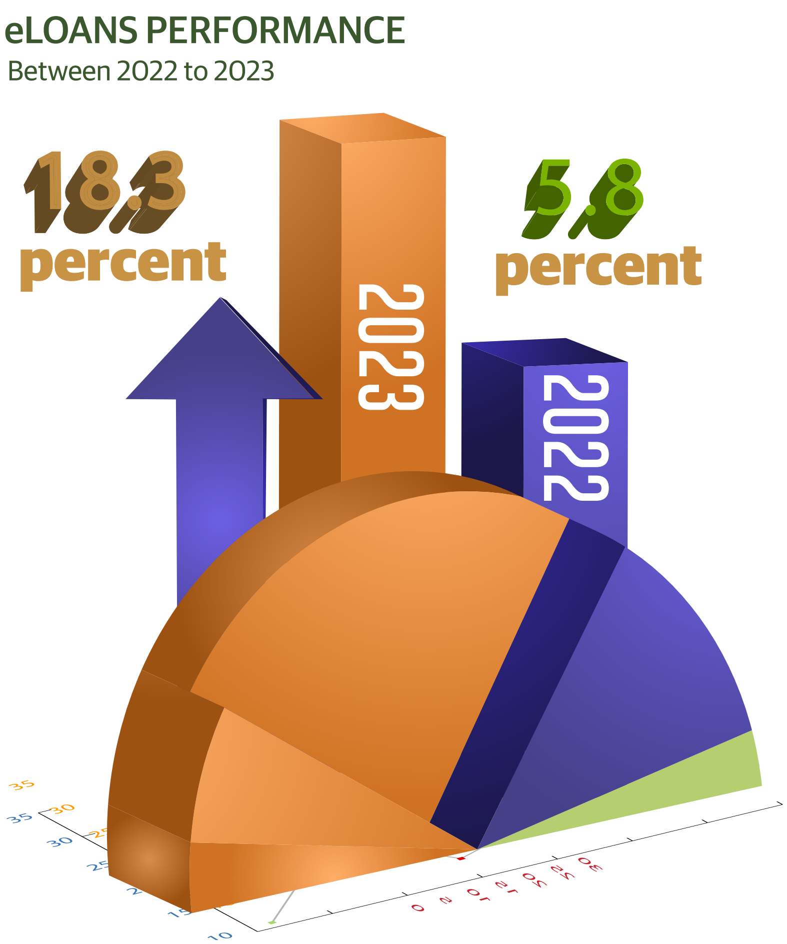
Information Communication And Technology (ICT)

Automation of products and services sets us apart from our competitors. The SACCO overtime has automated it's products and services and members across the country are able to get what they need from the comfort of where they are located. The SACCO will continue easing operations by empowering members through technology thus reducing cost.

Our members continue to patronize the mobile banking platform M-Cash. In 2023, members accessed 192,186 online loans amounting to KES 7.1B compared to 177,838 online loans amounting to KES 6B in the year 2022, thus achieving a growth rate of 18.3%. In comparison to the total loan book, the online loans comprised of 30% up from 23% in year 2022.

e-loans performance

Year	eLoans	Amount	Percentage Growth
2022	177,838	6,003,444,777	5.8%
2023	192,186	7,119,641,718	18.3%



Annual Loan Book

Year	eLoans Amount	Total loan book	Percentage Growth
2022	6,003,444,777	25,301,106,491	23%
2023	7,119,641,718	23,600,739,297	30%

To achieve minimal disruption of services as well as securing ICT platforms from cyber threats, the SACCO has invested in latest technologies that aims at ensuring system availability and security. The SACCO is working with it's technology partners to ensure continuity of service delivery whenever disruptions beyond SACCO control occurs.

In the year 2023, the SACCO embarked on rollout of Electronic Document management System (EDMS). The system is now ready for use and it will ensure that all members' documents are digitally scanned and stored for ease of retrieval.

The automation of sink fund process was implemented during the year under review. This has immensely reduced complaints from members with regard to sink fund claims. Visibility of claim statuses is now accessible across all the departments and branches making it easier to advise a member and make follow-ups unlike before.

Savings accounts like 52weekschallenge and the Holiday accounts are purely powered by our technology. Opening and transacting on these accounts are all done via the mobile banking platform. Members are able to save and lock their funds for a defined period. We look forward to all our members patronizing such noble products.

Conclusion

We call upon stakeholders to support the SACCO initiatives and programs that will motivate employees, generate Return on Investment (ROI) and increase the bottom line of the Society. Further, we most sincerely appreciate our key stakeholders, delegates, the Board and our members for the continued support and the Harambee DT SACCO staff for the improved performance.

MS. ROLLAH GATWIRI
CHAIRPERSON – FS&A COMMITTEE

EAGLES
INVEST IN TRAINING OTHERS

During the time of training her young ones to fly, a mother eagle throws the eaglets out of the nest. Because they are scared, they jump into the nest again. Next, the mother eagle pushes the eaglets off the cliff into the air. As they shriek in fear, father eagle flies out and catches them up on his back and brings them back to the cliff. This goes on for some time until they learn to start using their wings to fly.

As an eagle stirs up its nest and hovers over its young, Harambee DT SACCO will spread her wings to carry the members through their member journeys from when they join the SACCO to their time of exit. This shall be made possible through member education/engagement programs. We also introduced a substantive member services section to walk with the members during their life at the SACCO.

To ensure staff have the right skills set to deliver on their mandate, we shall continue to empower them and holistically build their capacity through organized training programs.

Harambee DT SACCO has been hosting and helping several SACCO's across the region to understand SACCO Operations and strategy in line with the current challenges facing the financial sector and the SACCO arena in particular. We are a center of excellence, and we shall continue shaping the agenda of co-operative movement in Kenya and beyond.

#TheTurningPoint!
#TuvukePamoja!

CREDIT COMMITTEE REPORT

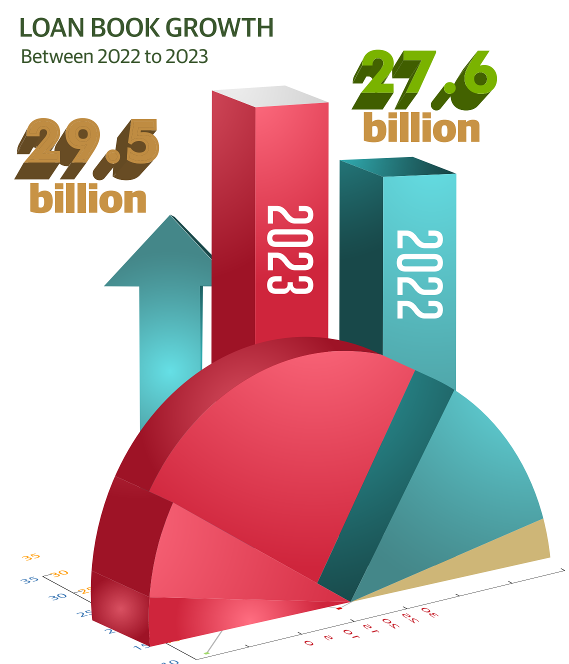
The year 2023 was a tough one, economically, but the Credit Committee steered our business successfully to register the following:

(a) Growth in the loan book,

(b) Members got their loans as they applied, disbursed as they came,

(c) Quality of the loan book improved as evidenced by the portfolio at risk.

The Society's loan book grew from Kshs.27.6 billion in 2022 to Kshs.29.5 billion in 2023, representing a growth of 6.85%. For these commendable achievements, the Credit Committee wishes to sincerely appreciate all the members for their support and continued patronage of the Society's credit products and services during the year 2023, and the staff for their tremendous contribution towards this commendable growth.



FOSA, our main channel of distribution and customer interface, contributed kshs.539.6 million. This was made possible due to the growth in salary accounts of 4,781 over the last two years. The increase in accounts bolstered the FOSA gross income to hit the two billion mark. It is imperative therefore, that in the year 2024, a special emphasis will be placed on increasing the number of salary accounts as this translates to instant transactional income that boosts the Society's return on investment, otherwise known as dividends.

This Credit Committee report covers the loan disbursements, the loan portfolio (comparisons for the years 2019 to 2023), the uptake of the emerging online platform credit products, FOSA credit performance and the loan default management, as detailed below;

1. Loan Disbursements

Table 1. Loan disbursements in 2023 decreased by 6.69% from Kshs.24.5 billion to 22.9 billion as shown below;

Year	Loans Disbursement (Kshs)	Growth (Kshs)	Growth (%)
2019	15,744,625,515	-	-
2020	20,318,290,400	4,573,664,885	29.05
2021	21,935,591,869	1,617,301,469	7.96
2022	24,577,133,012	2,641,541,143	12.04
2023	22,933,452,185	(1,643,680,827)	(6.69)

NB: The loan disbursement in 2023 was adversely impacted by austerity measures put in place in April 2023, to manage liquidity in the prevailing hard economic times. The suspension has since been lifted after a review of the liquidity management policy.

2. Loan Book

Table 2. Loan book balances from 2019 to 2023: The Loan book grew by Kshs.1.894 billion or 6.85% in 2023 as compared to 2022. An increase from Kshs.27.6 billion to 29.5 billion as shown below;

Year	Loan Book (Kshs)	Growth (Kshs)	Growth (%)
2019	18,311,648,649	-	-
2020	21,872,223,127	3,560,574,478	19.44
2021	24,380,868,205	2,508,645,078	11.47
2022	27,668,475,098	3,287,606,893	13.48
2023	29,562,529,910	1,894,054,812	6.85

Table 3. Loan book growth from 2019 to 2023: Illustrated graphically.

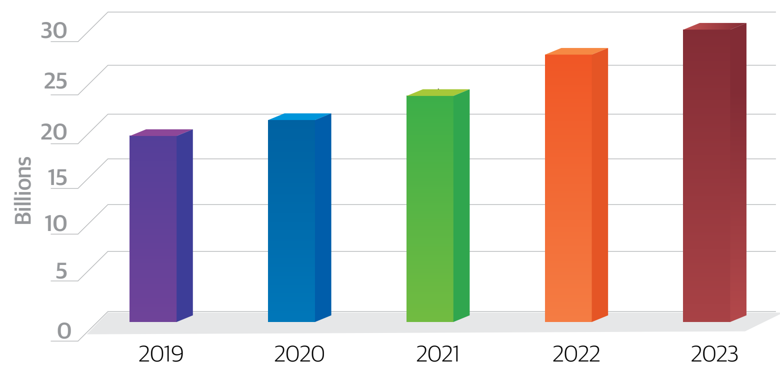


Table 4. Loans disbursed in year 2022 and 2023: Illustrated as per Sacco credit products.

The SACCO continues to offer a diversified range of credit products to the members as shown in the table below;

	2023 (Jan to Dec)			2022 (Jan to Dec)		
TOTAL	**No.**	**Amount (Kshs)**	**%**	**No.**	**Amount (Kshs)**	**%**
Inuka 96	5,049	5,672,775,000.00	**24.74**	4,771	5,553,510,000.00	**22.60**
Inuka 84	4,327	3,125,916,000.00	**13.63**	5,882	4,074,137,000.00	**16.58**
Development	8,101	2,859,298,000.00	**12.47**	8,917	3,220,782,000.00	**13.10**
Jisaidie 60	5,336	2,774,791,000.00	**12.10**	6,336	3,593,288,000.00	**14.62**
Salary Advance	15,253	2,042,286,828.00	**8.91**	12,469	1,719,138,506.00	**6.99**
Jisaidie 72	3,291	1,827,957,000.00	**7.97**	2,904	2,220,677,000.00	**9.04**
M-Boosta	104,277	1,824,480,493.00	**7.96**	86,605	1,377,289,654.00	**5.60**
Karibu Loan	1,678	805,115,000.00	**3.51**	1,088	533,684,000.00	**2.17**
Dividend Advance	51,991	713,182,099.00	**3.11**	50,357	700,967,713.00	**2.85**
Emergency	12,057	711,149,195.00	**3.10**	15,535	940,809,286.00	**3.83**
School Fees	3,388	282,057,924.00	**1.23**	4,489	370,506,565.00	**1.51**
Salary In Advance	16,496	161,627,197.00	**0.70**	13,205	141,398,389.00	**0.58**
Finje Chap chap	3,149	70,606,699.00	**0.31**	3,038	68,498,700.00	**0.28**
Jisort Advance	1,651	46,209,750.00	**0.20**	1,832	46,466,199.00	**0.19**
Harambee Jenga Loan	2	16,000,000.00	**0.07**	2	12,200,000.00	**0.05**
Harambee Home Loan	-	-	-	1	3,750,000.00	**0.02**
Safaricom product loan	-	-	-	1	30,000.00	**0.00**
TOTAL	**236,046**	**22,933,452,185.00**	**100.00**	**217,432**	**24,577,133,012.00**	**100.00**

Long term (Above 2 years)	11,601,307,646.00	50.59
Short term (2 years & below)	11,332,144,539.00	49.41
Total	**22,933,452,185.00**	**100.00**

3. Online Loans Issued in Year 2023

Table 5. Online Loans disbursed: In 2023 the SACCO disbursed a total of Kshs. 7.1 Billion through the online platform compared to Kshs. 6.0 Billion through the same platform in 2022.

