THE SACCO SOCIETY REGULATORY AUTHORITY
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SAWA REGULATED NON WDT SACCO SOCIETY LIMITED CS/3859

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

APPROVED
for publication and presentation
to AGM or ADM subject to observations Issued
06 MAR 2026
SIGN: .....
THE SACCO SOCIETIES REGULATORY
AUTHORITY

CS/3859

Sawa Regulated Non WDT Sacco Society Ltd

Annual Report & Financial Statements

For the Year ended 31st December 2025

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Society Information

Board Members

Paul Kigame	Chairperson
Joy Gachoka Omondi	Vice chairperson
Edward Okabi	Treasurer
Anthony Mwikia	Hon. Secretary
Geoffrey Ngei	Member
Sammy Tuei	Member
Cyndi Rotich	Member
Peter Mbire	Member
Dominic Mbugua	Member

Supervisory Committee

John Kodonde	Chairman
Bernard Nyambu	Secretary
Paul Mwago	Member

Education Committee

Joy Gachoka Omondi	Chairman
Peter Mbire	Secretary
Dominic Mbugua	Member

Credit Committee

Geoffrey Ngei	Chairman
Cyndi Rotich	Secretary
Sammy Tuei	Member

Chief Executive Officer Josephine N Muchoki

Registered office
West Park Suites
Ojijo Road, Westlands, Nairobi
P.O.BOX 8586-00100
Nairobi.

Auditors
Wangombe & Associates
Certified Public Accountants
P.O. Box 19255, 00100
NAIROBI

Principal bankers
Co-operative Bank of Kenya
Westands Branch
P.O. Box 67881
NAIROBI

REPORT OF THE DIRECTORS

The Board of directors submit their report together with the audited financial statements for the year ended 31st December 2025 which disclose the state of affairs of the Society.

INCORPORATION

The Society is incorporated in Kenya under the Co-operatives Societies Act, Cap 490 and its 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

	2025 Kshs	2024 Kshs
Surplus for the year	**5,236,505**	**6,687,205**
Income tax expenses	(221,257)	(97,874)
Net surplus for the year	**5,015,248**	**6,589,331**
Statutory Reserve 20%	(1,003,050)	(1,317,866)
Retained Surplus for the year	**301,991**	**2,631,149**
Interest on Members' Deposits	27,500,000	27,000,000

INVESTMENT SHARES

The issued and paid up share capital of the society was increased during the year to Kshs. 16,477,072.00 from Kshs. 15,602,109.00.

DIVIDENDS AND INTEREST

The directors have recommended payment of 10% (2024: 8.6%) as dividend on investment shares and 8.94% (2024: 8.12%) interest on Sacco deposits.

DIRECTORS

The members of the board of directors who served during the year and to the date of this report are set out on page 1.

INDEPENDENT AUDITOR

The society's auditor, Wangombe & Associates, were appointed during the year and has indicated willingness to continue in office in accordance with Sacco Societies Act No. 14 of 2008.

BY ORDER OF THE BOARD

Signature.....**Date**.....19-02-.....**2026**

HON. SECRETARY

Statistical Information

		Threshold	2025	2024
Number of Active Members			447	431
Non active members			29	13
			476	444
Number of employees	Female		1	1
	Male		1	1
			2	2
Share Capital			16,477,072	15,602,109
Members Deposits			332,224,836	364,533,456
Gross Loans to Members			350,497,255	379,503,967
Net Loans to Members			345,510,795	374,432,395
Total Assets			398,730,481	427,859,638
Liquid Assets			38,468,748	32,187,445
Short term Liabilities			27,725,063	27,795,495
Reserves			18,593,304	17,288,263
Revenue			42,157,597	43,324,924
Core Capital			38,780,583	32,890,371
Key Ratios				
Capital adequacy				
Core capital /Total Assets		8%	9.73%	7.69%
Core capital/Total Deposits		5%	11.67%	9.02%
Retained Earnings& Disclosed reserves/Core capital		50%	47.94%	52.56%
Liquidity ratios				
Liquid assets/Short term liabilities			138.75%	115.80%
Liquid Assets/Total Deposits & Current Liabilities		10%	11.57%	8.81%
Operating efficiency/Loan quality ratios				
Expenses to revenue			26.05%	23.75%
Interest on Members deposits to revenue			65.23%	62.32%
Interest on Members deposit			8.94%	8.01%
Dividend rate on members share capital			10.00%	8.59%
Total deliquency Loans/Gross loan portfolio		5%	1.42%	1.34%

