



CS-3110

FEBRUARY 6, 2024

CS - 3110

WANA-ANGA SAVINGS AND CREDIT SOCIETY LIMITED

Annual Report & Financial Statements  
For the year ended 31 December 2023

MARIBEL-HERMANS ASSOCIATES

***Wana-Anga Co-operative Savings & Credit Society Limited***  
***Annual Report & Financial Statements***  
***For the Year Ended 31<sup>st</sup> December 2023***

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<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
Society Information	2
Statistical Information	3
Report of the Board of Directors	4
Statement of Responsibilities of the Board of Directors	5
Report of the Independent Auditor	6-7
<b>Financial Statements:</b>	
Statement of comprehensive income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash flows	11
Notes to the financial statements	12 - 32
Tax computation schedule	33

***Wana-Anga Co-operative Savings & Credit Society Limited***  
***Annual Report & Financial Statements***  
***For the Year Ended 31<sup>st</sup> December 2023***

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**SOCIETY INFORMATION**

**Board Members**

Charles Maina Ngunjiri	-	Chairman
Martin Oloo	-	Vice Chairman
Edward Maina Muriuki	-	Hon. Secretary
Peter Ouma Oloo	-	Treasurer
Claudius F.O. Ogundu	-	Member
Lilian Nyokabi Wanyiri	-	Member
Sheila Matheka	-	Member
Magdalene Gateri	-	Member
John Thuo Muiruri	-	Member

**Supervisory Committee**

John K. Nguyo	-	Chairman
Henry M, Sese	-	Member
Mary Kurgat	-	Secretary

**Chief Executive Officer**

Mr. Vincent Rota

**Registered Office**

Wana-Anga Savings and Credit Society Limited  
Meteorological Department Headquarters  
Dagoretti Corner, Ngong Road  
P.O. Box 34680 – 00100  
NAIROBI, KENYA

**Principal Bankers**

1. Cooperative Bank of Kenya Ltd  
Nairobi Business Center Branch  
NAIROBI, KENYA
2. Cooperative Bank of Kenya Ltd  
Dagoretti Corner Branch  
NAIROBI, KENYA
3. Kingdom Bank Ltd  
Koinange Branch  
NAIROBI, KENYA

## CS-3110

4. Equity Bank Kenya Ltd  
Dagoretti Corner Branch  
NAIROBI, KENYA
5. Consolidated Bank of Kenya  
Koinange Street Branch  
NAIROBI, KENYA
6. SBM Kenya Ltd  
Riverside Branch  
NAIROBI, KENYA
7. NCBA Bank Ltd  
Junction Branch  
NAIROBI, KENYA
8. African Banking Cooperation  
Industrial Area Branch  
NAIROBI, KENYA
9. Family Bank Kenya Ltd  
Kariobangi Branch  
NAIROBI, KENYA

**Independent Auditor**

Maribel-Hermans Associates  
Certified Public Accountants  
Kisimani Heights Apartments  
Apartment No. 631  
P.O. Box 4049 – 80107  
MOMBASA, KENYA

**Wana-Anga Co-operative Savings & Credit Society Limited****Annual Report & Financial Statements****For the Year Ended 31<sup>st</sup> December 2023****STATISTICAL INFORMATION**

		<b>2023</b>	<b>2022</b>
<b>Membership</b>			
Active Members		<b>2,685</b>	<b>3,314</b>
Dormant Members		<b>652</b>	<b>624</b>
Number at end of the year		<b>3,337</b>	<b>3,938</b>
<b>Statistical data</b>		<b>Kshs</b>	<b>Kshs</b>
Total Assets		1,261,273,399	1,272,749,496
Cash and cash equivalents		157,675,476	198,920,739
Members deposits		989,199,366	1,002,277,480
Loans to members		927,429,340	910,159,859
Delinquent (Non-performing) loans		89,134,129	77,332,770
Investments		1,612,800	1,612,800
Core capital		198,738,593	191,855,108
Share capital		109,854,100	103,106,978
Institutional capital		88,884,493	88,748,130
Total revenue		181,935,384	184,466,370
Total Interest income		176,903,111	181,010,924
Total Expenses		167,577,472	167,644,428
Rebate on members deposits		32,517,678	34,290,452
Net surplus / (loss) after tax		16,614,479	16,375,523
Proposed dividend		16,478,115	16,497,116
<b>Key Ratios</b>			
<b>Capital Adequacy Ratios</b>	<b>Bench -mark</b>		
Core capital to total assets	≥ 10%	15.76%	15.09%
Core capital to deposits	≥ 8%	20.09%	19.14%
Institutional capital to total assets	≥ 8%	7.05%	6.98%
<b>Liquidity ratios</b>			
Liquid assets to short-term liabilities	≥ 15%	15.94%	19.85%
<b>Operating efficiency &amp; loan quality ratios</b>			
Total Expenses / Average Assets	≤ 5%	3.31%	3.24%
Rebate on member deposits to total revenue	-	17.87%	18.59%
Rebate on members deposits	-	5.00%	5.40%
Dividend rate on members share capital	-	15.00%	16.00%
Total Delinquent Loans / Gross Loan Portfolio	≤ 5%	9.61%	8.50%
<b>Staff Data</b>			
Male		6	6
Female		6	6