The online loans represent 84.97% of the total number of applications and 30.12% of the total loan amount disbursed.:

Year	Online Loans		Manual Loans		Total Loans Granted		Percentage of online loans	
	Number	Amount (Kshs)	Number	Amount (Kshs)	Number	Amount (Kshs)	Number	Amount
2022	177,838	6,003,444,777	39,591	18,562,568,835	217,432	24,577,133,012	81.79	24.40
2023	192,186	7,119,572,336	33,980	16,481,097,579	226,166	23,600,739,297	84.97	30.12

4. Fosa Salary Advances Disbursement Report

The value of advances disbursed was 2.042 Billion for year 2023. FOSA also handles about 50% of the BOSA credit applications thereby enhancing member contact, and consequently imparting positively on the transactional income.

5. Loan Default Management

The Committee has endeavored to support the cleaning of the loan book from the past historical issues. As at the end of year 2023, the number of members affected by these historical issues had significantly dropped. The effort put to this end is manifested by the improvement in the portfolio at risk (PAR) of 1.23% from 1.37 % as at 31st December 2022, which is well below the industry standard of 5%. This PAR is expected to continue improving in 2024 and beyond.

Finally, we once again commend the entire membership and staff for the immense contribution in 2023 that saw the SACCO maintain its growth and quality of the loan book.

MRS. MILLICENT SIMIYU
CHAIRPERSON, CREDIT COMMITTEE

In partnership with malezi

Harambee DT Sacco **Toto Junior Account** Holders get 15% discount on story books

To open a Toto Junior Account

- Dial *357#,
- Option 2 (My Account)
- Option 8 (Member Account)
- Option 2 (Toto Junior)
- Option 1 (Apply for Toto Junior)
- Option 1 (Accept) then follow prompts.

EDUCATION & GOVERNANCE COMMITTEE REPORT

The role of the Education and Governance Committee is to provide education to members, staff, and the board; ensuring SACCO membership growth and excellent customer service is observed; ensuring a positive brand image; as well as ensuring the SACCO is governed in accordance with its code of Corporate governance and all other relevant guidelines. The committee is supported by the Head of Business Development & Marketing and the Company Secretary.

Sales and Marketing

The Society registered 1,557 new members and 15 Self Help Groups (Chamas). This was achieved through various strategic initiatives which included; Digital Marketing, Recruitment drives and Below-The-Line (BTL) marketing campaigns.

To support the sales activities, the Society engaged 9 Business Development Executives and 2 Telemarketers who were instrumental in the delivery of membership numbers.

Product Development and enhancements remained a top priority for the SACCO and as such we introduced various products including #52WeekSavingsChallenge and the Holiday Savings Account through which we have planned SACCO-initiated trips for members to the Kenyan Coast (Malindi, Mombasa, Diani), UAE (Dubai, Abu Dhabi) Asia (Hongkong, China – Guangzhou, Beijing) and South Africa (Capetown).

In the year 2024, we plan to undertake full product portfolio review with an aim to enhance our products thereby offering member-led solutions. Further we plan to undertake high-level activities that will increase our membership as well as retention levels. These activities include; Millionaires Club Chairman's breakfast, Key stakeholders consultative meetings, media campaigns and member education.

Customer Service

The drivers of the SACCO's Customer Service in the year 2023 were technology, member-led products, improved processes and Human Resources.

The Society adopted technologies that enabled members to interact with the SACCO and transact conveniently at their comfort. The Society plans to take this a notch higher in the year 2024 by deploying Customer Relationship Management (CRM) and Customer Feeback (M-Survey) tools to enable us listen to the "Voice of Customer" with a view to improve our service delivery.

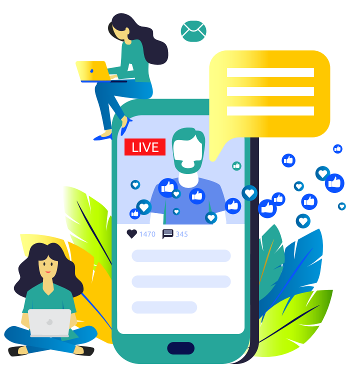
The Society remained steadfast in its product development agenda, customer service policies and processes development, and optimal staffing in order to deliver superior member experience. This is evidenced by the reduced number of members complaints as well as the Turn-Around-Times (TAT) in service delivery.

Towards the end of year 2023, the Society was deliberate about implementing the newly developed customer service policy and the Complaints Management Process and Procedure and we believe full implementation will catapult our service levels to desirable levels in year 2024.

Ladies and gentlemen, we want to assure you of our total commitment to turn around member experience at the SACCO.

Social Media

2023 was a good year for social media. The Society remained active on various Social Media platforms including: **Facebook, Instagram, Twitter, Youtube, LinkedIn, Tiktok, Whatsapp, Telegram** and **google review.** By the end of the year, we had a following of over 30,000 people.



We had a following of over

30,000

People in 2023

Our main goal on social media was to increase and improve member interactions, increase products and service awareness, resolve member issues/concerns, brand visibility and we are confident that we achieved our goal.

In the year 2024, the Society plans to implement a robust Digital Marketing Strategy as well as increase our social media following to over 50,000 people.

Corporate Social Responsibility

The Society's CSR Program is anchored in the Triple Bottomline Concept or the 3Ps i.e. People, Planet and Profit. For the Society, this is about ensuring long term business success while contributing towards economic and social development, a healthy environment and a stable community. One of the notable CSR project we undertook was the **"Harambee DT SACCO Mercy Basket"** Program where we supported children of "Mama Fatuma Goodwill Children's Home" with food, clothing, stationery and sanitary pads.

The Society got the greenlight to register Harambee DT SACCO Foundation in the previous ADM. We are happy to report that we are in the advanced stages of this process and promise our members that the foundation will be launched in the year 2024.

Stakeholders Management

Stakeholders play a key role in the sustainability of any healthy institution and Harambee DT SACCO is no exception. The Year 2023 was marked by heightened engagement between the Society and some of our Key stakeholders. Below are just a few of the highlights of our continuous engagements with our varied but important stakeholders.

Sports Support – The Society received requests for sports sponsorship from many of our stakeholders. Using our CSR budget, the Society was instrumental in kitting some of these institutions namely NPS teams and KDF teams. We also took part in supporting our stakeholders by providing trophies for their winners in specific categories.

Administrative – Harambee DT SACCO hosted and helped several SACCO's to understand SACCO Operations and strategy in line with the current challenges facing the financial sector and the SACCO arena in particular.

Publicity– Due to the fickle nature of business in the financial sector, the Society has continued to engage the media at all levels and the year 2023 was of particular interest with regards to our heightened engagement with the media thus ensuring that we got acres of positive coverage. The support that we have continued to enjoy with regards to our media team is truly appreciated.

Without a doubt, Harambee DT SACCO continues to view and hold our stakeholders as a key cog in the endless revolutions that keep our business as a healthy and vibrant running concern. Their place and value in our hierarchy of paramount needs can never be gainsaid.

Corporate Governance.

In the year 2023, the Education & Governance Committee actively assisted the Board to stay up to date on best governance trends and guide the board on requisite changes to regulatory compliance by the Society.

In the year under review, the committee accomplished the following activities:

- Review of Policies
- Country wide grassroot branch elections for delegates
- Organized a successful Annual Delegates meeting
- Board member nominations and elections
- Organized new board members orientation, onboarding, and training
- Enhanced Delegates' feedback system through the delegates portal
- All delegates Training
- Board Trainings-organized continuous education and training opportunities to help board members develop and grow.
- Regional and International Education visits

In the year 2024, the committee plans to accomplish the following activities:

- Governance & Legal Audits
- Enhanced Legal governance, risk management, and compliance programs.
- Delegates training
- Board Training
- Review of Society Policies
- Operationalization of the SASRA Guidance Notes-2023
- Review of Society bylaws to align them with the upcoming amended Co-operatives Act and other relevant statutes currently under review by parliament to keep the Society's policies and procedures up to date.
- Establishment of an Ethics program for the Society under the Ethics Commission for Co-operative Societies (ECCOS)
- Oversee board compliance with Board charter.
- Continuous monitoring of the board's compliance with legal and ethical requirements, regulations, and laws.
- Oversee board and committee practices, including the evaluation for performance improvement.

The Committee would like to thank the board, delegates, staff, and members for their support during the year. The Committee undertakes to continue ooverseeing the Society's governance framework, including the assessment of the effectiveness of its governance policies and practices and continuously build an environment of inclusivity, trust, transparency, and accountability, protecting the rights of members and stakeholders of Harambee DT SACCO, for long-term value creation for Society members.

The Committee looks forward to continuing with its work in the year 2024.

COL STEPHEN M. NGANGA
CHAIRMAN - EDUCATION & GOVERNANCE COMMITTEE

EAGLES
EAT LIVE FOOD

Eagles do not eat dead things. They only feed on fresh prey. Vultures eat dead animals, but eagles will not!

Interestingly not a single species of the animal kingdom naturally prey on eagles. Eagles are top of their food chain, which means they inherently prey on other animals but do not have any animals that naturally prey on them. That's called "Jungle Superiority."

As Harambee DT SACCO we shall not rely on past successes. We understand that we can't keep doing things the same way and expect different results. We shall keep looking for new frontiers. We shall steer clear of outdated information and old ways of doing things. We shall forge ahead with positive mindset and forward-thinking grace. We shall tell our good story! We shall be true ambassadors of our SACCO.

We shall endeavor to leverage on R&D, market intelligence and "Voice of Customer" with a view to improve our services while offering superior member-led products.

#TheTurningPoint!
#TuvukePamoja!

INTERNAL AUDIT AND RISK COMMITTEE REPORT

Dear Shareholder,

I am delighted to present the Audit and Risk Committee report for the year ending December 31, 2023. This report outlines the committee's diligent efforts in fulfilling its mandate.

Over the past year we have overseen key aspects of financial reporting process, internal control systems, audit processes, and the Society's compliance with laws and regulations, as well as the code of conduct. In a dynamic and challenging environment, we have worked collaboratively to assess and address potential risks, ensuring the continued resilience the Society. The Committee adheres to a Charter that clearly defines its responsibilities and procedures.

Key Responsibilities:

1. **Financial Reporting**: The committee meticulously reviews the SACCO's financial statements and recommends them for Board approval. Additionally, it ensures the establishment and effective maintenance of internal controls, receiving and evaluating reports on internal audit findings. The committee also assesses management's proposed actions to mitigate identified risks.
2. **Internal and External Audit**: The Committee monitors and reviews the operation and effectiveness of the Internal Audit function, including its focus, plans, activities, and resources. It scrutinizes both internal and external audit reports, addressing deviations and weaknesses in accounting and operational controls.
3. **Risk Management and Compliance**: Oversight of the design and implementation of risk management systems is a crucial responsibility. This involves maintaining and regularly updating the Society's Strategic Risk Assessment framework, assigning accountabilities, and monitoring the effectiveness of risk mitigation actions. The committee also ensures compliance with relevant laws and regulations.