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 2025 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 19-02- 2026 and signed on its behalf by:



CHAIRMAN

TREASURER

BOARD MEMBER

CHIEF EXECUTIVE OFFICER

Wangombe & Associates

Certified Public Accountants
3rd Floor, Universal Plaza, Kikuyu.
P.O Box 19255-00100, Nairobi.
// +254 721 547140
// audit@bmw-associates.com

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF SAWA REGULATED WDT SACCO SOCIETY LIMITED

Opinion.

We have audited the accompanying financial statements of Sawa Non WDT Sacco Society Limited, which comprise the statement of financial position as at 31 December 2025, statement of comprehensive income, statement of changes in equity ,statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2025 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)and the requirements of the Kenyan Co-operative Societies Act Cap 490.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs).Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are indepedent auditors of the Sacco 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 the requirements and the IESBA Code.We believe the audit evidence we have obtained is sufficient and appropriate to provide 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 adressed in the context of our audit of the financial statements as a whole , and in forming our opinion . We do not provide a separate opinion on those matters.

Board of director's responsibility for the financial statements

The board of director's of the Society are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Co-operative Act, and for such internal control as the Board of directors may determine is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of director's are responsible for acessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to the going concern basis of accounting unless the board of directorseither intend to liquidate the society or to cease operations,or have no realistic alternative but to do so.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements as a whole are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

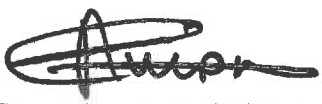
Report on other legal requirements

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

(A) In accordance with the provisions of the Cooperative Societies Act.

(B)In accordance with the Co-operatives objectives, by-laws and any other resolutions made by the Society at a general meeting.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Amon Kimani Kinyanjui - P/No. 2266.



For and on behalf of Wangombe & Associates

Certified Public Accountants

NAIROBI

19TH FEBRUARY **2026.**



UNIQUE CODE: 83776260219

Wangombe & Associates
Certified Public Accountants
P. O. Box 19255 - 00100
Nairobi

Statement of Comprehensive income

Revenue	Notes	2025 Kshs	2024 Kshs
Interest on loans	2	38,897,613	40,929,125
Interest expense	13	(27,500,000)	(27,000,000)
Net Interest Income		**11,397,613**	**13,929,125**
Other operating income	3a	3,259,984	2,395,799
Income from investments	3b	1,475,785	652,924
Loan provision movement	3c	85,112	-
Total Revenue		**16,218,494**	**16,977,848**
Expenses			
Personnel expenses	4a	3,515,364	3,806,814
Adminstration expenses	4b	2,802,578	2,234,234
Governance expenses	4c	1,824,096	1,106,500
Marketing expenses	4d	20,000	14,500
Financial expenses	4e	1,998,042	2,476,634
Repairs & maintenance	4f	259,808	172,240
Other operating expenses	4g	562,101	479,720
Total expenditure		**10,981,989**	**10,290,643**
Surplus before tax		5,236,505	6,687,205
Income tax expense	15 a	(221,257)	(97,874)
Surplus for the Year		5,015,248	6,589,331
20% transfer to statutory reserves		(1,003,050)	(1,317,866)
SURPLUS AVAILABLE FOR DISTRIBUTION		4,012,199	5,271,465
Provision for Honoraria		(2,062,500)	(1,300,000)
Provision for dividend		(1,647,707)	(1,340,316)
RETAINED EARNINGS FOR THE YEAR		**301,991**	**2,631,149**

Statement of Financial Position

Assets	Notes	2025 Kshs	2024 Kshs
Cash and cash equivalent	5	38,468,748	32,187,445
Other financial assets	6	10,000	10,000
Loans to members	7	345,510,795	374,432,395
Trade and other receivables	9	11,458,047	18,393,175
Property and equipment	17	1,756,392	1,789,597
Intangible assets	18	1,347,770	1,047,027
Tax Receivable	15b	178,729	-
Total assets		**398,730,481**	**427,859,638**
Liabilities			
Members deposits	8	332,224,836	364,533,456
Trade payables and accrued expenses	10	225,063	795,495
Interest on Member's Deposit	13	27,500,000	27,000,000
Total liabilities		**359,949,899**	**392,328,951**
Equity			
Share capital	11	16,477,072	15,602,109
Reserves	12	18,593,304	17,288,263
Proposed dividends	12(a)	1,647,707	1,340,316
Proposed honoraria	12(b)	2,062,500	1,300,000
		38,780,583	**35,530,687**
Total liabilities and Equity		**398,730,481**	**427,859,638**

