C/S 4627

MHASIBU
DT SACCO SOCIETY LTD
Since 1986

MHASIBU REGULATED DT SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Ronalds

Contents

Corporate Information

Our Vision; To be a Sacco of excellence among the best managed in the World.

Mission; To mobilize savings and economically empower members to attain financial independence.

Core Values

Customer focus; We strive to creating long term and profitable relationships with our customers.

Accountability; We uphold honesty, transparency & disclosure in all our operations.

Professionalism; We are a Sacco for professionals maintain a high level of work ethics and service excellence.

Integrity; We are committed to being truthful, and responsible to all our actions.

Teamwork; We are committed to an environment where every person is a valued.

Innovation; We are open to ideas that challenge our normal ways and drive innovation.

About Us

Mhasibu DT SACCO is a Regulated Deposit Taking Savings and Credit Co-operative Society (SACCO) for all Professionals. Mhasibu Sacco's name is derived from the word Mhasibu, a Swahili word which means 'accountant'. The formation of Mhasibu Sacco was spearheaded by ICPAK on 16th April 1986 with the purpose of providing savings and credit facilities to our members. The SACCO has since grown to accommodate all professionals. Our success is attributed to our Vision, Mission and Core Values. Our performance-driven spirit is felt everywhere, from our sustainability, consistent growth and results, our stakeholders, our competitive products portfolio, our strong market positioning, and digital presence and being among the leading SACCOs in Kenya. Our focus remains to enhance member convenience through excellent customer experience.

In the last 38 years, our membership has grown from a paltry 37 to 28,196 members globally. The SACCOis licenced by the Sacco Societies Regulatory Authority (SASRA) and has transitioned from a non-withdrawable deposit taking to deposit taking SACCO as from August 2024. The growth of the SACCO has been tremendous registering an asset base of over 11 billion, Loan portfolio of over 9 billion during the year under review.

The Sacco operates and is governed by the Co-operative Societies Act 2004 and its revised Act of 2012 and the Sacco Societies Regulatory Authority (SASRA) regulations. Sacco members have approved Sacco bylaws that also govern operations. Mhasibu Sacco members elect the Board of Directors whose role is to direct Sacco Affairs while the Supervisory Committee is the oversight arm for the members. The Board has put in place policies that guide operations and they are updated from time to time.

Our Sustainability Strategy

Mhasibu Sacco's sustainability strategy is deeply attuned to the dynamic macroeconomic and microeconomic environment in Kenya. As the financial landscape continues to evolve, our focus is on leveraging digital transformation to enhance member services, drive operational efficiency, and ensure sustainable growth.

The macroeconomic outlook for Sub-Saharan Africa in 2024 remains cautiously optimistic, with projected growth at 3%, despite challenges such as slow investment growth, conflicts, and climate change. The Kenyan economy experienced moderate growth, with GDP expanding by 5.3%. However, inflationary pressures persisted, with inflation averaging 6.8% for the year. This impacted on the cost of living and borrowing, necessitating careful financial management by the Sacco to ensure affordability for our members. The Central Bank of Kenya's Financial Sector Stability Report 2024 highlights the resilience of the Kenyan economy, underpinned by adequate capital and liquidity buffers. This resilience provides a strong foundation for Mhasibu Sacco to continue delivering value to its members.

With over 38 years of service, Mhasibu Sacco has consistently balanced investments, growth, and attractive returns for its members through dividends and interest on deposits. Our strong financial position enables us to provide members with competitive returns and financial flexibility, even in a rapidly changing business environment marked by increased competition and economic uncertainties. In 2024, Mhasibu Sacco demonstrated resilience by achieving growth in revenue, assets, loans, deposits, and membership. Despite challenges such as loan defaults due to economic hardships and intensified competition, technological advancements have been pivotal in driving our performance.

Our commitment to innovation is at the heart of our sustainability strategy. We continuously enhance our products and services through member feedback and engagement, turning challenges into opportunities. By embracing digital solutions, we aim to improve service delivery, streamline operations, and enhance member experiences.

Looking ahead, Mhasibu Sacco will prioritize digital transformation, focusing on expanding our digital platforms, automating processes, and leveraging data analytics to offer personalized financial solutions. Our goal is to meet the evolving needs of our members while optimizing our resources for long-term sustainability. As we navigate the complexities of the financial sector, our members remain at the core of our mission to build a sustainable, digitally empowered future.