Activities During the Year Ending December 31, 2023:

RESPONSIBILITIES	ACTIVITIES
Financial Reporting	The Committee assisted the Board in reviewing the Annual Report and Financial Statements for 2023, recommending them for Board approval and subsequent publication.
Oversight of Internal Controls	The Committee reviewed and approved the internal audit work plan for the year, ensuring comprehensive coverage of material risks across all areas of the Sacco business.
Internal Audit	Regular quarterly reviews of Internal Audit and related reports were conducted. Special Audit reports were also scrutinized throughout the year.
	Received and approved updated Audit policy/ charter.
External Audit	The Committee discussed the terms of reference for External Auditors and reviewed the External Audit work plan for the year ending December 31, 2023.
	The committee received and evaluated the management letter for the Year 2023.
	The committee reviewed System audit report for the year 2023.
Risk Management and Compliance	Reviewed and approved the risk and compliance plan for the Year 2023
	The committee received reports on conducted risk assessments, establishing how much risk the society is exposed and included measures implemented to mitigate the risks
	Reviewed and approved. • Anti-money Laundering policy. • Data protection and privacy policy.
	Follow-up reports on the implementation of previous audit recommendations were also scrutinized.

Enterprise Risk Management

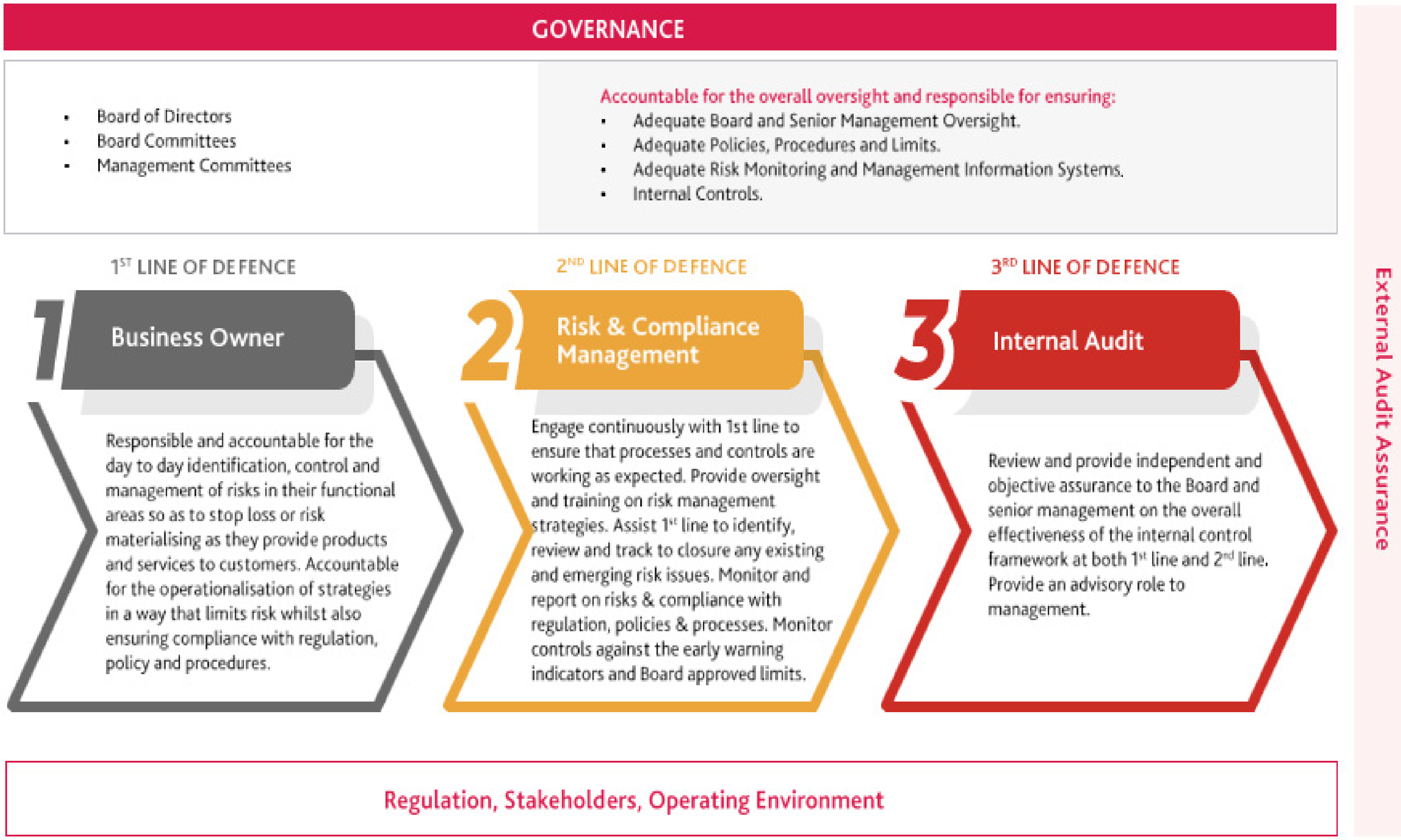
Risk is an inherent part of Harambee DT SACCO operations, and the effective management of risk is a fundamental enabler of our strategic objectives. This is achieved through the Enterprise Risk Management framework (ERM) to enable the SACCO to undertake prudent risk-based activities.

The Board has put in place a comprehensive ERM framework to identify all key risks, measure these risks and manage the risk levels. The ERM is integrated in the overall management monitoring and reporting structures. The framework is regularly reviewed in light of emerging risks resulting from changes in the business environment, better practices approaches and regulatory expectations.

The Board has implemented appropriate governance, policies, procedures, and systems to avoid the SACCO from being exposed unintentionally to risk. This includes a broad spectrum of risks: credit risk, liquidity risk, legal and compliance risk, operational risk, reputation risk and cyber risks.

The Audit & Risk Committee reviews quarterly risk profile reports, the risk mitigant measures to manage the identified risk as well as their adequacy and relevance and advises the Board appropriately.

The SACCO risk and control structure is based on the Three Lines of Defense (3LoD) ERM model. Each line has clear roles and responsibilities.



The three lines work closely together to identify, assess, and mitigate risks.

Our Current Risk Priorities

Cyber Security - Cybersecurity concerns continue to manifest across the world with hackers continuing to enhance their attack capabilities and the financial sector remains a primary target. Given the SACCO's increasing reliance and adoption of digital systems, cyber threats make cyber security one of SACCO's top risks. Therefore, The SACCO endeavors to achieve cyber resilience that can withstand, detect, and rapidly react to cyberattacks. The SACCO has invested extensively to strengthen its information security and cyber defense system.

Credit Risk - Credit risk is the risk that a borrower may default on obligations. The credit portfolio is a major component of the asset portfolio of the SACCO; therefore, deterioration in the stability of the various borrowers may have an adverse effect on the SACCO's asset value and profitability. The process of reviewing and identifying credit risks is conducted by the three lines of defense and negative signs related to borrowers reported to the responsible functions.

Regulatory compliance risk - Whilst the SACCO has a zero-risk appetite for material regulatory breaches or material legal incidents, the SACCO remains exposed to them, driven by new legislations and regulations that continue to be rolled out. To this regard, the SACCO continues to uphold current and new regulatory requirements to ensure compliance while reducing exposure to regulatory risk.

Personal Data Protection – The SACCO uses a number of systems and applications to support key business processes and operations to best focus on our members and their needs. Data protection is a crucial process in the SACCO and further spurred by its strategic focus on digital service delivery, technology, and innovation. The SACCO is committed to processing personal data safely and securely aligned to the laid down Data Protection and Privacy laws.

AML /CFT Compliance - The SACCO remains committed to strictly upholding and complying with rules regarding Anti-Money Laundering (AML) and Combating the Financing of terrorism.(CFT). The SACCO has implemented robust AML and CFT compliance programs aimed at preventing misuse of our products and services to commit financial crime.

Operational Risk - The risk of loss resulting from inadequate or failed internal processes, people, and systems. SACCO manages operational risk via a comprehensive risk management framework, which is supported by an established network of systems, policies, standards, and procedures. The Operational Risk Management Framework assists SACCO in integrating risk management into significant activities and functions. As part of this framework, Harambee DT SACCO has established a risk and control assessment process to help units to self-assess on significant operational risks and controls, identify, and address any gaps in the design and/or operating effectiveness of internal controls that mitigate significant operational risks.

MR. PHILIP MITEI
CHAIRMAN- AUDIT AND RISK COMMITTEE

EAGLES
LOVE STORMS

When the clouds gather, the eagle gets excited. The eagle uses the raging storm to lift him above the clouds giving the eagle an opportunity to glide above the storm and rest its wings. In the meantime; all the other birds hide in the leaves and branches of trees.

As Harambee DT SACCO, we understand that we operate in a changing environment. We shall therefore regularly analyse our external and internal environment in the context of our transformational strategy. Identifying our strengths and leveraging on them while mitigating the challenges (storms) will ensure that we remain a financially sustainable organization that positively impacts its employees, members, the community, and the environment in which we operate. In effect, we shall not run away from challenges but fight on to rise to greater heights.

#TheTurningPoint!
#TuvukePamoja!

FINANCIAL STATEMENTS & NOTES
CS/1916

FOR THE YEAR ENDED
31 DECEMBER 2023

REPORT OF THE BOARD OF DIRECTORS

The directors submit their report together with the audited financial statements of Harambee DT Sacco Society Ltd for the year ended 31 December 2023 which disclose the state of affairs of the society.

INCORPORATION

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

PRINCIPAL ACTIVITIES

The principle activities of the society are receiving shares and deposits and giving out loans to its members.

RESULTS	2023	2022
	Ksh.	Ksh.
Surplus/(deficit) before tax	919,174,040	532,769,549
Income Tax Expense	(114,621,654)	(88,160,277)
Surplus for the year	804,552,386	444,609,272
Other Comprehensive Income net of tax	-	(52,781.32)
Total Comprehensive Income for the year	804,552,386	444,556,491
Interest on Members Deposits and Savings	1,930,490,578	1,738,381,901

INVESTMENT SHARES

The issued and paid up share capital of the Society increased during the year from Ksh.2,170,287,989 to Ksh.2,349,007,709

DIVIDENDS AND INTEREST

The directors have recommended payment of 12.0% (2022: 10.0%) as dividend on investment shares and payment of 8.5% (2022: 8.0%) interest on Sacco deposits.

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 5, 16 and 17.

INDEPENDENT AUDITOR

Mwangi and Kamwara Associates - LLP will retire as auditors after serving for three years in accordance with the provisions of the SACCO Societies Act. No 14 of 2008.

APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved at a meeting of the Board of Directors held on 19 Januray 2024

BY ORDER OF THE BOARD

Signature...Date 19th January 2024

Col Stephen Nganga
SECRETARY
NAIROBI.