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06 MAR 2026
SIGN:.....
THE SACCO SOCIETIES REGULATORY AUTHORITY

The financial statements on pages 7 to 25 were authorised for issue by the Board of directors on 19/02/26 and signed on its behalf by:

1) Chairman.....
Signature

2) Treasurer.....
Signature

3) Board Member .....
Signature

4) Chief Executive Officer .....
Signature

Sawa Regulated Non WDT Sacco Society Ltd

Annual Report & Financial Statements

For the Year ended 31st December 2025

Statement of changes in equity

	Share Capital Kshs	Retained Earnings Kshs	Statutory reserves Kshs	Proposed dividends Kshs	Proposed honoraria Kshs	Total Equity Kshs
As at 1st January 2024	**14,449,403**	**4,163,783**	**9,175,465**	**2,167,410**	**1,950,000**	**31,906,061**
Additions	1,152,706	-	-	-	-	**1,152,706**
Surplus for the Year	-	6,589,331	-	-	-	**6,589,331**
Statutory reserves	-	(1,317,866)	1,317,866	-	-	-
2023 honoraria paid					(1,950,000)	**(1,950,000)**
2023 final dividend paid	-	-	-	(2,167,410)		**(2,167,410)**
Provision for Honoraria	-	(1,300,000)	-	-	1,300,000	-
Provision for Dividends	-	(1,340,316)	-	1,340,316	-	-
At the end of the year 2024	**15,602,109**	**6,794,932**	**10,493,331**	**1,340,316**	**1,300,000**	**35,530,687**
As at 1st January 2025	**15,602,109**	**6,794,932**	**10,493,331**	**1,340,316**	**1,300,000**	**35,530,687**
Additions	874,963	-	-	-	-	874,963
Surplus for the Year	-	5,015,248	-	-	-	5,015,248
Statutory reserves	-	(1,003,050)	1,003,050	-	-	-
2024 honoraria paid	-	-	-	-	(1,300,000)	(1,300,000)
Provision for Honoraria	-	(2,062,500)	-	-	2,062,500	-
2024 final dividend paid	-	-	-	(1,340,316)	-	(1,340,316)
Provision for Dividends	-	(1,647,707)	-	1,647,707	-	-
At the end of the year 2025	**16,477,072**	**7,096,923**	**11,496,381**	**1,647,707**	**2,062,500**	**38,780,583**

Cashflow Statement

Cashflow from operating activities	Notes	2025 Kshs	2024 Kshs
Interest receipts	2	38,897,613	40,929,125
Other operating income	3	4,735,769	3,048,723
Interest Payments	13	(27,000,000)	(26,000,000)
Payment to employees and suppliers			
4.a)Personnel Expenses	4.a	(3,515,364)	(3,806,814)
4.b)Adminstration expenses	4.b	(2,802,578)	(2,234,234)
4.c)Governance expenses	4.c	(1,824,096)	(1,106,500)
4.d) Marketing expenses	4.d	(20,000)	(14,500)
4.e) Financial Expenses	4.e	(139,380)	(108,499)
4.f)Repairs and Maintenance	4.f	(259,808)	(172,240)
		8,072,157	**10,535,060**
(Increase)/decrease in operating assets			
Loan to members	7	29,006,712	(23,600,149)
Account receivables	9	5,076,466	1,699,647
		34,083,177	**(21,900,502)**
Increase /(decrease) in operating liabilities			
Deposits from members	8	(32,308,620)	31,086,298
Honoraria paid		(1,300,000)	(1,950,000)
Trade and accrued expenses	10	(570,432)	(97,079)
		(34,179,052)	**29,039,219**
Increase/(decrease) in loan loss provision		-	-
Tax paid	15	(399,986)	(166,301)
Net cash from operating activities		**7,576,295**	**17,507,476**
Cash flow from investing activities			
Purchase of computers	16	(79,640)	(288,000)
Net cash from investment activities		**(829,640)**	**(288,000)**
Cashflow from financing activities			
Issue of share capital	11	874,963	1,152,706
Dividend paid	12(b)	(1,340,316)	(2,167,410)
Net cash (used in) financing activities		**(465,353)**	**(1,014,704)**
Net increase /(decrease)in cash & cash equivalent		**6,281,302**	**16,204,771**
Cash & cash equivalent at the beginning of the year		32,187,445	15,982,674
Cash & cash equivalent at the end of the year	5	**38,468,748**	**32,187,445**