As a Sacco, we are continuously innovating our products and services while accommodating feedback and engagements with our members to address these challenges and turning them into opportunities for enhanced service delivery. Mhasibu will continue to deliver value through technology and excellent services amidst the changing business environment by focusing on members' changing needs and maximizing Sacco resources to build sustainable business growth.

Financial and statistical Information

		Group		Sacco	
		2024	2023	2024	2023
		Numbers	Numbers	Numbers	Numbers
Membership	Active	24,036	22,296	24,036	22,296
	Dormant	4,160	3,132	4,160	3,132
Total		28,196	25,428	28,196	25,428
Financial					
		Shs	Shs	Shs	Shs
Total Assets		12,285,313,465	10,594,322,138	11,217,708,771	9,779,733,243
Members' Deposits		8,674,568,131	7,622,978,716	8,674,568,131	7,622,978,716
Loans and advance to members		9,180,390,139	7,560,941,526	9,180,390,139	7,560,941,526
Financial Investments		152,371,484	136,256,138	152,371,484	136,256,138
Core Capital		1,452,599,437	1,177,023,730	1,123,712,003	848,020,869
Share Capital		977,865,020	838,980,060	977,865,020	838,980,060
Insitutional Capital		527,552,705	397,596,258	351,036,755	204,849,534
Total revenue		1,370,236,847	1,136,393,268	1,281,036,428	1,065,616,588
Total interest income		1,251,097,736	1,041,414,596	1,249,920,346	1,038,570,254
Total expenses		397,039,044	298,353,541	323,497,660	240,785,783
Interest on member deposits		646,528,711	610,646,254	646,528,711	610,646,254
Dividend on share capital		136,177,155	130,261,336	136,177,155	130,261,336
Employees of the Sacco	Male	32	27	24	19
	Female	36	32	27	23
		68	**59**	**51**	**42**

Key ratios:	**Statutory requirement**	**2024**	**2023**	**2024**	**2023**
	%	**%**	**%**	**%**	**%**
Capital adequacy ratios					
Core capital/Total Assets	10*	12	11	10	9
Core capital/Total Deposits	8*	17	15	13	11
Institutional Capital/Total Assets	8*	4.3	4	3.1	2.1
Liquidity ratio					
Liquid assets/Total Deposits and short-term liabilities	15*	10	19	11	20
Liquid assets/Short-term savings & liabilities	15*	96	178	94	173
Operating efficiency/loan quality ratios					
Net loans/ Total Assets	70-80	75	71	82	77
Deposit/Total Assets	70-80	71	72	77	78
Total expenses/Total revenue		29	26	25	23
Interest to members deposits/Total revenue		47	52	50	57
Interest rate on members' deposits		8	8.6	8	8.6
Dividend rate on members share capital		15	15.5	15	15.5
Total deliquent loans/gross loan portfolio	<5%	4.96	4.91	4.96	4.91

Report of the Board of Directors

The Board of Directors has the pleasure to submit their annual report together with the audited consolidated financial statements for the year ended 31st December 2024, which disclose the state of affairs of the Sacco and the group.

Incorporation

The society is incorporated in Kenya under the Cooperative Societies Act, Cap 490 and Licensed under the Sacco Societies Act No. 14 of 2008.The Society is domiciled in Kenya

Principal Activities

The principal activity of the society continued to be that of receiving savings from and providing loans to its members.

Results

	Group		Sacco	
	2024	**2023**	**2024**	**2023**
	Shs	**Shs**	**Shs**	**Shs**
Surplus before tax	321,099,629	217,810,203	311,010,057	214,184,551
Income tax expense	(33,211,739)	(34,053,903)	(25,192,566)	(30,154,587)
Net surplus for the year after tax	287,887,889	183,756,300	285,817,491	184,029,965
Other comprehensive income, net of tax	14,944,711	(3,728,070)	13,613,044	(3,728,070)
Total comprehensive income for the year	304,464,976	180,303,316	299,430,535	180,301,894
Interest on members deposits and savings	646,528,711	610,646,254	646,528,711	610,646,254

Business Review

During the financial period the society's turnover increased by **Shs. 233,843,579** and profit before tax increased by **Shs. 103,346,926** majorly due to increase in interest from loans and other operating income.