**Wana-Anga Co-operative Savings & Credit Society Limited****Annual Report & Financial Statements****For the Year Ended 31<sup>st</sup> December 2023****REPORT OF THE BOARD OF DIRECTORS**

The members of the Board of Directors are pleased to submit their annual report and audited Financial Statements for the year ended 31<sup>st</sup> December 2023

**Incorporation**

The Society is incorporated in Kenya under the Co-operative Societies Act, Cap 490 and is domiciled in Kenya.

**Principal Activity**

The principal activity of the Society continued to be the receipt, custody and investment of members' savings and provision of loans to members.

**Results**

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Retained earnings	35,561,895	38,748,428
Statutory Reserve	53,322,598	49,999,702
Add 0% of revaluation reserve	-	-
Less investments in non-co-operative institutions	-	-
<b>Institutional capital</b>	<b>88,884,493</b>	<b>88,748,130</b>
 <b>Total assets</b>	 <b>1,261,273,399</b>	 <b>1,271,749,496</b>
<b>Institutional capital ratio</b>		
(%)	<b>7.05%</b>	<b>6.98%</b>

The Sacco is required to maintain, at all times, institutional capital ratio of not less than 8% of total assets.

**Dividend / Rebates on members' shares / deposits**

The Board of Directors recommend payment of first and final dividend of 15.0% equal to Kshs. 16,478,115.00 (2022: 16.0%, Kshs. 16,497,116.00) and payment of a rebate of 5.0% equal to Kshs 32,517,678.00 (2022: 5.40%, Kshs. 34,290,452.00).

**The Board of Directors**

The board members who served during the year and to the date of this report is as listed on page 2.

**Independent Auditors**

Maribel-Hermans Associates, Certified Public Accountants, the auditors for the year 2023, has completed three years and not willing to continue in office and therefore doesn't offer themselves for consideration for re-appointment under the terms of the Co-operative Societies Act.

**By Order of the Board of Directors**

Signature ..... Date.....

**Secretary**

**Wana-Anga Co-operative Savings & Credit Society Limited****Annual Report & Financial Statements****For the Year Ended 31<sup>st</sup> December 2023****STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES**

The Board of Directors accepts responsibility for the accompanying financial statements for the year 2023, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Sacco Societies Act No.14 of 2008. The Board of Directors is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the society and of its operating results in accordance with the International Financial Reporting Standards. The Board of Directors further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as for maintenance of an adequate system of internal financial control. Nothing has come to the attention of the Board of Directors to indicate that the society will not remain a going concern for at least twelve months from the date of this statement.

The Sacco Societies Act No. 14 of 2008 requires the directors to ensure that management maintains proper and accurate records that reflect the true and fair position of the society's financial condition, establishes adequate and effective internal control systems and policies, safeguards the assets of the society, takes reasonable steps for the prevention and detection of fraud and other irregularities, and ensures the business of the society is conducted in accordance with its objectives, by-laws and any other resolutions made at the Society's general meeting. 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 judgments 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 ..... and signed on its behalf by:**

**Signature .....**  
**(Chairman)**

**Signature .....**  
**(Treasurer)**

**Signature .....**  
**(Hon. Secretary)**

**CS/3110 WANA-ANGA COOPERATIVES SAVINGS AND CREDIT SOCIETY LIMITED**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WANA-ANGA  
CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED**

**Opinion**

We have audited the accompanying financial statements of Wana-anga Savings & Credit Cooperatives Society Limited set out on pages 8 to 32, which comprises the statement of financial position at 31 December 2023, the statement of profit or loss and statements of other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the Society's as at 31 December 2023 and of its financial performance and cash flows for the period then ended in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Cooperative Societies act No. 14 of 2008.

**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 Independent Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Wana-anga Savings & Credit Cooperative Society Limited 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 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 judgment, 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. Without qualifying our opinion, we draw attention to the following key audit matters: -

**a. Capital Adequacy Ratio**

It was noted that the Sacco's Institutional Capital Ratio increased from 6.98% as of 31 December 2022 to 7.05% during the year ended 31 December 2023. However, it was observed to be below the regulatory minimum requirement of 8% (Deposit-taking Societies; note 31(e)). The Sacco needs to innovate strategies to boost the institutional capital to enhance its performance and stability.



**b. Total Non-Performing Loans to Gross Loans Ratio**

The regulatory requirements require the Society to keep the ratio of non-performing (delinquent) loans to gross loans portfolio at 5% or below. During the year ended 31 December 2023, the Society had a delinquency ratio of 9.61% compared to 8.50% in 2022. This has seen a growing trend in non-performing loans above the required maximum of 5%. The Sacco should put in place robust loan appraisal controls and debt recovery strategies to reduce non-performing loan portfolio.