Notes to the financial statements (Continued)

NOTE 1

Accounting policies

The significant accounting policies adopted in the preparation of these general purpose financial statements are set out below

a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenya Shillings, which is also the functional currency.

The financial statements comprise a profit and loss account (income statement), statement of comprehensive income, balance sheet (statement of financial position), statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit and loss account. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit and loss account as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the company in their capacity as owners are recognised in the statement of changes in equity.

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies. For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are recognised by the company at the end of the reporting period during which the change occurred.

Notes to the financial statements (Continued)

b) New and revised standards

i) New and revised standards that have been issued but are not yet effective

The entity has not applied any of the new or revised financial reporting standards and Interpretations that have been published but are not yet effective for the year beginning 1st January 2025, and the sacco do not plan to apply any of them until they become effective. The list below indicates new or revised standards and interpretations, with their effective dates, none of which is expected to have a

The amendments to IAS 1, titled Classification of Liabilities as Current or Non-Current and Noncurrent Liabilities with Covenant

• The amendments to IAS 1, titled Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants, clarify the criteria for classifying liabilities, emphasizing the right to defer settlement at the reporting date and the treatment of covenants. Effective for annual reporting periods beginning on or after January 1, 2025, the changes aim to improve consistency in liability classification, enhance transparency through additional disclosures on covenant risks, and potentially impact financial metrics like liquidity ratios. These updates aim to provide more reliable and comparable financial information, benefiting both preparers and users of financial statements.

Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback

• The amendment, applicable to annual periods beginning on or after 1st January 2025, requires a seller lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.

Amendments to IAS 21 titled Lack of Exchangeability

• Theamendments, applicable to annual periods beginning on or after 1st January 2025, require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide.

c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of business and is stated net of rebates and discounts.

The society recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the society's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The society bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

Interest income is recognized when earned on monthly basis

d) Property, plant and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.
Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

Depreciation on other assets is calculated on the reducing balance basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

Computers and Equipments	**25%**
Furniture and Equipments	**10.0%**
Intangible assets	**25.0%**

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

e) Employee benefits

The estimated monetary liability for the employee's accrued annual leave entitlement at the balance sheet date is recognized as an expense accrual. At the end of the period there was no outstanding leave accrual.

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks.

g) Trade and other receivables

Trade receivables are carried at original invoiced amount less specific provision for all known doubtful debtors based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified when all the reasonable steps to recover them have been taken without success.

h) Trade and other payables

Trade receivables are carried at original invoiced amount less specific provision for all known doubtful debtors based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified when all the reasonable steps to recover them have been taken without success.

Notes to the financial statements (Continued)

i) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions for future operating losses are not recognised.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

The amount recognised as a provision is the best estimate of the present value of expenditures expected to be incurred to settle the obligation using a rate that reflects the current market assessments of time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in profit or loss under finance costs.

j) Financial instruments

Financial assets

Financial assets are initially recognised at fair value plus transaction costs for all the company's financial assets.

The company's financial assets which include unquoted shares, cash and bank balances, tax recoverable and trade and other receivables fall into the following category:

- **Available-for-sale:** financial assets that are held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rate. Such assets are classified as non-current assets except where the management intends to dispose the assets within 12 months of the reporting date and are carried at fair value where fair value gains or losses are recognised in equity, net of deferred tax.

- **Loans and receivables:** financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date.

All assets with maturities greater than 12 months after the reporting date are classified as non-current assets and are carried at amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in the profit or loss.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the company commits to purchase or sell the asset.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated at the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are taken into account for determining operating profit.

The amount of the impairment loss is calculated at the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate.

Subsequent recoveries of amounts previously written off/impaired are credited to profit or loss in the year in which they occur.