Investment shares

The issued and paid up share capital of the society increased during the year from **Shs.838,980,060.** to **Shs. 977,865,020**

Dividend/Interest on members' deposits

The Directors recommend interest on members' deposits at **8% (2023: 8.6%)** and dividends on share capital at **15% (2023: 15.5%)** subject to approval by members during the Annual General Meeting (AGM).

SACCO Officials

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

Corporate Governance Contd

Risk Management and Internal Controls

The Society has systems and processes to ensure that requisite controls, security of assets and accurate financial reporting through an effective and reasonable accounting system is in place.

The role of the Board and Management is to ensure that the adequate internal controls and risk management strategies are maintained continuously to provide assurance on effectiveness and efficiency of operations, safeguarding of society assets, compliance with laws and regulations and business stability.

Business standards and Code of Ethics

At Mhasibu SACCO, we are committed to ethical financial reporting by upholding integrity, transparency, and accountability. Our financial statements reflect accurate data, comply with standards, and ensure confidentiality, fostering trust and professionalism among all stakeholders.

The Society is committed to adherence to the highest standards of integrity, behavior and ethics in dealing with all its stakeholders through enforcement of formal code of ethics for both the Board and Staff.

Corporate Social Responsibility

The Society is involved in social responsibility as a way of appreciating partnerships with its stakeholders and supporting cases within environment and industry in which it operates subject to its approved annual budget provisions. Supporting or participating in these activities has helped in enhancement of the Society image thus brand visibility among stakeholders and does not conflict with its core objectives.

In line with the strategic plan, the Board and management are committed to impacting positively on the Society by participating economically, environmentally and socially. The Sacco actively co-operates with the community locally, regionally, nationally and internationally to better serve the interests of the members and the community. We also demonstrate concern to the community in which we exist and operates through CSR activities annually.

Communication With Members and Stakeholders

The Society provides information regarding its performance by distribution of annual reports and financial statements to all members as discussed at the Annual General Meeting (AGM). Members and stakeholders' access relevant information about the Sacco through various publications including the newsletter, monthly E-Bulletins, the society's website, notices, print and social media among others.

Statement of Directors' Responsibilities

The Sacco Societies Act No. 14 of 2008 requires the directors to ensure that the management maintains proper 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 the 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 31st December 2024 and of the society's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Sacco Societies Act No. 14 of 2008.

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

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

The Financial statements were approved at a meeting of the Board of Directors held on 11th FEBRUARY 2025 and signed on its behalf by:

.... **Chairman**

.... **Treasurer**

.... **Hon Secretary**

Consolidated Statement of Comprehensive Income

	Notes	Group 2024 Shs	Group 2023 Shs	Sacco 2024 Shs	Sacco 2023 Shs
Revenue					
Interest income	2(a)	1,130,411,926	853,539,677	1,130,411,926	853,539,677
Other interest income	2(b)	120,685,810	187,874,918	119,508,420	185,030,577
Total interest income		**1,251,097,736**	**1,041,414,596**	**1,249,920,346**	**1,038,570,254**
Interest expenses	2(c)	(652,098,174)	(620,229,523)	(652,098,174)	(619,972,541)
Net interest income		**598,999,562**	**421,185,072**	**597,822,171**	**418,597,713**
Other operating income	2(d)	119,139,111	94,978,672	31,116,082	27,046,334
Impairment charges	2(e)	(94,437,691)	(48,800,000)	(94,437,691)	(48,800,000)
Administrative expenses	2(f)	(190,273,319)	(151,594,168)	(144,173,775)	(111,812,652)
Governance expenses	3(a)	(27,233,580)	(27,931,049)	(20,572,613)	(20,532,901)
Member expenses	3(b)	(16,439,690)	(13,826,900)	(16,199,491)	(13,531,204)
Marketing expenses	3(c)	(33,649,146)	(29,793,003)	(20,567,696)	(18,116,894)
Other operating expenses	3(d)	(35,005,617)	(26,408,420)	(21,976,932)	(18,665,845)
Profit before tax	23	**321,099,629**	**217,810,203**	**311,010,057**	**214,184,551**
Income tax expense	23	(33,211,739)	(34,053,903)	(25,192,566)	(30,154,587)
Tax income	13	1,632,376	275,086	-	-
Net operating surplus after tax		**289,520,265**	**184,031,386**	**285,817,491**	**184,029,965**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
- Fair value (loss)/gain on financial assets	24(vi)	17,347,013	(3,924,285)	16,015,346	(3,924,285)
- Deferred tax on fair value	24(vi)	(2,402,302)	196,214	(2,402,302)	196,214
Total comprehensive income for the year		**304,464,976**	**180,303,316**	**299,430,535**	**180,301,894**