STATISTICAL INFORMATION

		2023		2022
		No.		No.
Membership				
Active		76,991		77,345
Dormant		2,850		2,296
		79,841		79,641
Number of branches		5		5
Number of employees:				
Male		70		73
Female		80		85
Total		150		158
Financials		Ksh.		Ksh.
Total Assets		38,570,289,293		37,011,903,816
Liquid Assets		1,310,936,374		1,148,670,706
Current Assets		32,815,517,793		31,250,755,324
Loans & Advances to Members (Net)		29,131,851,447		27,234,759,386
Non Earning Assets		5,523,814,934		5,845,253,395
External Borrowing		3,050,000,000		3,525,000,000
Members' Deposits & Savings		24,620,110,023		23,700,144,171
Withdrawable Savings and Short Term Liabilities		5,091,454,913		4,515,449,613
Financial Investments		1,834,486,564		1,834,386,564
Core Capital		4,753,692,420		4,127,654,622
Share Capital		2,349,007,709		2,170,287,989
Institutional Capital		2,404,684,712		1,957,366,634
Long-term Liabilities		22,338,475		28,497,076
Current Liabilities		6,279,582,012		6,261,041,583
Total Revenue		5,685,706,213		5,012,662,094
Total Interest Income		4,762,823,307		4,165,489,903
Total Expenses		4,538,065,892		4,258,656,413
Net Surplus Before Tax		919,174,040		532,769,549
RATIOS	**Statutory requirements**			
Capital Adequacy Ratios				
Core Capital / Total Assets	≥10%	12.3%		11.2%
Core Capital / Total Deposits	≥8%	19.3%		17.4%
Institutional Capital / Total Assets	≥8%	6.2%		5.3%
Non-Earning Assets/Total Assets	<10%	14.3%		15.8%
Equities & Investments / Deposits	≤ 5%	7.5%		7.7%
Net Loans / Total Assets	70-80%	75.5%		73.6%
Deposits & Savings / Total Assets	70-80%	63.8%		64.0%
Liquidity Ratios				
Liquid Assets/Savings Deposits & Short Term Liabilities	≥15%	25.7%		25.4%
Liquid Assets/ Total Deposits and Long Term Liabilities		5.3%		4.8%
External Borrowing / Total Assets	<25%	7.9%		9.5%
Operating Efficiency Ratios				
Total Expenses / Average Assets		12.0%		11.5%
Interest on Members' Deposits / Total Revenue		34.0%		34.7%
Interests on fixed deposit		8.0%		7.0%
Rebates/Interests on Members' BOSA Deposits		8.5%		8.0%
Dividends on Members' Share Capital		12.0%		10.0%
Total Delinquency Loans / Gross Loan Portfolio	≤ 5%	1.2%		1.4%

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The directors accept responsibility for the preparation and fair presentation of these financial statements in accordance with the 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 2023 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 19 January 2024 and signed on its behalf by:

.... **CHAIRMAN**

.... **TREASURER**

.... **HON SECRETARY**

MWANGI & KAMWARA
ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HARAMBEE SAVINGS & CREDIT CO-OPERATIVE SOCIETY LIMITED

Opinion

We have audited the financial statements of Harambee Savings and Credit Co-operative Society Limited (the society) set out on pages 54 to 79, which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the society's financial position as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Sacco Societies Act No. 14 of 2008.

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 society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

MWANGI & KAMWARA ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Key audit matters	How our audit addressed the key audit matters
Forward looking information & IFRS 9 Implimentation	
The adoption and implementation of IFRS 9 is a key audit matter in the preparation of the financial statements of the Sacco Society. This affects the classification of financial assets and liabilities, measurement of the financial assets and liabilities, de-recognition of the same and impairment of the financial assets. IFRS 9 requires the SACCO to consider forward looking information forecasting on future economic conditions when measuring expected credit losses. This involves the engagement of experts in macro-economic analysis.	We performed various tests and not limited to various substantive audit procedures which entailed review of the loan book,recomputation of the loan and interests rates,classification tests,performed data validation used to compute historical default rates impacting the computation of the probability of default.
Recoverability of Trade Receivables	
Included in the trade receivables are amounts outstanding as unrealizable. Amounts remains unreconciled and arose from system migration when the SACCO was transiting to new automated system. The significance of the balances in the financial statements is material and the SACCO has since started doing the provision on this as per the members resolution in the Annual Delegates Meeting.	We audited the unrealizable asset account and the related reconciliations which have been outstanding. The suspense write offs have a potential of attracting future liabilities. However provisions have been made for the year ended 31st December 2023.
Expected Credit Loss (ECL) methodology	
Inherent,judgemental modelling is used to estimate ECLs which involves determining rates of default, loss given default and exposure at default. Effective interest rate and ultimately the expected credit loss. Measurements of ECL are based on 12-months ECLs or lifetime ECLs depending on the facility staging	With respect to exposure at default, we reviewed the appropriateness and compliance to the standard regarding the methods used to determine the expected cash flows,credit conversion factors and expected prepayments. We assessed the segmentation to ensure that the SACCO'S exposures were grouped into segments with similar credit risk.We assessed whether the disclosures appropriately disclosed the key judgements and assumptions used in determining the expected credit losses.
	We also assessed whether there were sufficient disclosures on key judgements and assumptions used in determining the expected credit losses.
	Based on the evidence obtained, we conclude that fair estimates were obtained as per the IFRS.

Other information

The directors are responsible for the other information. The other information comprises of the Chairman's report, Treasurer's report, Supervisory committee report, and the Corporate governance statement which are attached in this report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report of the independent auditor, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other reports expected to be made to us after date of report of the independent auditor, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Sacco Societies Act No. 14 of 2008, and for such internal controls 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 society's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the directors either intend to liquidate the society or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's independent 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 skepticism 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 society'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 report of the independent auditor 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 report of the independent auditor. 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our report of the independent auditor unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory Requirements

The Kenyan Sacco societies Act of 2008 requires that we report the following matters to the Sacco Societies Regulatory Authority (SASRA). We report that:

i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were considered necessary for the purpose of our audit.

ii. We are not aware of any irregularities or illegal acts that have been committed by the directors, employees or the Sacco Society itself and

iii. We have no grounds to believe that the Sacco Society is insolvent or that there is a significant risk that it may become insolvent.

Mwangi and Kamwara Associates
Certified Public Accountants
Nairobi

Mwangi & Kamwara Associates P.O. Box 34458 - 00100 Nairobi Kenya CPA - K

.......................................19/01/2024
CPA Robert Gathogo Kamwara, Practicing Certificate No. 1873
Signing Partner responsible for the independent audit

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		2023	2022
	Notes	Ksh	Ksh
INCOME			
INTEREST INCOME:			
Interest -Loans and advances to members	2(a)	4,751,070,683	4,150,982,677
Other interest -Investments	2(b)	11,752,624	14,507,226
Total Interest income		**4,762,823,307**	**4,165,489,903**
Interest expenses	4	(1,930,490,578)	(1,738,381,901)
Net Interest Income		**2,832,332,729**	**2,427,108,002**
NON INTEREST INCOME:			
Dividend income	3	223,993,490	136,169,657
Fees and commissions	5	407,940,087	421,871,775
Other operating income	6	62,483,048	67,894,627
Total Non Interest Income		**694,416,625**	**625,936,059**
TOTAL OPERATING INCOME		**3,526,749,354**	**3,053,044,061**
OPERATING EXPENSES:			
Financial expenses	7	(1,195,581,610)	(1,055,345,803)
Personnel expenses	8	(428,205,643)	(428,800,410)
Administration expenses	9	(470,243,795)	(458,330,892)
Governance expenses	10	(313,004,708)	(282,513,504)
Marketing expenses	11	(68,534,672)	(165,453,096)
Other operating expenses	12	(66,961,106)	(68,512,162)
Depreciation & amortization expense	13	(65,043,781)	(61,318,646)
Total Operating Expenses		**(2,607,575,314)**	**(2,520,274,513)**
Operating Surplus Before Taxation		**919,174,040**	**532,769,549**
Income tax expense		(114,621,654)	(88,160,277)
Net Surplus/ for the Year after Tax		**804,552,386**	**444,609,272**
OTHER COMPREHENSIVE INCOME			
Loss on revaluation of financial assets		-	(52,781)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**804,552,386**	**444,556,491**
Dividends			
Proposed dividends		**281,879,977**	**217,028,799**
The notes on page 58-79 form an integral part of these financial statements.			

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		2023	2022
	Notes	Ksh	Ksh
ASSETS			
Cash and cash equivalents	**22**	1,310,936,374	1,148,670,706
Receivable and prepayments	**19**	2,362,583,188	2,867,027,851
Loans & advances to members	**14**	29,131,851,447	27,234,759,386
Financial investments	**21**	1,834,486,564	1,834,386,564
Inventories	**20**	10,146,784	297,381
Investment property	**15**	3,020,000,000	3,020,000,000
Land projects	**16**	628,986,362	629,317,479
Rights of use assets (IFRS 16)	**32**	18,339,809	24,272,034
Fixed assets	**17**	193,254,842	207,947,846
Intangible assets	**18**	59,703,923	45,224,569
Total Assets		**38,570,289,293**	**37,011,903,816**
Liabilities			
Interest, dividends to members & honoraria	**28**	2,361,608,548	2,039,162,411
Members' deposits and savings	**23**	24,620,110,023	23,700,144,171
External Borrowings	**25**	3,050,000,000	3,525,000,000
Lease liabilities (IFRS 16)	**33**	22,338,475	28,497,076
Payables and accruals	**26**	863,784,329	672,290,948
Land projects deposits	**24**	329,825,468	329,825,468
Taxation	**27**	4,189,134	24,588,223
Total Liabilities		**31,251,855,976**	**30,319,508,297**
EQUITY			
Share Capital	**29**	2,349,007,709	2,170,287,989
Statutory Reserves	**30**	1,274,121,187	1,113,210,710
Revaluation Reserves	**30**	2,564,740,896	2,564,740,896
Capital Reserves	**30**	158,366,719	158,366,719
Retained Earnings	**30**	972,196,805	685,789,205
Total Equity		**7,318,433,316**	**6,692,395,518**
Total Equity and Liabilities		**38,570,289,293**	**37,011,903,816**

The notes on page 58-79 form an integral part of these financial statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 19 January 2024 and were signed by:

Chairman ______________________

Treasurer ______________________

Secretary ______________________

APPROVED
for publication and presentation
to AGM or ADM subject to observations Issued
29 JAN 2024
SIGN:..........
THE SACCO SOCIETIES REGULATORY AUTHORITY

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Statutory Reserves	Revaluation Reserves	Capital Reserves	Retained Earnings	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
2023						
At start of the year	**2,170,287,989**	**1,113,210,710**	**2,564,740,896**	**158,366,719**	**685,789,204**	**6,692,395,518**
Prior year adjust. -Tax arrears					(48,154,331)	(48,154,331)
	2,170,287,989	**1,113,210,710**	**2,564,740,896**	**158,366,719**	**637,634,874**	**6,644,241,188**
Surplus for the year					804,552,386	804,552,386
Issue of share capital	178,719,720					178,719,720
Loss on revaluation of financial assets			-		-	-
Transfer to Statutory Reserves		160,910,477			(160,910,477)	-
Staff Bonus & Honoraria					(27,200,000)	(27,200,000)
Proposed dividends					(281,879,977)	(281,879,977)
At end of the period- 31 Dec 2023	**2,349,007,709**	**1,274,121,187**	**2,564,740,896**	**158,366,719**	**972,196,805**	**7,318,433,316**
2022						
At start of the year	**2,056,298,992**	**1,113,210,710**	**2,564,793,677**	**158,366,719**	**500,521,821**	**6,393,191,920**
Prior year adjustment -inventory					(19,813,090)	(19,813,090)
	2,056,298,992	**1,113,210,710**	**2,564,793,677**	**158,366,719**	**480,708,731**	**6,373,378,830**
Surplus for the year					444,556,491	444,556,491
Issue of share capital	113,988,997					113,988,997
Loss on revaluation of financial assets			(52,781)		52,781	-
Staff Bonus & Honoraria					(22,500,000)	(22,500,000)
Proposed dividends					(217,028,799)	(217,028,799)
At end of the period -31 Dec 2022	**2,170,287,989**	**1,113,210,710**	**2,564,740,896**	**158,366,719**	**685,789,204**	**6,692,395,518**

The prior year adjustment of Kshs.48,154,331 relates to KRA additional tax assessment for years 2018 to 2022. The additional assessment was paid in in year 2023

The notes on page 58-79 form an integral part of these financial statements.