Notes to the financial statements (Continued)

j) Financial instruments (cont'd)

Financial liabilities

The company's financial liabilities which include borrowings and trade and other payables fall into the following category:

Other Financial Liabilities

All financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled or expired.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

k) Related Party Transaction

The amount due from the related parties is interest free and has no scheduled repayment period.

i) Significant judgement and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the company, the directors make certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

a) Significant judgements made in applying the company's accounting policies

The judgements made by the directors in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

i) Whether it is probable that future taxable profits will be available against which temporary differences can be utilised; and

ii) Whether the company has the ability to hold 'held-to maturity' investments until they mature. If the company were to sell other than an insignificant amount of such investments before maturity, it would be required to classify the entire class as 'available-for-sale' and measure them at fair value.

b) Key sources of estimation uncertainty

The directors have made no assumptions and there are, in their opinion, no other sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

The amount of the impairment loss is calculated at the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate.

Subsequent recoveries of amounts previously written off/impaired are credited to profit or loss in the year in which they occur.

Notes to the financial statements (Continued)

NOTE 2	2025 Kshs	2024 Kshs
Interest on Members loans	**38,897,613**	**40,929,125**
NOTE 3		
a) Other operating Income		
Commision on loan	1,762,668	1,168,646
Insurance fee income	858,316	797,706
Entrace fees	42,000	25,000
Other income	597,000	-
Interest on advance dividend	-	404,447
	3,259,984	**2,395,799**
b) Income from investments		
ICEA fund income	1,475,046	652,496
Dividend on Coop Shares	739	428
	1,475,785	**652,924**
c) Loan provision movement		
Increase in loan loss provision	85,112	-
	85,112	**-**
NOTE 4		
a)Personnel Expenses		
Salaries and wages	3,078,274	3,377,291
Staff pension scheme	213,036	246,888
NSSF	95,160	40,983
NITA	1,100	1,000
Staff medical insurance	86,197	100,480
Housing Levy	41,597	40,173
	3,515,364	**3,806,814**
b)Adminstration expenses		
Rent expenses	1,282,066	1,234,899
Office expenses	229,807	303,047
Audit fees	156,600	156,600
Consultancy fees	200,000	11,200
Professional and Legal Expenses	-	-
Licence Renewal Fee	136,000	-
Sasra licensing and subscription fees	504,094	371,847
Insurance for the asset	145,011	133,641
Printing and stationery	59,000	23,000
Electricity	90,000	-
	2,802,578	**2,234,234**
c)Governance expenses		
AGM Expenses	601,780	573,500
Members education	608,316	10,000
Directors Expenses	614,000	523,000
	1,824,096	**1,106,500**
c (a) Directors Expenses		
Board Members		
Name / **Position held**		
Paul Kigame — Chairman	50,000	57,000
Joy Gachoka — Vice Chairman	55,000	16,000
Anthony Mwikia — Secretary	66,000	80,000
Edward Okabi — Treasurer	76,000	65,000
Dominic Mbugua — Member	25,000	-
Peter Mbire — Member	25,000	-
Wilfred Obutu — Former Member	-	10,000
Anthony Wantaigwa — Former Vice Chairman	28,000	65,000
Julius Irungu — Former Treasurer	35,000	60,500
Credit Committee		
Geoffrey Ngei — Chairman	73,000	36,500
Cyndi Rotich — Secretary	32,000	-
Sammy Tuei — Member	48,000	20,000
Robert Mayama — Former Member	12,000	27,000
Joyce Matumo — Former Member	-	7,000
Supervisory Committee		
John Kodonde — Chairman	31,000	19,000
Bernard Nyambu — Secretary	35,000	38,000
Paul Mwago — Member	23,000	-
Samuel Barasa — Former Member	-	22,000
	614,000	**523,000**

Notes to the financial statements (Continued)

			2025	2024
NOTE 4			**Kshs**	**Kshs**
d) Marketing expenses				
Marketing expenses			20,000	14,500
			20,000	**14,500**
e) Financial Expenses				
Bank charges			139,380	108,499
Bad debts write off			1,858,662	1,679,664
Provision for loan loss			-	660,965
Provision for KUSSCO Shares			-	27,506
			1,998,042	**2,476,634**
f)Repairs and Maintenance				
ICT expenses			259,808	172,240
			259,808	**172,240**
g)Other operating expenses				
Depreciation			112,845	130,711
Software amortization			449,257	349,009
			562,101	**479,720**
NOTE 5				
Cash and Cash equivalents				
Cooperative Bank Current A/c			6,883,873	16,956,359
ICEALion Money Market			21,584,875	15,231,087
Fixed Deposits (ICEA)			10,000,000	-
Total			**38,468,748**	**32,187,445**
NOTE 6				
Other Financial Assets				
Unquoted	**No of Shares**	**Price(Kshs)**		
Cooperative Bank Holdings Ltd	2,000	5.00	10,000	10,000
At year end			**10,000**	**10,000**