The notes on pages 17 to 51 form an integral part of these financial statements.
Report of the independent auditor - pages 9 to 11.

Consolidated Statement of Financial Position As At 31st December 2024.

		Group		Sacco	
	Notes	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Assets					
Cash and cash equivalents	4	1,006,865,475	1,684,843,349	993,925,987	1,636,902,580
Prepayments and receivables	5	886,386,723	310,970,452	522,028,036	118,696,753
Tax recoverable	6	31,764,266	37,363,667	31,109,098	24,515,775
Loans and advances	7	9,180,390,139	7,560,941,526	9,180,390,139	7,560,941,526
Financial assets	8	152,371,484	136,256,138	152,371,484	136,256,138
Inventories	9	686,651,148	558,657,169	-	-
Right-of-use assets	10	19,998,047	2,436,038	9,019,072	2,436,038
Property and equipment	11	295,138,817	287,242,013	25,727,356	23,414,937
Intangible assets	12	18,587,514	10,083,677	18,576,994	10,008,890
Deferred tax asset	13	7,159,853	5,528,111	-	-
Amount due from subsidiaries	14	-	-	94,560,606	76,560,606
Investment in subsidiaries	15	-	-	190,000,000	190,000,000
Total Assets		**12,285,313,465**	**10,594,322,138**	**11,217,708,771**	**9,779,733,243**
Liabilities					
Interest due to members	16	646,528,711	610,646,254	646,528,711	610,646,254
Members' deposits	17-18	8,674,568,131	7,622,978,716	8,674,568,131	7,622,978,716
Borrowings	19	178,483,974	-	-	-
Lease liabilities	20	20,560,872	2,616,691	9,461,449	2,616,691
Trade and other payables	21	839,200,235	739,560,981	121,322,713	84,667,160
Deferred tax liability	22	6,465,184	4,062,882	6,465,184	4,062,882
		10,365,807,107	**8,979,865,524**	**9,458,346,187**	**8,324,971,703**
Financed by:-					
Share capital	24(i)	977,865,020	838,980,060	977,865,020	838,980,060
Statutory reserve	24(ii)	272,506,891	214,602,838	271,766,052	214,602,554
Revenue reserve	24(iii)	354,599,009	259,696,970	216,452,415	120,694,392
Credit risk reserve	24(iv)	52,818,288	59,552,588	52,818,288	59,552,588
Proposed dividends and honorarium	24(v)	141,177,155	135,261,336	141,177,155	135,261,336
Fair value reserve	24(vi)	100,615,321	85,670,610	99,283,654	85,670,610
Equity attributable to parent		**1,899,581,685**	**1,593,764,402**	**1,759,362,584**	**1,454,761,540**
Non controlling interest	24(vii)	19,924,672.79	20,692,213	-	-
Total liabilities and capital		**12,285,313,465**	**10,594,322,138**	**11,217,708,771**	**9,779,733,243**

The financial statements on pages 12 to 51 were approved and authorised for issue by the Board of Directors on 11TH FEBRUARY 2025 and were signed on its behalf by:

Chairman ....

Treasurer ....

Hon Secretary ....

APPROVED
for publication and presentation to AGM or ADM subject to observations issued
18 FEB 2025
SIGN: ....
THE SACCO SOCIETIES REGULATORY AUTHORITY

The notes on pages 17 to 51 form an integral part of these financial statements.

Report of the independent auditor - pages 9 to 11.