**Other Information**

The Board of Directors is responsible for the other information. Other information comprises the information included in the annual report, but does not include the financial statements and our auditors report thereon. Our opinion on the financial statements does not cover other information and we do 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 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, 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.

**Board of Directors' Responsibility for the Financial Statements**

The Board of Directors of the Wana-anga Savings & Credit Cooperative Society Limited is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, and for such internal control as the Board 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 association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Sacco or to cease operations, or have no realistic alternative but to do so.

Nothing has come to our attention to make us believe that the society will not continue as a going concern at least for one year from the date of these financial statements. Those charged with governance are responsible for overseeing the society's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the

International Standards on Auditing (ISA) 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 ISAs, we exercise professional judgment 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 entity's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Board of 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 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 the auditor's report. However, future events or conditions may cause Wana-anga Savings & Credit Cooperative Society Limited 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 (members) 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.

**Report on other legal requirements**

As required by the Sacco Societies Act No. 14 of 2008, we report to you that the financial statements agree with the books of accounts 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:

- i. In accordance with the provisions of both the Kenyan Co-operative Societies Act, Cap 490 and the Sacco Societies Act No. 14 of 2008.
- ii. In accordance with Wana-Anga Sacco Society's objectives, by-laws and any other resolutions made by the society members at a general meeting.

In our opinion the information given in the report of the Sacco on pages 4 and 5 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Jack Kasole Wasonga, Practising Certificate No. P/2221

**Certified Public Accountants**  
**MOMBASA, KENYA**

\_\_\_\_\_, 2024

**Wana-Anga Co-operative Savings & Credit Society Limited****Annual Report & Financial Statements****For the Year Ended 31<sup>st</sup> December 2023****STATEMENT OF COMPREHENSIVE INCOME**

		<b>2023</b>	<b>2022</b>
	<b>(Notes)</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Revenue</b>			
Interest on loans to members	(2)	165,233,423	165,721,737
Other interest income	(3)	<u>11,669,688</u>	<u>15,289,187</u>
Total interest income		176,903,111	181,010,924
Interest expenses	(4)	<u>(83,910,539)</u>	<u>(91,647,979)</u>
Net interest income		92,992,572	89,362,945
Other income	(5)	<u>5,032,273</u>	<u>3,455,446</u>
<b>Operating income</b>		<u>98,024,844</u>	<u>92,818,391</u>
<b>Operating expenses</b>			
Financial expenses	(6)	6,698,640	5,893,883
Governance expenses	(7)	20,317,510	17,749,140
Marketing and publicity expenses	(8)	2,389,400	2,445,215
Administrative expenses	(9)	28,481,963	25,493,389
Staff costs	(10)	21,532,890	20,130,563
Amortization & Depreciation expense	(11)	<u>2,154,674</u>	<u>2,523,979</u>
<b>Operating expenditure</b>		<u>81,575,076</u>	<u>74,236,169</u>
<b>Surplus for the year before tax</b>		<u>16,449,769</u>	<u>18,582,222</u>
Less income tax Expense	<u>(32)</u> -	<u>(164,710)</u>	<u>2,206,698</u>
<b>Surplus for the year after tax</b>		<u>16,614,479</u>	<u>16,375,523</u>

**Wana-Anga Co-operative Savings & Credit Society Limited****Annual Report & Financial Statements****For the Year Ended 31<sup>st</sup> December 2023****STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> DECEMBER 2023**

	(Notes)	2023 Kshs	2022 Kshs
<b>ASSETS</b>			
Cash and cash equivalents	13	157,675,476	198,920,739
Trade and other receivables	15	134,931,986	119,357,383
Loans and advances to members	16	927,429,340	910,159,859
Quoted Investments in Non-Co-operative Institutions	17(a)	1,612,800	1,612,800
Unquoted Investments in Co-operative Institutions	17(b)	16,480,794	16,480,794
Restricted fund	18	6,017,752	7,017,752
Intangible assets	19	722,393	1,031,990
Property, plant and equipment	20	16,402,857	17,168,178
<b>Total assets</b>		<b>1,261,273,399</b>	<b>1,271,749,496</b>
<b>LIABILITIES</b>			
Members' deposits	21	989,199,366	1,002,277,480
Rebate payable	22	32,517,678	34,290,452
Proposed dividend	23	16,478,115	16,497,116
Trade and other payables	27	3,334,311	5,820,762
Wana-Anga Risk Fund	28	2,803,998	2,894,416
<b>Total liabilities</b>		<b>1,044,333,468</b>	<b>1,061,780,226</b>
<b>EQUITY</b>			
Share capital	29	109,854,100	103,106,978
Statutory reserve fund		53,322,598	49,999,702
Capital revaluation reserve		18,201,338	18,114,162
Retained surplus		35,561,895	38,748,428
		<b>216,939,931</b>	<b>209,969,270</b>
<b>Total Liabilities and Equity</b>		<b>1,261,273,399</b>	<b>1,271,749,496</b>