STATEMENT OF CASHFLOWS

	Notes	2023	2022
		Ksh	Ksh
Cash flow from operating activities:			
Interest receipts from loans	**2(a)**	4,751,070,683	4,150,982,677
Interest payments	**7 & 28a**	(2,216,191,975)	(1,828,985,159)
Interest paid on lease liabilities	**7**	(3,847,113)	(4,507,022)
Other operating and non interest receipts	**5 & 6**	482,175,759	504,273,628
Payments to suppliers & employees		(1,949,033,949)	(1,446,207,632)
Net cash (used)/generated before working capital changes		**1,064,173,405**	**1,375,556,493**
(Increase)/Decrease in operating assets:			
Net Loans & advances to members	**14**	(1,894,054,799)	(2,853,891,181)
Trade Receivables & prepayments	**19**	396,359,189	206,833,176
Decrease/(Increase) in inventory	**20**	(9,849,403)	(297,381)
Members' deposits & savings	**23**	919,965,852	1,159,671,151
Payables & accruals	**26**	191,493,380	436,127,921
Net cash flow from operating activities before income tax		**668,087,624**	**324,000,179**
Income tax paid	**27**	(135,020,743)	(63,544,419)
Net cash spent from operating activities		**533,066,881**	**260,455,760**
Cash flow from Investing Activities:			
Purchase of property, plant & equipment	**17**	(19,418,001)	(19,563,490)
Purchase of Investments in Equities	**21b**	(100,000)	-
Purchase of Intangible Assets	**18**	(39,479,906)	(3,050,000)
Dividends received	**3**	223,993,490	136,169,657
Net cash (spent)/used from investing activities		**164,995,583**	**113,556,167**
Cash flow from financing activities:			
Members Share Capital Contributions	**20**	178,719,720	113,988,997
Dividend Paid	**28b**	(239,516,516)	(183,884,968)
External Loan Proceeds Received		-	3,700,000,000
External Loan Repayments	**25**	(475,000,000)	(3,641,944,444)
Net cash from financing activities		**(535,796,796)**	**(11,840,416)**
Net (decrease)/increase in cash and cash equivalents		162,265,668	362,171,510
Cash and cash equivalents at the beginning of the year		1,148,670,706	786,499,196
Cash and cash equivalents at the end of the year		**1,310,936,374**	**1,148,670,706**

The notes on page 58-79 form an integral part of these financial statements.

NOTES

Basis Preparation

(a) Statement of Compliance

The financial statements have been prepared in accordance with international Financial Reporting Standards and the Co-operative Societies Act.

For Co-operative Societies Act reporting purposes, the balance sheet is represented by statement of financial position and the income and expenditure account by the statement of profit or loss and other comprehensive income, in these financial statements. The Financial statements are prepared under the historical basis except for fair valuation of certain assets

(b) Going Concern

Based on the financial performance and position of the society and its risk management policies, the directors are 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.

(c) Use of Estimates and Judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during reported period. Although these statements are based on the directors' best knowledge of current events and actions actual results ultimately may differ from the estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in financial statements are described in Note 1.

(d) Functional and Presentation Currency

The financial statements are presented in Kenyan shillings which is also the Society's functional currency. Except as otherwise indicated ,financial information presented in Kenyan shillings (Ksh) has been rounded to the nearest shilling.

Siginificant Accounting Policies

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

(a) Revenue Recognition

Revenue is derived substantially from Sacco business and related activities and comprise net interest income and non-interest income. Prior year revenue was recognized on an accrual basis in the period in which it is earned.

i. Interest

In current year interest income and expense for all interest bearing instruments and recognized in profit or loss as it accrues considering the effective interest rate of the asset or an applicable floating rate.

The effective interest rate is the rate that exactly discounts the estimated future cash flow through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. Interest income and expense includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Interest income and expense are recognized in profit or loss using effective interest method .The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset; or the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit impaired assets, the Sacco estimates future cash flows considering all contractual terms of the financial instrument but not expected credit losses. For credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset of financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

However for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit -impaired, then the calculation of the interest income reverts to the gross basis

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the assets improves.

ii. Fees and Commission Income

Fees and commission income is recognized on an accrual basis when the service is provided.

This income comprises of appraisal and facility fees charged on advances, commissions charged on use of channels and ledger fees levied on current and savings accounts.

Fees and commission on a financial asset of financial liability are included in the effective interest rate. Loan fees that are recognized using the effective interest method are included with loan balances in the consolidated statement of financial position.

Other fee and commission income -including account servicing fees, loan discharge and administration fees are recognized as the related services are performed.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

iii. Dividend Income

Dividend income is recognized when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net income from other financial instruments at a Fair Value Through Profit and Loss (FVTPL) or other revenue based on the underlying classification of the equity investment.

Dividends on equity instruments designated as at Fair Value Through Other Comprehensive Income(FVOCI) that clearly represent a recovery of part of the cost of the investment in Other Comprehensive Income(OCI).

1. Summary of significant accounting policies

(b) Members' Deposits and Savings

Members' deposits and savings are stated at their normal value. Interest payable on the members 'savings are accounted for an accrual basis and are added to carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(c) Property and Equipment

I . Recognition and Measurement

Items of Property and Equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

ii. Depreciation

All property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the reducing balancing method to write down the cost of each asset to its residual value over its estimated useful life.

Computers hardware	30.0%
Office Equipment	12.5%
Furniture & Fittings	12.5%
Motor vehicles	25.0%

Leasehold land is depreciated over the remaining useful life of the lease.

Depreciation methods, useful lives and residual values are reassessed and adjusted, if appropriate, at each reporting date.

iii Subsequent Costs

The cost of replacing a component of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Sacco and its cost can be measured reliably .

The costs of the day to day servicing of property and equipment are recognized in profit or loss as incurred.

iv. Disposal of Property and Equipment

Gains and losses on disposal of Property and equipment are determined by reference to their carrying amount and are recognized I profit or loss in the year in which they arise.

(d) Intangible Assets (Software)

Computer software licenses are stated at cost less accumulated amortization and accumulated impairment losses.

The cost incurred to acquire and bring to use specific computer software licenses are capitalized costs are amortized on a reducing balance basis over the expected useful lives, using an annual rate of 30% and are recognized in profit or loss. Costs associated with maintaining software are recognized as an expense as incurred.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates .All other expenditure when incurred.

Amortization methods useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Statutory Reserves

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

(e) Financial instruments

Financial assets and financial liabilities are recognized when the society becomes a party to the contractual provisions of the instrument. Management determines the classification of financial instruments at initial recognition.

Financial assets

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in profit or loss.

The society's financial assets fall into the following categories:

Amortized cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent Solely Payments of Principal and Interest (SPPI), and that the are not designated at Fair Value Through Profit or Loss (FVTPL), are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance measured and recognized. Interest income from these financial assets is included in 'interest and similar income' using the effective interest method.

Fair Value Through Other Comprehensive Income (FVTOCI) - Debt instruments:

Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for recognition of impairment gains or losses, interest revenue and recognized in OCI are reclassified from equity to profit or loss on disposal of such instruments. Foreign exchange gains and losses, which are computed in the same manner as for financial assets measured at amortized cost and recognized in profit or loss. Gains and losses previously recognized in OCI are reclassified from equity to profit and loss on disposal of such instruments.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Society can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis recognized as other income in profit or loss when the right of payment has been established. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit and loss when the right of payment has been established except when the Society benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The society elected to classify irrevocably its non-listed equity investments under this category.

Fair Value Through Profit or Loss (FVTPL):

Financial assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit or loss and other comprehensive income.

For the purpose of SPPI the test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement will not comprise SPPI.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The society determines the business models at a level that reflects how the society's financial assets are managed together to achieve a particular business objective. The society's business model does not depend on management's intentions for an individual instrument. Therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The society has more than one business model for managing its financial instruments which reflect how the society manages its financial assets in order to generate cash flows. The society's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The society considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the society does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios.

(f) Accounting for leases

The society assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The society as lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the society recognizes a right-of-use asset and a lease liability. The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the society is reasonably certain to exercise that option.

The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the society's incremental borrowing rate is used.

For leases that contain non-lease components, the society allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortized cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Leasehold land and buildings are subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not estimated, useful life would not exceed the lease term expected to pass to the society at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognized in other comprehensive income. All other decreases are charged to profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation reserve to the retained earnings.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognized in profit or loss on a straight-line basis over the lease period.

The society as lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognized as income in profit or loss on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the society's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the society's net investment outstanding in respect of the leases.

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position.

Management has made various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate: To determine the incremental borrowing rate, the society:

- where possible, uses recent third-party financing received AS a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g.. term, country, currency and security.

Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are terminated).

For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the society is typically reasonably certain to extend (or not to terminate).
- If any leasehold improvements are expected to have a significant remaining value, the society is typically reasonably certain to

extend (or not terminate).

- Otherwise, the society considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Key sources of estimation uncertainty

Accounting for leases under IFRS 16

Most extension options in offices and vehicles leases have not been included in the lease liability, because the society could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the society becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The carrying amounts of right-of-use assets and lease liabilities are disclosed in notes 32 and 33, respectively.

(g) Provision for liabilities and other charges.

Provisions are recognized 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 recognized 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.

(h) 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.

(i)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'.

At the date of authorization 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 amortized 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.

The Society applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Society has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the society's financial statements.

Amendments to IAS 1 and IAS 8 Definition of Material (issued in October 2018)

The amendments, 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.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform (issued in September 2019)

The amendments, applicable to annual periods beginning on or after 1 January 2020, provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the society's financial statements as it does not have any interest rate hedge relationships.

Amendments to IFRS 16 Covid-19 Related Rent Concessions (issued on 28 May 2020)

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the society's financial statements.

(j) New standards, amendments and interpretations issued but not effective

At the date of authorization of these consolidated 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 1 'Classification of Liabilities as Current or Non-current (issued in January 2020), effective for annual periods beginning or after 1 January 2023, clarify a criterion for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date.
- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use' '(issued in May 2020), effective for annual reporting periods beginning on or after 1 January '2022 prohibit entities from deducting from the cost of an item of property, plant and 'equipment, any proceeds from selling items produced while bringing that asset to the location 'and condition necessary for it to 'management. Instead, an entity recognizes the proceeds from selling such items, and the be capable of operating in the manner intended by 'costs of producing those items, in profit or loss.
- Amendments to IAS 37 'Onerous Contracts – Costs of Fulfilling a Contract' (issued in May '2020), effective for annual reporting periods beginning on or after 1 January 2022, specify 'which costs an entity needs to include when assessing whether a contract is onerous or 'loss-making.
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards ''Subsidiary as a first-time adopter' (issued in May 2020), effective for annual reporting 'periods beginning on or after 1 January 2022 with earlier adoption permitted, permits a 'subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation 'differences using the amounts reported by the parent, based on the parent's date of 'transition to IFRS. This amendment is also applied to an associate or joint venture that elects 'to apply paragraph D16(a) of IFRS 1.
- Amendment to IFRS 9 Financial Instruments 'Fees in the '10 per cent' test for derecognition 'of financial liabilities' (issued in May 2020), effective for annual reporting periods beginning 'on or after 1 January 2022 with earlier adoption permitted, clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (issued in September 2014), applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.
- IFRS 17 'Insurance Contracts' (issued in May 2017), effective for annual periods beginning on or after 1 January 2023, establishes the principles for the recognition, measurement, 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 insurance contracts represents those contracts. The Group does not issue insurance contracts.

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.

Significant accounting judgements, estimates and assumptions

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 relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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.

- 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 behavior.

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.

- 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.

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

Financial Risk Management

The Sacco's operations are exposed of financial risks. These risks include market risk (including currency risk, fair value, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Sacco's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Sacco's financial performance.

Risk management is carried is carried out by the Audit sub-committee under policies approved by the Board of Directors. The Audit sub-committee identifies, evaluates and manages financial risks in close co-operation with various departmental heads. The Board of Directors has provided in the risk management policy written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.

The sub-committee reports monthly to the Board of Directors on all aspects of risks including nature of risks, measures instituted to mitigate risk exposures etc. The Sacco has exposure to the following financial risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

(a) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Sacco and a rises principally from the Sacco's loans and advances to its members.

The amount presented in the statement of financial position are net of impairment for doubtful debts, estimated by the board based or prior experience, assessment of the current economic environment and the prudential guidelines from SASRA.

Management of Credit Risk

The Sacco has adopted a policy (as contained in its by-laws) of only dealing with credit worthy counterparties and obtaining sufficient collateral, and guarantors where appropriate, as a means of mitigating the risk of financial loss from defaults. The Sacco also structures the level of credit risk it undertakes by placing limits on amount of risk accepted in relation to one borrower or group of borrowers.