Consolidated Statement of Changes in Equity

Year ended 31st December 2024	Notes	Share Capital Shs	Revaluation Reserve Shs	Statutory Reserve Shs	Revenue Reserve Fund Shs	Credit Risk Reserve Shs	Proposed Dividends Shs	Total Shs
At start of year								
As previously stated		838,980,060	85,670,610	214,602,838	259,696,970	59,552,588	135,261,336	1,593,764,402
Prior year adjustment(s)	24 (iii&v)				1,546,885		(800,000)	746,885
'As restated		**838,980,060**	**85,670,610**	**214,602,838**	**261,243,855**	**59,552,588**	**134,461,336**	**1,594,511,287**
Changes in Equity								
Transfer to Credit Risk Reserve	24(iv)				6,734,300	(6,734,300)		
Profit for the year	24(iii)	-	-	-	289,520,265	-	-	289,520,265
Fair value of gain /loss	24(vi)		17,347,013					17,347,013
Deferred tax on fair value loss	24(vi)	-	(2,402,302)	-	-	-	-	(2,402,302)
Transfer to statutory reserve	24(ii)	-	-	57,904,053	(57,904,053)	-	-	-
Transactions with owners:								
Issue of investment shares	24(i)	138,884,960	-	-	-	-	-	138,884,960
2023-Proposed Honararium	24(v)	-	-	-		-	(4,200,000)	(4,200,000)
2023-Proposed Dividends	24(v)	-	-	-		-	(130,261,336)	(130,261,336)
2024-Proposed Honararium	24(v)				(5,000,000)	-	5,000,000	
2024-Proposed Dividends	24(v)				(136,177,155)	-	136,177,155	
Minority interest	24(vii)		-	-	(3,818,202)	-	-	(3,818,202)
At end of year		**977,865,020**	**100,615,321**	**272,506,891**	**354,599,009**	**62,818,288**	**141,177,156**	**1,899,581,686**
Year ended 31 December 2023	**Notes**	**Share Capital Shs**	**Revaluation Reserve Shs**	**Statutory Reserve Shs**	**Revenue Reserve Fund Shs**	**Credit Reserve Shs**	**Proposed Dividends Shs**	**Total Shs**
At start of year		**703,376,980**	**89,398,680**	**177,796,561**	**311,232,267**	-	**109,900,149**	**1,391,704,636**
As restated		**703,376,980**	**89,398,680**	**177,796,561**	**311,232,267**	-	**109,900,149**	**1,391,704,636**
Changes in Equity								
Transfer to Credit Risk Reserve	24(iv)	-	-	-	(59,552,588)	59,552,588	-	-
Profit for the year	24(iii)	-	-	-	184,031,386	-	-	**184,031,386**
Fair value of gain /loss	24(vi)		(3,924,285)					**(3,924,285)**
Deferred tax on fair value loss	24(vi)	-	196,214	-	-	-	-	**196,214**
Transfer to statutory reserve	24(ii)	-	-	36,806,277 -	36,806,277	-	-	-
Transactions with owners:								
Issue of investment shares	24(i)	135,603,080	-	-	-	-	-	**135,603,080**
2022 - Proposed honorarium	24(v)	-	-	-	-	-	(4,000,000)	**(4,000,000)**
2022 - Proposed dividend	24(v)	-	-	-	-	-	(105,900,149)	**(105,900,149)**
2023-Proposed Honararium	24(v)	-	-	-	(5,000,000)	-	5,000,000	-
2023-Proposed Dividends	24(ii)	-	-	-	(130,261,336)	-	130,261,336	-
Minority interest	24(vii)	-	-	-	(3,946,482)	-	-	**(3,946,482)**
At end of year		**838,980,060**	**85,670,610**	**214,602,838**	**259,696,970**	**59,552,588**	**135,261,336**	**1,593,764,402**