**Wana-Anga Co-operative Savings & Credit Society Limited****Annual Report & Financial Statements****For the Year Ended 31<sup>st</sup> December 2023****STATEMENT OF CHANGES IN EQUITY**

	Share capital	Statutory reserve	Capital revaluation reserve	Retained Earnings	Proposed Dividend	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Year ended 31.12.2022</b>						
Balance at 01.01.2022	100,505,373	46,724,597	18,114,162	42,145,126	-	207,489,258
Prior year adjustment-dividend paid	-	-	-	-	-	-
<b>Balance restated</b>	<b>100,505,373</b>	<b>46,724,597</b>	<b>18,114,162</b>	<b>42,145,126</b>	<b>-</b>	<b>207,489,258</b>
Surplus (loss) for the year	-	-	-	16,375,523	-	16,375,523
Transfer from appropriation reserve	-	3,275,105	-	(3,275,105)	-	-
Proposed dividend	-	-	-	(16,497,116)	16,497,116	-
Additions during the year	2,601,605	-	-	-	-	2,601,605
<b>Balance at 31.12.2022</b>	<b>103,106,978</b>	<b>49,999,702</b>	<b>18,114,162</b>	<b>38,748,427</b>	<b>16,497,116</b>	<b>226,466,387</b>
<b>Year ended 31.12.2023</b>						
Balance at 01.01.2023	103,106,978	49,999,702	18,114,162	38,748,427	16,497,116	226,466,387
Prior year adjustment- Note 6(a)	-	-	87,176	-	-	87,176
Prior year adjustment-dividend paid	-	-	-	-	(16,497,116)	(16,497,116)
Balance restated	103,106,978	49,999,702	18,201,338	38,748,427	-	210,056,447
Surplus (loss) for the year after tax	-	-	-	16,614,479	-	16,614,479
Transfer from appropriation reserve	-	3,322,896	-	(3,322,896)	-	-
Proposed dividend	-	-	-	(16,478,115)	16,478,115	-
Proposed honoraria	-	-	-	-	-	-
Additions during the year	6,747,122	-	-	-	-	6,747,122
<b>Balance at 31.12.2023</b>	<b>109,854,100</b>	<b>53,322,598</b>	<b>18,201,338</b>	<b>35,561,895</b>	<b>16,478,115</b>	<b>233,418,048</b>

**STATEMENT OF CASH FLOWS**

		<b>2023</b>	<b>2022</b>
	<b>Note(s)</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cash flow from operating activities</b>			
Interest income received	(2, 3)	176,903,111	181,289,076
Other receipts	(5)	5,032,273	4,448,043
Interest and rebate payments	(4, 22)	(87,183,313)	(89,057,395)
Payments to employees and suppliers	(7, 8, 9, 10, 11)	<u>(90,423,219)</u>	<u>(67,582,507)</u>
	-	<b>4,328,852</b>	<b>29,097,217</b>
<b>(Increase) / decrease in operating assets</b>			
Trade and other receivables	(15)	(22,024,603)	(3,261,071)
Loans to members	(16)	(18,343,179)	(20,837,617)
<b>Increase / (decrease) in operating liabilities</b>			
Deposits from members	(21)	(13,078,111)	8,443,411
Risk Fund		(90,418)	(137,643)
Trade and other payables	(27)	<u>(2,486,451)</u>	<u>(1,710,953)</u>
Cash flow from operating activities before taxes		(51,693,911)	11,593,343
Income tax paid	(15, 32)	<u>(2,206,698)</u>	<u>(1,536,456)</u>
<b>Net cash from operating activities after tax</b>		<b><u>(53,900,609)</u></b>	<b><u>10,056,887</u></b>
<b>Cash flow from investing activities</b>			
Purchase of property and equipment	(20)	(1,079,755)	(1,299,120)
Decrease in Investments		-	3,223,864
Purchase of intangible assets (computer software)	(19)	<u>-</u>	<u>410,320</u>
<b>Net cash from investing activities</b>		<b><u>(1,079,755)</u></b>	<b><u>2,335,064</u></b>
<b>Cash flow from financing activities</b>			
Share capital contributions	(30)	6,747,122	2,307,328
Dividends and Honoraria paid	(23)	<u>(17,186,116)</u>	<u>(14,093,707)</u>
<b>Net cash flow from financing activities</b>		<b><u>(10,438,994)</u></b>	<b><u>(11,786,379)</u></b>
<b>Net (decrease) / increase of cash and cash equivalent</b>		<b>(65,419,358)</b>	<b>605,572</b>
<b>Cash and cash equivalents at start of the year</b>		<b><u>223,094,834</u></b>	<b><u>222,489,262</u></b>
<b>Cash and cash equivalents at end of the period</b>		<b><u>157,675,476</u></b>	<b><u>223,094,834</u></b>

**NOTES TO THE FINANCIAL STATEMENTS:**

**1. Summary of 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 years presented, unless otherwise stated.

**a) Statement of compliance & basis of preparation**

The Financial Statements are prepared in accordance and comply with International Financial Reporting Standards. These Financial Statements are presented in the functional currency, Kenya shillings (Ksh) rounded to the nearest shilling and prepared under the historical cost convention, as modified by revaluation of certain assets as prescribed by IFRS's.