Trade receivables consist mainly of insurance claims of loans held by deceased members. Ongoing credit evaluation is performed on the financial condition of account receivable and , where appropriate , credit guarantee insurance cover may be purchased. The Sacco does not hold any receivables from individuals or entities that have been declared bankrupt/insolvent.

(b) Liquidity Risk

Management of liquidity risk

The board has built an appropriate liquidity risk management framework for the management of the Sacco's Short, Medium and long- term funding and liquidity management requirements.

The Sacco Managers liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities. The Sacco maintains a minimum of 15% of its saving deposits and short term liabilities in liquid assets.

Source of funding

The Sacco has access to financing facilities in addition to internal sources. The Sacco expects to meet its other obligations from operating cash flows and proceeds of maturing fixed deposits.

Exposure to liquidity risk

The key measures used by the regulator for managing liquidity risk is that minimum of 15% of savings, deposits and short term liabilities should be held in liquid assets. For this purpose net liquid assets include notes and coins, balances at institutions licensed under the banking act after deducting there from balances owed to those institutions, treasury bills and bonds and deposits held at other Saccos of a maturity of not exceeding 90 days.

(c) Market Risk

Interest rate risk management

The Sacco is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. Interest rate risk is managed through maintaining an appropriate mix between fixed and floating rate borrowings. The Sacco's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk stress test

The impact that an immediate hypothetical increase or decrease in interest rate of 4% applied at the beginning of the year would have on the profit for the year and retained earnings assuming a growing financial position and current interest rate risk profile.

Price risks

The Sacco is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Sacco does not actively trade these investments hence no significant risk. The Sacco's sensitivity to equal prices has not changed significantly from the prior year.

(d) Fair Value of financial Assets and Financial Liabilities

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which fair value is observable.

- **Level 1:** fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- **Level 3:** fair value measurements are those derived from valuation techniques that include inputs for the asset or viability that are not based on observable market data (unobservable inputs).

		2023		2022
		Kshs		Kshs
2 (a)	**Interest income from Loans & Advances to Members**			
	BOSA Loans & Advances to Members	4,595,880,845		3,982,710,560
	FOSA Loans & Advances to Members	155,189,838		168,272,117
		4,751,070,683		**4,150,982,677**
(b)	**Investment Interest Income**			
	Interest on money market funds	8,202,617		11,507,816
	Bank Fixed and Call deposits	3,550,007		2,999,410
		11,752,624		**14,507,226**
3	**Dividend Income**			
	Dividend quoted & unquoted shares	218,878,494		131,054,661
	Dividends from KUSCCO shares	5,114,996		5,114,996
		223,993,490		**136,169,657**
4	**Interest expense**			
	Interest expense on members deposits	1,930,490,578		1,738,381,901
		1,930,490,578		**1,738,381,901**
5	**Fees & Commissions Charged to members**			
	Bosa Loans processing fees	179,147,505		212,160,430
	FOSA Commissions received & other charges to members	136,324,101		114,961,509
	Salaries Processing Fees	36,748,500		30,964,200
	BOSA Members Withdrawal Fees	9,455,594		14,853,242
	Deposits withdrawal processing commissions	13,520,055		14,070,110
	FOSA Cash withdrawal charges	8,109,000		10,093,800
	Member's Dormant accounts activation fees	17,591,000		16,108,800
	Bankers cheques fees	2,559,100		3,502,100
	Entrance fees-New Members	3,465,232		3,922,384
	Member statements charges	665,000		642,800
	Property transfer fees	355,000		592,400
		407,940,087		**421,871,775**
6	**Other operating income**			
	Rental income	56,752,267		65,308,740
	Harambee Sacco Insurance Agency Income	602,819		468,332
	Tender income	50,000		65,850
	Premier club	2,040,700		221,800
	Reduction in provision for loan loss	3,037,262		-
	Gain from sale of Assets	-		1,338,038
	Reduction in provision for leave days	-		490,367
	Sale of obsolete assets	-		1,500
	Net operating income	**62,483,048**		**67,894,627**

		2023		2022
		Ksh		Ksh
7	**Finance expenses**			
	Provision for unrealizable assets	583,150,425		583,150,425
	Interest on external borrowing -bank loans	445,422,591		364,333,020
	Interest on bank overdraft facility	76,762,617		59,660,536
	Interest on Leases property	3,847,113	-	4,507,022
	Interest on Fixed Deposit / Call Accounts/52 Weeks challenge	16,398,865		6,958,206
		1,125,581,610		**1,018,609,208**
	Net provision for loan losses	-		16,736,594
	Prov. For Bad Doubtful Debts- Remittances	70,000,000		20,000,000
	Total	**1,195,581,610**		**1,055,345,803**
8	**Personnel Expenses**			
	Salaries and Wages - Basic Salary	189,599,154		188,041,664
	Staff Housing & Commuter Allowances	82,369,939		81,937,548
	Staff Group Medical Insurance Cover	38,085,877		41,581,942
	Staff Training Expenses	25,970,402		27,049,763
	Pension Fund Employer Contribution	24,865,479		23,464,820
	Staff Extraneous Allowances	10,957,500		14,342,750
	Staff Leave Allowances	10,452,705		10,240,208
	Gratuities	9,681,877		9,916,994
	Staff Group Life Insurance Cover	8,541,260		6,322,584
	Staff Annual Party Expenses	5,000,000		5,693,500
	Staff Welfare	4,765,379		5,748,035
	Staff Travel Expenses	3,597,841		2,294,604
	Staff Personal Accident Insurance Cover	2,147,921		2,046,920
	Affordable Housing Levy- Employer Contribution	2,124,229		-
	NSSF Employers' Contribution	1,823,095		376,000
	Staff Overtime	1,815,514		2,425,155
	Workman's Compensation Insurance Cover	1,603,228		588,271
	Staff Utility Allowance	1,203,000		1,178,000
	Staff Recruitment Expenses	1,065,200		1,175,700
	Staff Entertainment	1,014,849		1,041,402
	Staff Transfer Expenses	752,898		1,262,210
	Staff Benevolence and Funeral Expenses	691,500		1,126,552
	Casual Wages	76,796		660,073
	Staff Long Service Awards expenses	-		285,714
	Provision for Outstanding leave days	-		-
		428,205,643		**428,800,410**
	No. of fulltime staff			
	The number of full time staff as at 31 Dec 2023	150		158

		2023 Ksh	2022 Ksh
9	**Administrative Expenses**		
	Inventory Expenses	12,293,205	1,190,906
	Computer & Software Expenses	41,777,749	36,920,958
	Government Computer Services -GCS	27,336,075	29,511,391
	Professional Fees	99,833,662	113,412,663
	Loan guard Insurance/Sink fund Expenses	204,072,611	184,012,484
	Telephone, Postage, Bulk SMS & Cables Expenses	20,740,519	25,758,029
	Permits & Licences Expenses	11,409,795	11,180,965
	Legal Costs	6,790,986	16,933,996
	Bank Charges	5,726,634	5,583,078
	Audits & Statutory Supervision Expenses	9,231,339	9,479,688
	Records Management Expenses	4,196,479	-
	Bad Debts Written-off	3,724,015	67,424
	Subscriptions	3,180,799	2,848,673
	Donations	800,300	265,000
	Corporate & Communication expenses	10,611,966	11,164,250
	Printing & Stationery Expenses	1,171,798	1,712,483
	Paybill Transaction Charges	3,765,863	5,500,705
	Ushirika Day Expenses	3,580,000	2,788,200
		470,243,795	**458,330,892**
10	**Governance Expenses (Member related costs)**		
	Members' Education Expenses	135,175,822	96,475,380
	Delegates Branch Expenses	64,763,380	62,767,329
	Annual Delegate Meeting (ADM) Expenses	28,779,275	33,590,481
	Board of Directors Sitting Allowances	24,116,710	26,265,000
	Strategic Plan and Policies Reviews Costs	9,646,000	10,251,660
	Delegate Training Expenses	47,991,576	51,707,630
	Delegate Group Personal Accident Cover	2,003,426	1,456,023
	Directors / Delegates Affordable Housing Levy	528,519	-
		313,004,708	**282,513,504**
11	**Marketing Expense**		
	Advertising and Public Relations Expenses	56,155,369	138,704,469
	Members' Recruitment Costs	7,355,848	13,042,564
	Products development & Promotion Expenses	4,125,000	10,679,927
	Corporate Social Resp.	45,000	1,491,250
	Customer Care Expenses	853,455	1,534,887
		68,534,672	**165,453,096**
12	**Other operating Expenses**		
	Repairs and Maintenance costs	19,505,541	22,697,643
	Security Expenses	19,795,345	18,962,055
	Water and electricity bills	13,870,352	11,075,767
	Cleaning and Hygiene-Plaza	3,803,399	5,493,370
	Assets Insurance Covers	9,111,428	9,017,819
	Land Rates and Rent	516,396	777,416
	General Expenses	22,240	37,453
	Motor Vehicle Running Expenses	336,404	450,639
		66,961,106	**68,512,162**
13	**Depreciation & Amortisation expense**		
	Amortisation of intangible expense	25,000,551	19,381,957
	Depreciation charge	34,111,005	36,004,465
	Amortization Expenses on Right Use Asset	5,932,225	5,932,225
		65,043,781	**61,318,646**

				2023	2022
				Ksh	Ksh
14	**Loan To Members**				
A	**BOSA Loans**				
	Jisaidie Loans Top-up Loan			5,790,114,906	7,254,003,810
	Development Loan			3,893,262,127	4,260,662,427
	Jisaidie 72 Loan			3,127,852,730	3,562,900,702
	Inuka Loan			8,450,830,553	5,898,942,470
	Inuka 72 Loan			5,004,401,908	3,703,415,274
	Dividend in Advance loan			682,688,786	616,606,472
	Emergency Loan			253,578,356	336,241,778
	Defaulter Loan			468,153,852	523,441,106
	School Fee Loan			107,282,807	135,399,712
	M-Boosta Loan			149,791,368	227,257,318
	Mkombozi Loan			10,284,231	12,710,133
	Karibu Loan			887,795,763	449,626,236
	Mortgage Loan-Construction			24,926,633	14,800,582
	Mortgage Loan-Purchase			6,613,415	6,801,853
	MOU Loan			1,399,182	539,668
	Safaricom Product Loan			-	2
				28,858,976,617	**27,003,349,543**
	Less:				
	Loan loss provision			(418,341,366)	(433,715,725)
				28,440,635,251	**26,569,633,818**
B	**FOSA Loans**				
	Salary Advance Loan			617,755,860	578,334,906
	Personal Loan			60,854,288	64,670,868
	Finje Chap Chap Loan			7,483,250	8,543,422
	Jisort Advance Loan			7,905,053	6,600,724
	Salary in Advance Loan			9,554,842	6,975,648
				703,553,293	**665,125,568**
	Less:				
	Loan loss provision			(12,337,097)	-
				691,216,196	**665,125,568**
	Total Loan To Members			**29,131,851,447**	**27,234,759,386**
	Loans Movement Schedule		**BOSA Loans**	**FOSA Loans**	**Total**
			Ksh	**Ksh**	**Ksh**
	At the start of the year		26,569,633,818	665,125,568	27,234,759,386
	Granted during the year		17,045,030,297	729,534,112	17,774,564,409
	Repayments made during the year		(14,755,687,498)	(691,106,387)	(15,446,793,885)
	Loan loss provision		(418,341,366)	(12,337,097)	(430,678,464)
	Balance at the end of the year		**28,440,635,251**	**691,216,196**	**29,131,851,447**
	Aging of Non Performing Loans	**No. of accounts**	**Total Loan portfolio**	**Provision**	**Net loan balance**
	0 Days Performing - 1%	14,574	28,835,445,988	288,354,460	28,547,091,528
	1-30 Days Watch - 5%	4,522	365,450,924	18,272,546	347,178,378
	31-180 Days Substandard - 25%	4,077	305,467,808	76,366,952	229,100,856
	181-360 Days Doubtful - 50%	266	19,509,014	9,754,507	9,754,507
	>360 Days Loss - 100%	280	37,929,999	37,929,999	-
		23,719	**29,563,803,733**	**430,678,464**	**29,133,125,269**
				VARAINCE	**(1,273,822)**

There is an unreconciled difference between the Member's loan listings and General ledger balances of Kshs1,273,822. Reconciliation of this variance is ongoing.