Notes to the financial statements (Continued)

NOTE 7	2025 Kshs	2024 Kshs
Loan to members		
At the start of the year	379,503,967	355,903,818
Granted during the year	119,783,628	154,377,982
Repayments during the year	(148,790,340)	(130,777,833)
Balance as per Control Accounts	350,497,255	379,503,967
Provision for Loan Loss	(4,986,460)	(5,071,572)
At the year end	**345,510,795**	**374,432,395**

Loan risk classification

Category	No of loans	Portfolio 2025	Provision Rate	Loan Loss provision
Performing (0-30 Days)	446	341,006,190	1%	3,410,061.90
Watch (31-61 Days)	51	5,425,965	5%	271,298
Substandard (61-180 Days)	5	2,909,800	25%	727,450
Doubtful (181-360 Days)	3	1,155,300	50%	577,650
Loss (Over 360 Days)	0	-	100%	-
	505	350,497,255		4,986,460

Loan risk classification 2024

Category	No of loans	Portfolio 2024	Provision Rate	Loan Loss provision
Performing (0-30 Days)	560	363,603,947	1%	3,636,039
Watch (31-61 Days)	27	13,954,900	5%	697,745
Substandard (61-180 Days)	10	939,090	25%	234,773
Doubtful (181-360 Days)	5	1,006,030	50%	503,015
Loss (Over 360 Days)	-	-	100%	-
	602	379,503,967		5,071,572

Provision for loan loss	2025 Kshs	2024 Kshs
Bal bfwd	5,071,572	4,410,607
Increase/(decrease) in provisions	(85,112)	660,965
Balance carried forward	**4,986,460**	**5,071,572**

The society has a loan guard policy issued by ICEALion Insurance Co Limited on all classes of loans 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.

NOTE 8	2025 Kshs	2024 Kshs
Members Deposits		
At the start of the year	364,533,456	333,447,155
Contributions during the year	28,882,808	48,249,000
Refund during the year	(61,191,428)	(17,162,699)
At year end	**332,224,836**	**364,533,456**

Notes to the financial statements (Continued)

	2025 Kshs	2024 Kshs
NOTE 9		
Trade and other receivables		
Employer checkoffs	11,161,065	12,192,832
Advance Interest	(228)	4,044,471
Doubtiful assets	-	1,679,662
Rent deposit	297,210	297,210
Kitengela phase 4 Titles	-	179,000
Total	**11,458,047**	**18,393,175**
Aged Analysis		
Receivable within one month	*11,160,837*	*18,095,965*
Receivable on Maturity	*297,210*	*297,210*
	11,458,047	***18,393,175***

	2025 Kshs	2024 Kshs
NOTE 10		
Trade Payables and accrued expenses		
Audit and supervison fees	156,600	156,600
Payroll Liabilities	68,463	41,895
Technokraft	-	597,000
	225,063	**795,495**
NOTE 11		
Share Capital		
Balance brought forward	15,602,109	14,449,403
Contribution during the year	874,963	1,152,706
As at 31 December	**16,477,072**	**15,602,109**

Notes to the financial statements (Continued)

	2025 Kshs	2024 Kshs
NOTE 12		
Reserves		
Statutory reserves	11,496,381	10,493,331
Retained earnings	7,096,923	6,794,932
As at 31 December	**18,593,304**	**17,288,263**
NOTE 12 (a)		
Dividends payable		
Balance brought forward	1,340,316	2,167,410
Provision for the year	1,647,707	1,340,316
Paid during the year	(1,340,316)	(2,167,410)
Balance Carried forward	**1,647,707**	**1,340,316**

Dividend is provided at a rate of 10% (2024: 8.6%)

NOTE 12 (b)		
Honoraria payable		
Balance brought forward	1,300,000	1,950,000
Provision for the year	2,062,500	1,300,000
Paid during the year	(1,300,000)	(1,950,000)
Balance Carried forward	**2,062,500**	**1,300,000**
NOTE 13		
Interest on members deposits		
Balance brought forward	27,000,000	26,000,000
Provision for the year	27,500,000	27,000,000
Paid during the year	(27,000,000)	(26,000,000)
	27,500,000	**27,000,000**

Interest on members deposits is provided at rate of 8.94% as compared to 8.12% paid in 2024.