The financial statements have been prepared under the historical cost basis, except where otherwise stated in the accounting policies below and are in accordance with International Financial Reporting Standards. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the society considers the characteristics of the asset or liability if market participants would take those characteristics into account 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 value in use in IAS 36 on Impairment of Assets.

**a) Going concern**

The financial performance of the society is set out in the report of the directors and in the statement of 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 note 27 and 32 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 foreseeable future and as a result the financial statements are prepared on a going concern basis. These financial statements comply with the requirements of the Sacco Societies Act No. 14 of 2008. The statement of comprehensive income represents the surplus and loss account referred to in the Act, and the statement of financial position represents the balance sheet referred to in the Act.

**a) New and amended standards adopted by the society**

All new and revised standards and interpretations that have become effective for the first time in the financial year beginning 1 January 2023 have been adopted by the society:



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):****b) Critical accounting estimates and judgment**

The directors are required to make judgments, 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 recognized 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 amortized cost and Fair Value Through Other Comprehensive Income (FVTOCI) is an area that requires the use of complex models and significant assumption about future economic conditions and credit behavior.

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 is based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD).

- **Assessment of significant increase in credit risk**

The determination of a significant increase in credit risk considers many different factors including a comparison of a financial instruments credit risk or Probability of Default at the reporting date and the credit or Probability of Default 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.

- **Useful lives of property and equipment and intangible assets**

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

**e) Revenue recognition**

- **Interest income**

Interest income is recognized under the effective interest method. The effective interest is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the society estimates cash flows considering all

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):**

Contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

- **Fee and commission income**

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

- **Other income**

- Entrance / registration fee is recognized in the year it is received
- Dividend is recognized when the right to receive income is established

**f) Property and equipment**

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation (except as stated below). Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use. All property, plant and equipment are initially recorded at cost less depreciation. Increases in carrying value amounts arising on revaluations are credited to the revaluation reserve. Each year, the difference between the depreciation based on revalued carrying amount of the asset (the depreciation charged to profit and loss account) and depreciation based on the assets original charge is transferred to retained earnings. Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life. The annual depreciation / amortization rates in use are:

<b>Asset</b>	<b>Rate (%)</b>
Office furniture and Fittings.....	12.5%
Computer Equipment .....	30.0%
Computer software.....	30.0%
Tool & equipment.....	12.5%
Motor Vehicles .....	25.0%
Leasehold building developments.....	2.5%
Land .....	0%

The assets' residual values and lives are reviewed, and adjusted if appropriate at each balance sheet date.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are considered in determining operating profit. On disposal of a revalued asset, amount in the revaluation reserve relating to that asset is transferred to retained earnings.

**f) De-recognition of property and equipment (Continued)**

The carrying amount of an item of property, plant and equipment shall be derecognized:

- On disposal; or

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):**

- When no future economic benefits are expected from its use or disposal

The gain or loss arising from de-recognition of an item of property, plant and equipment shall be included in the profit and loss account when the item is derecognized.

**g) Investment property**

Investment property is long-term investments in land and buildings that are not occupied substantially for own use. Investment property is initially recognized at cost and subsequently stated at historical cost less accumulated depreciation. Depreciation is calculated using the reducing balance method to write down the cost of the property to its residual value over its estimated useful life using the following annual rates:

	<b>Rate %</b>
Freehold land	Nil
Leasehold Buildings improvements	2.50%

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property.

All other expenditure is recognized as an expense in the year which it is incurred. The properties residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The properties carrying amounts are written down immediately to their recoverable amount if the carrying amount is greater than their estimated recoverable amount. Gains and losses on disposal of investment property are determined by reference to their carrying amount and are considered in determining operating profit/ (loss).

**h) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**Computer Software**

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their 3 to 4 years estimated useful lives which are estimated to be years. Costs associated with developing or maintaining computer software programmer are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the society, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include software development staff costs and an appropriate portion of relevant overheads.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):**

Computer software development costs recognized as assets are amortized over their estimated useful live which is estimated to be 3 to 4 years.

**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 they 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 recognized and measured. Interest income from these financial assets is included in 'interest and similar income' using the effective interest rate method.

- **Financial assets (Continued)**

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. The society considers all relevant evidence available such as:

- a. how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- b. the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- c. how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the society determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The society reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the society has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):**

Recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity.