Sacco Statement of Changes in Equity

Year ended 31st December 202	Notes	Share Capital Shs	Revaluation Reserve Shs	Statutory Reserve Shs	Revenue Reserve Fund Shs	Credit Risk Reserve Shs	Proposed Dividends Shs	Total Shs
At start of year		838,980,060	85,670,610	214,602,554	120,694,392	59,552,588	135,261,335	1,454,761,539
'Prior year adjustment(s)	24(iii&v)	-	-	-	1,546,885	-	(800,000)	746,885
'As restated		**838,980,060**	**85,670,610**	**214,602,554**	**122,241,277**	59,552,588	**134,461,335**	**1,455,508,424**
Changes in Equity								
Transfer to Credit Risk Reserve	24(iv)	-	-	-	6,734,299.87	(6,734,300)	-	-
Profit for the year	24(iii)	-	-	-	285,817,491	-	-	285,817,491
Fair value of gain /loss	24(vi)	-	16,015,346	-	-	-	-	16,015,346
Deferred tax on fair value loss	24(vi)	-	(2,402,302)	-	-	-	-	(2,402,302)
Transfer to statutory reserve	24(ii)	-	0.00	57,163,498	(57,163,498)	-	-	-
Transactions with owners:								
Issue of investment shares	24(i)	138,884,960	-	-	-	-	-	138,884,960
2023 - Honorarium paid	24(v)	-	-	-	-	-	(4,200,000)	(4,200,000)
2023 - Dividends Paid	24(v)	-	-	-	-	-	(130,261,335)	(130,261,335)
2024 - Proposed honorarium	24(v)	-	-	-	(5,000,000)	-	5,000,000	-
2024 - Proposed dividend	24(v)	-	-	-	(136,177,155)	-	136,177,155	-
At end of year		**977,865,020**	**99,283,654**	**271,766,052**	**216,452,415**	**52,818,288**	**141,177,155**	**1,759,362,584**

Year ended 31 December 2023	Notes	Share Capital Shs	Revaluation Reserve Shs	Statutory Reserve Shs	Revenue Reserve Fund Shs	Credit Reserve Shs	Proposed Dividends Shs	Total Shs
At start of year		703,376 980	89,398,680	177,796,561	168,284,345	-	109,900 149	1,248,756,715
As restated		**703,376,980**	**89,398,680**	**177,796,561**	**168,284,345**	-	**109,900,149**	**1,248,756,715**
Changes in Equity								
Transfer to Credit Risk Reserve	24(iv)	-	-	-	(59,552,588)	59,552,588	-	-
Profit for the year	24(iii)	-	-	-	184,029,965	-	-	184,029,965
Fair value of gain /loss	24(vi)	-	(3,924,285)	-	-	-	-	(3,924,285)
Deferred tax on fair value loss	24(vi)	-	196,214	-	-	-	-	196,214
Transfer to statutory reserve	24(ii)	-	-	36,805,993	(36,805,993)	-	-	-
Transactions with owners:								
Issue of investment shares	24(i)	135,603,080	-	-	-	-	-	135,603,080
2022 - Honararium paid	24(v)	-	-	-	-	-	(4,000,000)	(4,000,000)
2022 - Dividends Paid	24(v)	-	-	-	-	-	(105,900,149)	(105,900,149)
2023 - Proposed honorarium	24(v)	-	-	-	(5,000,000)	-	5,000,000	-
2023 - Proposed dividend	24(v)	-	-	-	(130,261,336)	-	130,261,336	-
At end of year		**838,980,060**	**85,670,610**	**214,602,554**	**120,694,392**	**59,552,588**	**135,261,336**	**1,454,761,540**