The Society has a loan guard policy on all classes of loans issued by CIC insurance in which there is compensation of insured loan balance in the event of death or total permanent disability of a member

In the opinion of the directors, the carrying amounts of loans and advances to customers approximate their fair value.

The effective interest rate on loans in 2023 is 16% and 2022:15%)

			2023	2022
			Ksh	Ksh
14	**Insider loans and Advances**			
	At start of year		400,356,448	337,340,359
	Advances		524,051,886	351,995,600
	Interest charged		69,511,856	55,390,576
	Repayment		(512,455,433)	(344,370,086)
	At end of year		**481,464,757**	**400,356,448**
	Insider loans and Advances			
	Directors		67,924,905	47,145,228
	Supervisory		12,525,311	6,142,490
	Key Management staff		94,496,334	82,275,215
	Other Employees		306,518,206	264,793,515
			481,464,757	**400,356,448**

Loans and advances to Directors and staff (related parties) are subject to interest rates that are applicable to all members, have due dates at the end of every month and are fully secured.

15	**Investment properties**			
	Value as at 1st Jan 2023		3,020,000,000	3,020,000,000
	Addition		-	-
	Value as at 31st Dec 2023		**3,020,000,000**	**3,020,000,000**
	Movement in investment properties			
		Harambee Plaza	**Others**	**TOTAL**
		Ksh.	**Ksh.**	**Ksh.**
	Value as at 1st January 2023	1,700,000,000	1,320,000,000	3,020,000,000
	Revaluation done during the year	-	-	-
	Value as at 31st Dec 2023	**1,700,000,000**	**1,320,000,000**	**3,020,000,000**

The properties were valued by Dansal & Associates Ltd in 2019 on the basis of market value. The gain arising from the change in the fair value of the properties was recognised in the Income Statement for the period (IAS 40 clause 35).

Other land and buildings include other properties owned by the Society such as Nyali Houses.

	2023	2022
	Ksh.	Ksh.
Rental income (Note 6)	56,752,267	65,308,740
Direct rental expenses arising from investment properties that generate rental income	(50,158,227)	(61,120,749)
Net rental income	6,594,040	4,187,991

		2023	2022
		Ksh	Ksh
16	**Land Projects**	**Ksh**	**Ksh**
	Greenfields	452,168,422	452,168,422
	Muranga	68,000,000	68,000,000
	Kisumu	57,954,474	57,954,474
	Siaya	40,000,000	40,000,000
	Nanyuki	12,018,900	12,018,900
	Voi 1	3,219,105	3,219,105
	Mombasa	953,026	953,026
	Busia	783,568	783,568
	Uasin gishu	-	215,600
	Athi river	-	115,517
	Provision for bad debts	(6,111,133)	(6,111,133)
		628,986,362	**629,317,479**

Some of the land projects were valued by Dansal & Associates Ltd in September 2019 on the basis of market value. The gain arising from the change in the fair value of the land projects has been recognised in the Income Statement for the period (IAS 40 clause 35).

The Society's policy is to revalue its assets after every 3 years.

17 FIXED ASSETS

		Equipment	Fixtures and Fittings	Furniture	Computers	Motor Vehicles	Motor Cyles	Total
		Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
		12.5%	12.5%	12.5%	30.0%	25.0%	25.0%	
	Year 2023							
	COST							
	As at January 2023	**262,877,484**	**178,596,639**	**26,349,259**	**266,431,419**	**6,831,751**	**128,828**	**741,215,379**
	Additions	9,742,324	2,000	-	9,673,677	-	-	19,418,001
	Disposal	-	-	-	-	-	-	-
	As at December 2023	**272,619,808**	**178,598,639**	**26,349,259**	**276,105,097**	**6,831,751**	**128,828**	**760,633,381**
	DEPRECIATION							
	As at January 2023	**164,593,397**	**102,427,632**	**16,719,617**	**246,146,571**	**3,266,805**	**113,510**	**533,267,533**
	Charge for the year	13,503,301	9,521,376	1,203,705	8,987,558	891,236	3,829	34,111,006
	Disposal	-	-	-	-			-
	As at December 2023	**178,096,698**	**111,949,008**	**17,923,322**	**255,134,129**	**4,158,041**	**117,340**	**567,378,539**
	NET BOOK VALUE							
	As at December 2023	**94,523,109**	**66,649,631**	**8,425,937**	**20,970,968**	**2,673,709**	**11,488**	**193,254,842**
	Year 2022							
	COST							
	As at January 2022	**259,228,569**	**177,730,842**	**23,596,538**	**258,635,362**	**9,327,010**	**257,655**	**728,775,975**
	Additions	3,648,914	865,797	2,752,721	7,796,057	4,500,000	-	19,563,490
	Disposal	-	-	-	-	(6,995,259)	(128,827)	(7,124,086)
	As at December 2022	**262,877,484**	**178,596,639**	**26,349,259**	**266,431,419**	**6,831,751**	**128,828**	**741,215,379**
	DEPRECIATION							
	As at January 2022	**150,552,813**	**91,546,345**	**15,343,954**	**237,453,065**	**8,678,656**	**223,261**	**503,798,094**
	Charge for the year	14,040,584	10,881,287	1,375,663	8,693,506	1,188,315	5,106	36,184,461
	Disposal	-	-	-	-	(6,600,166)	(114,856)	(6,715,022)
	As at December 2022	**164,593,397**	**102,427,632**	**16,719,617**	**246,146,571**	**3,266,805**	**113,510**	**533,267,533**
	NET BOOK VALUE							
	As at December 2022	**98,284,086**	**76,169,007**	**9,629,642**	**20,284,848**	**3,564,946**	**15,317**	**207,947,846**

		2023	2022
		Ksh	Ksh
18	**INTANGIBLE ASSETS**		
	Cost		
	As at 1st January	177,892,549	334,767,815
	Additional	39,479,906	3,050,000
	Write off - Oracle	-	(159,925,267)
	As at 31 December	**217,372,454**	**177,892,549**
	Amortization		
	As at 1st January	132,667,980	273,211,290
	Write off- Oracle	-	(159,925,267)
	Charge for the year	25,000,551	19,381,957
	As at 31 December	**157,668,531**	**132,667,980**
	Net Book value		
	As at 31 December	**59,703,923**	**45,224,569**

		2023		2022
		Ksh		Ksh
19	**Receivables & Prepayments**			
a	**Unrealizable Assets**			
	As at 1 January	1,742,336,813		2,324,931,094
	Unreconciled balance in the year	124,246,089		556,144
	Provision for the year	(583,150,425)		(583,150,425)
	Balance of Unrealizable Asset	**1,283,432,476**		**1,742,336,813**
b	**Other Receivables**			
	Remittances due	901,994,125		1,165,933,925
	Interest receivable	96,751,697		123,058,930
	Rent receivables	44,515,361		109,088,492
	Harambee Investment Society ltd	1,036,661		-
	Other receivables	99,580,563		142,156,249
		1,143,878,407		**1,540,237,596**
	Less:			
	Provision for bad & doubtful debts-Remittances	(64,727,695)		(415,546,558)
		1,079,150,712		**1,124,691,038**
	TOTAL	**2,362,583,188**		**2,867,027,851**
20	**Inventories**			
	Consumables	10,146,784		297,381
		10,146,784		**297,381**
21	**Financial investment**			
a	**Quoted**			
	Investments - KENGEN SHARES	184,735		184,735
	Co-operative Bank(Shares)	43,501,853		43,501,853
	Investments - CIC	197,181,058		197,181,058
		240,867,645		**240,867,645**
b	**Unquoted**			
	Investments - CODIC	-		-
	Investment-Kenya Mortgage Refinancing company-KMRC	25,000,000		25,000,000
	Investments - Harambee Housing Investment Society Ltd	50,000,000		50,000,000
	Investments - KUSCCO(shares)	141,689,619		141,689,619
	Investments - COOP HOLDINGS	1,376,829,300		1,376,829,300
	Investment - SACCO Central Ltd	100,000		-
		1,593,618,919		**1,593,518,919**
	Total financial investment	**1,834,486,564**		**1,834,386,564**

	Financial Investments		
	Security	**Value per share**	**No. of Shares**
	Co-op Holdings	9.50	144,929,400
	CIC	3.50	56,337,445
	Cooperative Bank	12.30	3,536,736
	KUSCCO	100.00	1,416,896
	KENGEN	3.22	57,371

		2023	2022
		Kshs	Kshs
22	**Cash & cash Equivalent**		
	Cash in Hand		
	Treasury Cash - Harambee FOSA	37,774,816	17,515,329
	Cash in Hand BOSA	1,597,702	6,094,420
	Cash in Hand Harambee FOSA	9,650,609	4,942,536
	Cash at Bank		
	Safaricom Mpesa Working & Utility Acount-525201	191,487,086	366,060,488
	Safaricom Mpesa Paybill Account-525200	11,315,471	5,579,778
	CIC Group Money Market Fund	216,090,496	307,887,879
	NCBA Bank Fixed Deposits - Mortgage	51,262,974	48,899,653
	KUSCCO- Deposits Savings	42,024,896	40,620,689
	Cooperative Bank Savings Account	6,253,374	15,423,177
	Safaricom MPESA Utility Account-B2B	5,228,104	6,838,032
	Co-operative Bank - Statutory Reserve Account	44,314	44,314
	Co-operative Bank -Call Account	70,757,981	96,250
	Co-operative Banks -Current Accounts	667,448,551	328,668,161
		1,310,936,374	**1,148,670,706**
23	**Members deposits and Savings**		
	Member BOSA Deposits (MPA)	23,110,401,063	22,120,736,141
	Member Savings Acc FOSA	1,160,941,842	1,226,935,649
	Harambee Plaza Shares-H.P.S	163,911,324	163,953,190
	Fixed Deposit / Call Deposit Accounts	159,370,683	169,465,020
	Harambee Investment Savings Account	13,574,800	12,184,110
	Business Savings Accounts	2,398,262	2,240,138
	Giant Junior Savings Account	6,318,468	4,363,990
	Corporate Savings Acc FOSA	306,909	265,933
	52WeekSavingsChallenge	2,678,871	-
	Holiday Savings Account	207,800	-
		24,620,110,023	**23,700,144,171**

2023 Movement in Deposits and savings

		Withdrawable FOSA Savings	Short term Deposits	Non withdrawable Deposits (BOSA)	Total Deposits
	As at 01 January	1,226,935,649	352,472,381	22,120,736,141	23,700,144,171
	Deposits during the year	33,908,214,692	308,228,117	3,832,913,459	38,049,356,268
	Withdrawal/refunds during the year	(33,974,208,499)	(311,933,381)	(2,843,248,537)	(37,129,390,416)
	As at 31 December	**1,160,941,842**	**348,767,117**	**23,110,401,063**	**24,620,110,023**

2022 Movement in Deposits and savings

		Withdrawable Deposits	Short term Deposits	Non withdrawable Deposits	Total Deposits
	As at 01 January	1,091,369,767	224,382,806	21,224,720,448	22,540,473,020
	Deposits during the year	33,809,838,597	140,136,570	3,686,303,385	37,636,278,551
	Withdrawal/refunds during the year	(33,674,272,714)	(12,046,994)	(2,790,287,691)	(36,476,607,400)
	As at 31 December	**1,226,935,649**	**352,472,381**	**22,120,736,141**	**23,700,144,171**

There are no members holding more than 25% of total members deposits.