**Impairment Continued**

Financial instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment. The society recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- a. Cash and cash equivalents
- b. Loans and advances
- c. Other financial assets

No impairment loss is recognized on investments measured at FVTPL. Expected Credit Losses (ECLs) are measured through a loss allowance at an amount equal to 12-month expected credit loss (ECL), i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the society under the contract and the cash flows that the society expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The society measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate (EIR), regardless of whether it is measured on an individual basis or a collective basis. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- a. contractual payments that are more than 90 days overdue;
- b. significant financial difficulty of the borrower or issuer;
- c. a breach of contract such as a default or past due event;
- d. the lender of the borrower, for economic or contractual reasons relating to the borrower's
- e. financial difficulty, having granted to the borrower a concession that the lender would not otherwise

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):**

consider;

- a. the disappearance of an active market for a security because of financial difficulties; or
- b. the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

**Financial liabilities**

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

**Financial liabilities at fair value through profit or loss:** financial liabilities that are acquired or incurred principally for the purpose of repurchasing in the near term or upon initial recognition is part of a portfolio that has a recent pattern of short-term profit taking. Such liabilities are carried at fair value and the fair value gains or losses are included in profit or loss. This category has two sub-categories:

- Financial assets held-for-trading and; those designated at fair value through profit or loss at inception.

**Financial liabilities measured at amortized cost:**

These include borrowings and trade and other payables and are initially measured at fair value and subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest expense in profit or loss under finance costs under the effective interest rate method. Borrowings are initially recognized at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest expense in profit or loss under finance costs.

Fees associated with the acquisition of borrowing facilities are recognized as transaction costs of the borrowing to the extent that it is probable that some or all of the facilities will be acquired. In this case the fees are deferred until the drawn down occurs. If it is not probable that some or all of the facilities will be acquired the fees are accounted for as prepayments under trade and other receivables and amortized over the period of the facility.

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially completed for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the year in which they are incurred. Financial liabilities are derecognized when, and only when, the society's obligations are discharged, cancelled or expired.

**j) 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, and financial assets with maturities of less than 3 months, net of bank overdrafts and money market lines.

Restricted cash balances are those balances that the society cannot use for working capital purposes and are reduced from cash and cash equivalents. In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

**k) Investment shares**

Member interest is classified as equity where the society has an unconditional right to refuse redemption of the members' shares. Provisions in the Co-operative Societies Act, regulations or the Sacco by-laws impose unconditional prohibitions on the redemption of members' shares.

**l) Statutory reserve**

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

**m) Dividends**

Proposed dividends are disclosed as a separate component of equity until declared. Dividends are recognized as liabilities in the period in which they are approved by the society's shareholders.

**n) Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in the comprehensive income or in equity. In this case, the tax is also recognized in other comprehensive income and equity. Current tax is provided on the results for the year, adjusted in accordance with tax legislation. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in the comprehensive income or in equity. In this case, the tax is also recognized in other comprehensive income and equity.

**o) Provisions**

Provisions for restructuring costs and legal claims are recognized when the society 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 recognized. 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 recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):**

**o) Provisions (continued)**

The amount recognized as a provision is the best estimate of the present value of expenditures expected to be incurred to settle the obligation using a pre-tax 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 recognized as interest expense in profit or loss under finance costs.

**p) Employee entitlements**

The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

**q) Retirement benefit obligations**

Employee entitlements to long service awards are recognized when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date.

The society operates a defined benefit staff retirement benefit scheme for its permanent and pensionable employees. The pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to profit or loss so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who carry a full valuation of the plan every three years. The retirement benefit obligation is measured as the present value of the estimated future cash outflows. Actuarial gains and losses are recognized in other comprehensive income

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

**r) Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Kenya Shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the transaction date. Resulting exchange differences are recognized in profit or loss in the year in which they arise.

**s) Comparatives**

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



**NOTES TO THE FINANCIAL STATEMENTS CONTINUED:**

	<b>2023</b>	<b>2022</b>
	<b><u>Kshs.</u></b>	<b><u>Kshs.</u></b>
<b>2. Interest income on loans and advances</b>		
FOSA loans	102,179,350	102,083,999
Normal loans	28,005,270	27,446,442
New Instant loans	12,102,114	14,962,490
Rudi Nyumbani (Supernormal) loans	1,285,571	603,943
Sliver loans	12,561,228	11,173,288
Loan processing interest	6,520,409	6,609,023
New college fee loans	1,036,176	1,194,545
School fees loans	531,751	515,849
Emergency loans	622,452	799,346
Cash withdrawal commission	389,103	332,812
	<b><u>165,233,423</u></b>	<b><u>165,721,737</u></b>
<b>3. Other Interest income</b>		
Interest from other savings / deposits	11,669,688	15,289,187
	<b><u>11,669,688</u></b>	<b><u>15,289,187</u></b>
	<b><u>176,903,111</u></b>	<b><u>181,010,924</u></b>
<b>4. Interest Expenses</b>		
Interest expense short term deposits	51,392,861	57,357,527
Rebates payable on members' deposits	32,517,678	34,290,452
	<b><u>83,910,539</u></b>	<b><u>91,647,979</u></b>
<b>5. Other income</b>		
<b>(a) Fees and commissions income</b>		
Commissions and fees	2,182,670	3,777,318
Total fees and commissions income	<b><u>2,182,670</u></b>	<b><u>3,777,318</u></b>
<b>Less fees and commissions expense</b>		
Bank charges	2,091,857	1,760,280
Total fees and commissions income	<b><u>2,091,857</u></b>	<b><u>1,760,280</u></b>
<b>Net fees and commissions income</b>	<b><u>90,813</u></b>	<b><u>2,017,038</u></b>
<b>(b) Other operating income</b>		
Entrance fees	92,431	82,240
Dividends income	4,849,028	1,356,168
Gain from sale of asset disposal - Note 12	-	-
Other income	-	-
<b>(Total other operating income</b>	<b><u>4,941,459</u></b>	<b><u>1,438,408</u></b>
<b>Total other comprehensive income</b>	<b><u>5,032,273</u></b>	<b><u>3,455,446</u></b>