Statement of cash flows

		Group		Sacco	
	Notes	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Cash flows from operating activities					
Interest income	2(a)	1,130,411,926	853,539,677	1,130,411,926	853,539,677
Other interest income	2(b)	120,685,810	187,874,918	119,508,420	185,030,577
Other operating income	2(d)	105,140,196	81,430,554	17,117,167	13,498,216
Interest payments	2(c)	(614,668,832)	(523,129,202)	(614,668,832)	(523,129,202)
Payment to employees and suppliers	2f & 3a	(429,492,245)	(287,750,392)	(349,467,595)	(217,063,980)
Honorarium paid	24(v)	(4,200,000)	(4,000,000)	(4,200,000)	(4,000,000)
		307,876,854	307,965,556	298,701,085	307,875,289
Changes in operating assets					
Loans and advances to members	7	(1,619,448,613)	(1,303,611,825)	(1,619,448,613)	(1,303,611,825)
Receivables and prepayments	5	(575,416,271)	3,924,284	(403,331,283)	(50,327,292)
Inventories	9	(127,993,979)	(95,759,852)	-	-
Due from subsidiaries	14	-	(1,488,888)	(18,000,000)	25,306
Changes in operating liabilities					
Members deposits	17-18	1,051,589,414	862,757,847	1,051,589,415	862,757,847
Trade and other payables	21	90,639,255	77,756,504	27,655,553	20,074,767
Lease liabilities	20	(7,643,904)	(8,152,124)	(7,643,904)	(8,152,124)
Net cash from operating activities before income taxes		(880,397,244)	(156,608,498)	(670,477,747)	(171,358,032)
Income tax paid	23	25,192,566	(61,916,803)	25,192,566	(40,545,718)
Net cash from operating activities		**(855,204,678)**	**(218,525,301)**	**(645,285,181)**	**(211,903,750)**
Investing activities					
Purchase of property and equipment	11	(24,402,025)	(11,298,388)	(20,313,952)	(7,210,315)
Purchase of intangible assets	12	-	(47,000)	-	-
Proceeds from disposal of assets	11	522,317	55,300	-	-
Dividends received		13,998,915	13,534,024	13,998,915	13,534,024
Net cash used in investing activities		(9,880,793)	2,243,936	(6,315,037)	6,323,709
Financing activities					
Proceeds from issue investment shares	24(i)	138,884,960	135,718,080	138,884,960	135,718,080
Net movement in borrowing	19	178,483,974	(16,369,872)	-	-
Dividend paid	24(v)	(130,261,336)	(105,900,149)	(130,261,335)	(105,900,149)
Net cash from financing activities		**187,107,598**	**13,448,059**	**8,623,625**	**29,817,931**
Net cash inflows		(677,977,873)	(202,833,306)	(642,976,593)	(175,762,110)
Cash and cash equivalents as at start of year		1,684,843,349	1,887,676,655	1,636,902,580	1,812,664,690
Cash and cash equivalents as at end of year	4	**1,006,865,476**	**1,684,843,349**	**993,925,987**	**1,636,902,580**

The notes on pages 17 to 51 form an integral part of these financial statements.

Report of the independent auditor - pages 9 to 11.

Notes

1. **Significant Accounting Policies**

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

a) **Basis of preparation**

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

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

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

Going concern

The financial performance of the society is set out in the report of the directors and in the statement of profit or loss and other comprehensive income. The financial position of the society is set out in the statement of financial position. Disclosures in respect of risk and capital management are set out in notes 26 and 27, respectively.

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

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

New and amended standards adopted by the society

The society applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The society has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Society. The Society intends to use the practical - expedients in future periods if they become applicable.

1 Accounting policies(continued)

a) Changes in accounting policy and disclosures(continued)

ii. Standards, interpretations and amendments issued but not effective and have not been early adopted by the Society.

Title	Key requirements	Effective date
The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability- Amendments to IAS 21	The amendment to IAS 21 clarifies on when a currency is exchangeable into another currency and also how a company estimates a spot rate when a currency lacks exchangeability. The amendments also includes additional disclosure requirements to help users to assess the impact of using an estimated exchange rate on the financial statements.	1-Jan-25
Presentation and Disclosure in Financial Statements-IFRS 18	IFRS 18 replaces IAS 1, introducing structured financial statement changes. It defines new subtotals like 'operating profit' and mandates categorization of income and expenses into operating, investing, and financing. Companies must present operating expenses clearly, using nature, function, or a mixed approach, with new disclosures for function-based reporting. IFRS 18 also regulates Management-defined Performance Measures (MPMs), requiring explanations and reconciliations. The standard enhances information disaggregation, discouraging vague labels like 'other.' Additional changes impact cash flow classification and goodwill presentation. Transitioning entities must provide reconciliations for restated profit or loss figures compared to previous IAS 1 presentations.	1-Jan-27
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non- current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	1 January 2022 [possibly deferred to 1 January 2024]

NOTES (CONTINUED)

28 **Comparatives**

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

29 **Contingent liabilities**

The Directors are of the opinion that there are no contigent Liabilities that will affect the performance of the Society in the current year.

30 **Incorporation**

Mhasibu Regulated DT Savings and Credit Co-operative Society Ltd is registered in Kenya under the Societies Act as a Savings and Credit Co-operative Society and is domiciled in Kenya.

31 **Presentation currency**

The financial statements are presented in Kenya Shillings (Shs.)

32 **Events after reporting period**

In the opinion of the Directors, there are no material events after the statement of financial position date which require disclosure.