NOTE 14
Budget
Expenditure was within approved budget

NOTE 15		
(a) Income Tax expense		
Interest from money market	1,475,046	652,496
Total income	1,475,046	652,496
Total taxable income (50% of total income)	737,523	326,248
Tax charge @30%	221,257	97,874
(b)Tax Payable		
At start of the year	-	68,427
Charge for the year	221,257	97,874
Paid during the year	(399,986)	(166,301)
At the year end	(178,729)	-

Notes to the financial statements (Continued)

NOTE 16
Property and Equipment

	Computers	Furniture & Fittings	Land	Server & Rack	Totals
Cost/Valuation	**Kshs. 25%**	**Kshs. 10.00%**	**Kshs**	**Kshs. 10.00%**	**Kshs.**
As at 01.01.2024	**764,095**	**482,923**	**1,123,576**	**1,274,120**	**3,644,714**
Addition/Disposal	288,000	-	-	-	288,000
As at 31.12.2024	**1,052,095**	**482,923**	**1,123,576**	**1,274,120**	**3,932,714**
Depreciation					
As at 1.01.2024	711,841	300,247	-	1,000,318	2,012,406
Charge for the year	85,064	18,268	-	27,380	130,711
As at 31.12.2024	**796,905**	**318,515**	-	**1,027,699**	**2,143,118**
Net book Value as at 31.12.2024	**255,191**	**164,408**	**1,123,576**	**246,422**	**1,789,597**
Cost/Valuation					
As at 01.01.2025	**1,052,095**	**482,923**	**1,123,576**	**1,274,120**	**3,932,714**
Addition	-	79,640	-		79,640
Disposal	-	-	-	-	-
As at 31.12.2025	1,052,095	562,563	1,123,576	1,274,120	4,012,354
Depreciation					
As at 1.01.2025	796,905	318,515	-	1,027,699	2,143,118
Addition/Disposal	-	-	-	-	-
Charge for the year	63,798	24,405	-	24,642	112,845
As at 31.12.2025	**860,702**	**342,919**	-	**1,052,341**	**2,255,962**
Net book Value as at 31.12.2025	**191,393**	**219,644**	**1,123,576**	**221,780**	**1,756,392**

Notes to the financial statements (Continued)

NOTE 17	2025	2024
Intangible Assets	**Kshs**	**Kshs**
Software		
Cost		
As at 1st January	5,768,211	5,768,211
Addition during the year	750,000	-
As at 31st December	6,518,211	5,768,211
Amortization		
As at 1st January	4,721,184	4,372,175
Charge for the year	449,257	349,009
As at 31st December	5,170,441	4,721,184
Carrying Amount	**1,347,770**	**1,047,027**

NOTE 18		
Insider dealings		
Board Loans		
As at Start of the year	20,321,651	32,075,314
Loan granted	3,860,114	6,750,498
Interest charged	1,733,882	3,177,547
Board exits during the year	(9,098,667)	(15,326,614)
Repayment	(5,135,599)	(6,355,094)
As at end of the year	11,681,381	20,321,651
Staff Loans		
As at Start of the year	2,585,079	3,990,816
Loan granted	-	1,241,661
Interest charged	305,371	274,705
Repayment	(710,000)	(2,922,103)
As at end of the year	2,180,450	2,585,079

Loans to board and staff members was granted at arms length and repayments done as per the credit policy.

Other disclosure		
Board Honoraria	2,062,500	1,300,000
Director expenses	614,000	523,000
Staff salaries	3,515,364	3,806,814
	6,191,864	5,629,814

NOTE 19
Comparatives
Where necessary,presentation in the previous year has been adjusted to match presentation in the current year.

NOTE 20
Contingent liabilities
The society did not have any contingent liabilities in 2025 (2024: Nil).

NOTE 21
Presentation currency
The financial statements are presented in Kenya Shillings (Shs.).