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED:**

	2023 Kshs.	2022 Kshs.
<b>6(a). Financial expenses - Impairment provisions</b>		
Prior year adjustment on 2023 receivables loss allowance		
<b>6(b). Financial expenses - Impairment provisions</b>		
Allowance for loss on restricted investments	1,000,000	1,000,000
Allowance for loss on trade and other receivables	2,698,640	1,893,351
Allowance for loss on loans and advances	<u>3,000,000</u>	<u>3,000,532</u>
	<b><u>6,698,640</u></b>	<b><u>5,893,883</u></b>
<b>7. Governance expenses</b>		
Board expenses	4,885,150	5,036,277
Members education	1,946,650	271,000
Annual General Meeting expenses	6,977,320	5,826,440
Dividend administration	1,101,000	1,291,000
Subsistence expenses	<u>5,407,390</u>	<u>5,324,423</u>
	<b><u>20,317,510</u></b>	<b><u>17,749,140</u></b>
<b>8. Marketing and publicity expenses</b>		
Marketing & Admin advertisement	696,200	807,015
Ushirika Day Celebrations	313,000	602,350
Apex bodies activities	1,155,200	872,850
Donations	225,000	163,000
	<b><u>2,389,400</u></b>	<b><u>2,445,215</u></b>

**Wana-Anga Co-operative Savings & Credit Society Limited****Annual Report & Financial Statements****For the Year Ended 31<sup>st</sup> December 2023****NOTES TO THE FINANCIAL STATEMENTS CONTINUED:**

	<b>2023</b>	<b>2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>9. Administrative Expenses</b>		
Telephone, postage and internet	907,250	764,029
Printing and stationery	951,431	815,246
Insurance	10,940,800	8,984,814
Software annual maintenance expense	296,579	213,195
SASRA fees and related expense	1,992,206	1,827,430
Ministry remittance	761,386	1,074,473
License fees (SASRA)	177,150	53,000
Motor vehicle fuel & maintenance	508,269	396,034
Travelling expenses	3,201,140	3,161,735
Data & offsite backup services	646,900	715,800
Repairs and maintenance	401,000	367,600
Security expenses	600,833	624,330
Front office expenses	940,497	979,000
Audit fees	464,000	348,000
Legal fees	70,000	269,500
Consultancy & plan workshop expenses	1,531,360	1,535,500
Staff training and education	489,200	535,200
Workshop and seminars	1,944,000	1,514,190
Debt collection fee	-	310,000
Sundry office expenses	1,657,962	1,004,313
	<b><u>28,481,963</u></b>	<b><u>25,493,389</u></b>
<b>10. Staff costs</b>		
Salaries and wages	18,797,171	17,892,923
Gratuity	2,735,719	2,237,640
	<b><u>21,532,890</u></b>	<b><u>20,130,563</u></b>
<b>11. Depreciation / Amortization</b>		
Amortization (Note 19)	309,597	442,281
Depreciation (Note 19)	1,845,077	2,081,698
	<b><u>2,154,674</u></b>	<b><u>2,523,979</u></b>
<b>12. Gain / loss on disposal of assets</b>		
Gain on disposal of motor vehicle	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED:**

	<b>2023</b>	<b>2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>13. Cash and cash equivalents</b>		
Treasury cash account	3,821,559	17,237,805
Mpesa bank account	334,576	1,219,160
Co-op. Bank savings account	1,221	222,943
Co-op. Bank current account	18,736,503	27,745,578
Mobile banking settlement account		36,925
Co-op Bank Atm Account	1,330,382	2,097,065
Equity bank - current account	2,011,208	32,798
NCBA bank	135,452	96,181
Kingdom Bank (formerly Jamii Bora)	216,172	267,800
SBM Bank current account	530,692	530,692
Co-op. Bank Money Market Units	3,198,054	1,650,676
NCBA Bank Unit Trusts	99,413	2,399,413
Fixed deposit accounts - ABC bank	42,139,750	26,873,260
Fixed deposit accounts - CIC unit trust	145,712	111,002
Fixed deposit accounts - Kingdom Bank	24,920,013	66,847,586
Treasury Bond	20,727,252	20,727,252
Fixed deposit accounts - Family Bank	39,327,517	30,824,603
	<b><u>157,675,476</u></b>	<b><u>198,920,739</u></b>
<b>14. Tax recoverable</b>		-