		2023	2022
		Kshs	Kshs
24	**Land Projects deposits**		
	Greenfields	321,635,603	321,635,603
	Kisumu	2,457,733	2,457,733
	Voi Plots	2,526,737	2,526,737
	Mombasa plots	1,909,756	1,909,756
	Busia plots	773,568	773,568
	Uasin gishu	271,000	271,000
	Athi River Plots	232,071	232,071
	Muranga project	14,000	14,000
	Siaya	5,000	5,000
		329,825,468	**329,825,468**
25	**Borrowings**		
	Loan Capital - Kuscco	-	-
	Term Loan - CoopBank	3,050,000,000	3,325,000,000
	Working Capital Facility	-	200,000,000
		3,050,000,000	**3,525,000,000**
	Loans Movement		
	At 1st January	3,525,000,000	3,466,944,444
	Advanced in the year	-	3,700,000,000
	Repayments	(475,000,000)	(3,641,944,444)
	Balance as at 31st December	**3,050,000,000**	**3,525,000,000**
	The borrowings are analysed as follows:		
	Current	-	200,000,000
	Non -current	3,050,000,000	3,325,000,000
		3,050,000,000	**3,525,000,000**

The Term loan from Cooperative Bank of Kenya is secured by a legal charge on LR/209/9966 Harambee plaza and a lien over the society's savings deposits with the bank.

There are no borrowings exceeding the core capital nor are there any borrowings exceeding 25% of the total assets.

The exposure of the society's borrowings to interest rate changes and the contractual reprising dates at the reporting date are as follows:

	Non-interest bearing	-	-
	6 months or less	-	200,000,000
	6 - 12 months	-	-
	1 - 5 years	3,050,000,000	3,325,000,000
	Over 5 years	-	-
		3,050,000,000	3,525,000,000

In the opinion of the directors, the carrying amounts of short-term borrowings approximate their fair value.
The carrying amounts of the society's borrowings are denominated entirely in Kenya Shillings.

			2023		2022	
			Kshs		Kshs	
26	**Payables & Accruals**					
	Other payables & accruals		753,611,066		560,513,986	
	Society returned cheques		45,836,902		45,836,902	
	Creditors & accruals- Sale of properties (Houses)		33,555,528		33,555,528	
	Society general control account-Funds in transit		22,516,790		23,055,817	
	Unallocated receipts		1,401,055		483,885	
	Provisions for outstanding leave days		2,614,927		2,614,927	
	Harambee Investment-Land deposits		4,248,059		6,229,902	
			863,784,329		**672,290,948**	
	In the opinion of the directors, the carrying amounts of other payables approximate their fair value.					
	The maturity analysis of the society's other payables is as follows:					
	2023	**0 to 1 month**	**2 to 3 months**		**4 to 12 months**	**Total**
		Kshs	**Kshs**		**Kshs**	**Kshs**
	Trade payables	10,248,306	-		-	10,248,306
	Accruals	-	2,614,927		21,265,437	23,880,364
	Other payables	24,048,949	4,248,059		801,358,650	829,655,659
		34,297,255	**6,862,987**		**822,624,087**	**863,784,329**
	2022	**0 to 1 month**	**2 to 3 months**		**4 to 12 months**	**Total**
		Kshs	**Kshs**		**Kshs**	**Kshs**
	Trade payables	8,160,679	-		-	8,160,679
	Accruals	-	2,614,927		16,296,220	18,911,147
	Other payables	40,545,794	6,229,902		598,443,426	645,219,122
		48,706,473	**8,844,830**		**614,739,646**	**672,290,948**
27	**Taxation**					
	As at 01 January		24,588,223		(27,634)	
	Charge for the year		114,621,654		88,160,277	
	Payment made during the year		(135,020,743)		(63,544,419)	
	As at 31 December		**4,189,134.49**		**24,588,223**	
28 a	**Interests Members deposits**					
	As at 01 January		1,799,633,563		1,459,285,059	
	Proposed interest on members deposits		1,930,490,578		1,738,381,901	
	Payments during the year		(1,677,607,902)		(1,398,033,397)	
	Prior year Over provision		-		-	
	As at 31 December		**2,052,516,239**		**1,799,633,563**	
b	**Dividend, Honoraria & Staff Bonus**					
	As at 01 January		239,528,848		183,884,968	
	Payments during the year		(239,516,516)		(183,884,968)	
	Proposed dividends to members		281,879,977		217,028,799	
	Proposed BOD Honoraria & Staff Bonus		27,200,000		22,500,049	
	As at 31 December		**309,092,309**		**239,528,848**	

The directors recommended a provision of 8.5% (2022:8.0%) interest on members deposits and a provision of 12%(2022:10%) dividends on share capital.

		2023	2022
		Kshs	**Kshs**
29	**Share Capital**		
	Undetermined number of shares of Kshs 20/= each issued and paid		
	As at 01 January	2,170,287,989	2,056,298,992
	Issued Share Capital	178,719,720	113,988,997
	As at 31 December	**2,349,007,709**	**2,170,287,989**
30	**Reserves**		
	Assets revaluation reserve	2,564,740,896	2,564,740,896
	Statutory reserves	1,274,121,187	1,113,210,710
	Capital reserves	158,366,719	158,366,719
	Retained Earnings	972,196,805	685,789,205
		4,969,425,608	**4,522,107,530**
31	**Loan Guard/Sinking fund**		
	Income Member Contributions	212,345,282	214,906,132
	Receipts from CIC	1,142,350,138	1,018,937,625
	CIC Claims Recovered	16,121,000	6,330,000
	Claims in transit	26,108,821	(25,749,137)
	Contributions during the year	**1,396,925,240**	**1,214,424,620**
	Expenditure		
	Funeral expenses	1,168,458,958	993,188,488
	Premiums Paid Loan Guard Insurance Cover Plus financing costs	432,538,893	405,248,616
	Loans claimable from CIC	-	-
		1,600,997,851	**1,398,437,104**
	Deficit for the year	**(204,072,611)**	**(184,012,484)**
32	**Rights of use assets (IFRS16)**		
	Cost:		
	At start of the year	50,909,445	29,710,183
	New lease	-	21,199,261
	Eliminated after end of lease	-	-
	At end of the year	**50,909,445**	**50,909,445**
	Accumulated depreciation:		
	At start of the year	26,637,411	20,705,186
	Charge for the year	5,932,225	5,932,225
	Eliminated upon lease end	-	-
	At end of the year	**32,569,636**	**26,637,411**
	Carrying Amount	**18,339,809**	**24,272,034**
33	**Lease liabilities (IFRS 16)**		
	At start of the year	28,497,076	12,186,030
	Additional	-	11,804,025
	Charge for the year	(6,158,601)	4,507,022
		22,338,475	**28,497,076**
	Non Current	-	-
	Current	22,338,475	28,497,076
		22,338,475	**28,497,076**
	Total Cash Outflow for leases in the year		
	Payment of principle portion of the lease liability	10,005,714	9,395,236
	Interest paid on lease liabilities	3,847,113	4,507,022
		13,852,826	**13,902,258**

		2023		2022
		Kshs		Kshs
34	**Staff Gratuity**			
	At start of the year	16,296,220		9,506,315
	Addition provision during the year	9,681,877		9,916,994
	Payment during the year	(4,712,661)		(3,127,089)
	At end of the year	**21,265,437**		**16,296,220**
	Analyzed as:			
	Current	-		-
	Non Current	21,265,437		16,296,220
		21,265,437		**16,296,220**
35	**Other Accrued liabilities**			
	Staff Outstanding leave days			
	At start of the year	2,718,651		3,209,018
	Charge to income statement	-		(490,367)
	At end of the year	**2,718,651**		**2,718,651**
36	**Related party transactions and balances**			
	The following transactions were carried out with related parties:			
a	**Insider deposits**			
	Total deposits and savings outstanding at year end			
	Due to Supervisory Committee	6,968,770		5,941,020
	Due to directors	30,856,094		34,576,799
	Due to key management	45,694,891		33,638,695
	Due to other employees	87,856,113		83,996,672
	At end of year	**171,375,868**		**158,153,185**
b	**Senior management personnel compensation**			
	Post employment benefit	67,309,848		33,381,814
	Due to other employees	360,895,795		394,928,229
		428,205,643		**428,310,043**
c	**Insider loans and Advances**			
	At start of year	400,356,448		337,340,359
	Advances	524,051,886		351,995,600
	Interest charged	69,511,856		55,390,576
	Repayment	(512,455,433)		(344,370,086)
	At end of year	**481,464,757**		**400,356,448**
	Analysis of Insider loans and Advances:			
	Directors	67,924,905		47,145,228
	Supervisory	12,525,311		6,142,490
	Key Management staff	94,496,334		82,275,215
	Other Employees	306,518,206		264,793,515
		481,464,757		**400,356,448**

Loans and advances to Directors and staff (related parties) are subject to interest rates that are applicable to all members, have due dates at the end of every month and are fully secured.

37 Commitments and contingencies

There are a number of cases against the Sacco pending before the courts for which rulings were yet to be made. The directors based on advise from the legal advisers do not expect any major claims to arise from these cases. Therefore no provision has been made in these financial statements.

38 Capital management

Internally imposed capital requirements

The society manages its capital to ensure that it will be able to continue as a going concern while maximising the return to members through the optimisation of the debt and equity balance.

The capital structure of the society consists of net debt calculated as sum of total borrowings and members' deposits (as shown in the statement of financial position) less cash and cash equivalents and equity (comprising investment shares, reserves and appropriation account).

The directors review the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

In order to maintain the capital structure, the society may adjust the amounts of dividends paid to members or sell assets to reduce debt. The society's overall strategy remain unchanged from 2022.

Externally imposed capital requirements

The Sacco Societies Act No. 14 of 2008 has established certain guidelines for the management of capital and working capital for deposit taking societies.

- core capital of not less than ten million shillings;
- core capital of not less than ten percent of total assets;
- institutional capital of not less than eight percent of total assets; and
- core capital of not less than eight percent of total deposits.
- maintain fifteen percent of its savings deposits and short term liabilities in liquid assets.

The ratios as at 31 December 2023 and 2022 were as follows:

	2023	2022
	Kshs	Kshs
a) Core capital of not less than Shs 10 million		
As per statement of financial position	4,753,692,420	4,241,643,619
b) Core capital of not less than 10% of total assets		
As per statement of financial position	12.3%	11.7%
c) Institutional capital of not less than 8% of total assets		
As per statement of financial position		
	6.2%	5.4%
d) Core capital of not less than 8% of total deposits		
As per statement of financial position	19.3%	17.9%

39 Incorporation

Harambee Savings and Credit Co-operative Society Limited is registered in Kenya under the Sacco Societies Act No. 14 of 2008 as Savings and Credit Co-operative Society and is domiciled in Kenya.

40 Presentation currency

The financial statements are presented in Kenya Shillings (Shs.)/Kenya Shillings rounded off to the nearest shilling

EAGLES
TEST BEFORE THEY TRUST

When a female eagle wants to choose a male partner, she flies down to earth with the male pursuing her and she picks a twig. She flies back into the air with the male pursuing her. Once she has reached a height high enough for her, she lets the twig fall to the ground and watches as it falls. The male chases after the twig. The faster it falls, the faster he chases it.
He has to catch it before it falls to the ground. He then brings it back to the female eagle.

The female eagle grabs the twig and flies to a higher altitude and then drops the twig for the male to chase. This goes on for hours, with the height increasing until the female eagle is assured that the male eagle has mastered the art of catching the twig which shows commitment. Then, and only then, will she allow him in.

Understanding our members and “mission-critical” stakeholders and what truly matters to them will enable us to build an ecosystem that guarantees the SACCO will live its purpose and offer an exceptional member experience.

We shall remain cautious in all our business dealings with partners and stakeholders. We plan to undertake various partnerships to leverage on their unique strengths and offerings for the benefit of our members. We promise to undertake due diligence while establishing the commitment of companies intended for partnerships .

#TheTurningPoint!
#TuvukePamoja!

NOTES

EAGLES

REJUVINATE

(RENEWAL IS A MUST!)

When an eagle grows old and his feathers become weak, he retires to a faraway place and plucks out every feather on his body. When his new feathers grow he comes out of his hiding place.

There are times in the past when we have experienced fatigue and that is normal. But just like the eagle, WE ARE REJUVINATED! Our strength is renewed and therefore, WE WILL SOAR! We shall endeavor to keep renewing ourselves to avoid failure.

We (Harambee DT SACCO), just like the eagle, are a symbol of courage, strength and immortality which are essential for business success!

#TheTurningPoint!
#TuvukePamoja!

0709 943 000 /0709 943 100
Harambee Sacco

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