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED:**

	2023 Kshs.	2022 Kshs.
<b>15. Trade and other receivables</b>		
Remittances due from employers	39,000,849	31,799,547
Prepayments (NHIF & NSSF)	-	366,629
Loan arrears	82,927,826	83,828,475
Accrued interest on loans	9,263,006	5,689,044
Wana Anga Medical Fund (Wanameco) - Note 26	3,740,306	4,539,712
<b>Net trade and other receivables</b>	<b><u>134,931,986</u></b>	<b><u>126,223,407</u></b>
2% provision for loss in current year	<u>2,698,640</u>	<u>1,893,351</u>
<b>16. (a) Movement of loans &amp; advances</b>		
Opening balance	960,123,790	978,183,933
Loans repaid during the year	(603,462,728)	(725,485,220)
Additional loans issued during the year	<u>615,381,633</u>	<u>707,425,077</u>
Closing balance	980,393,270	960,123,790
Less loan loss provision (Note 16c)	<u>(52,963,930)</u>	<u>(49,963,930)</u>
<b>Net loans and advances balance</b>	<b><u>927,429,340</u></b>	<b><u>910,159,859</u></b>
<b>16. (b) Loans Portfolio</b>		
School fees loans	3,346,798	3,244,126
Staff salary advance	1,128,582	1,318,562
Fosa loans	561,699,288	554,197,182
Emergency loans	4,659,749	6,522,244
New Instant loans	57,337,938	52,466,320
Rudi Nyumbani (Super Normal)	16,040,730	2,433,176
Normal silver loans	59,491,501	72,727,964
New College fee loans	5,319,406	7,533,087
College fee loans	352,626	341,428
Loan reconciliation account	8,350,575	8,016,667
Normal loans	<u>262,666,077</u>	<u>251,323,034</u>
	<b><u>980,393,270</u></b>	<b><u>960,123,790</u></b>

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED:****16. (c) Loan Portfolio Ageing and Credit Loss Provisioning**

	No, of Accts	Gross at 31.12.2023 Kshs.	Provision at 31.12.2023 Kshs.	Gross at 31.12.2022 Kshs.	Provision at 31.12.2022 Kshs.
Performing - loans (1%)	2,921	891,259,141	8,912,591	882,791,020	8,827,910
Watch loans (5%)	61	23,294,644	1,164,732	17,581,206	879,060
Substandard loans (25%)	110	23,206,393	5,801,598	20,612,529	5,153,132
Doubtful loans (50%)	74	11,096,168	5,548,084	8,070,415	4,035,208
Loss loans (100%)	368	31,536,924	31,536,924	31,068,620	31,068,620
	<b>3,534</b>	<b>980,393,270</b>	<b>52,963,930</b>	<b>960,123,790</b>	<b>49,963,930</b>

	2023 Kshs.	2022 Kshs.
<b>16. (d) Accumulated loans loss provision</b>		
Balance at start of the year	49,963,930	46,963,398
Provision for loan loss current period	<u>3,000,000</u>	<u>3,000,532</u>
Loan loss provision at end of the period	<b><u>52,963,930</u></b>	<b><u>49,963,930</u></b>

**17 Investments****(a). Investments in Quoted Securities at market value**

(ii) 100,800 Ord. shares in Co-op Bank of Kenya Ltd (Cost Kshs. 16.00 each; Market Kshs. 16.00 each)	1,612,800	1,612,800
	<b><u>1,612,800</u></b>	<b><u>1,612,800</u></b>

**(b). Investments in Unquoted Securities at cost**

1,433,544 Ord. shares in Co-op Holdings Ltd @ 9.60	13,762,022	13,762,022
564,456 ord. shares in CIC Soc. Ltd @ 3.50	1,975,596	1,975,596
Shares in Co-op Dev. Information Centre (CODEC)	10,000	10,000
Shares in KNFC Ltd.	16,000	16,000
7,172 Shares in KUSCCO Ltd at Kshs 100 each	<u>717,176</u>	<u>717,176</u>
	<b><u>16,480,794</u></b>	<b><u>16,480,794</u></b>
<b>Total Investments</b>	<b><u>18,093,594</u></b>	<b><u>18,093,594</u></b>

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED:**

	2023 Kshs.	2022 Kshs.
<b>18. Restricted Investment</b>		
<b>Amount of restricted investment</b>	<b><u>21,017,752</u></b>	<b><u>21,017,752</u></b>
<u>Less allowance for expected credit loss on investment</u>		
Provision for loss - balance at start of the year	14,000,000	13,000,000
Provision for loss - current year	<u>1,000,000</u>	<u>1,000,000</u>
<b>Provision for loss provision at end of the year</b>	<b><u>15,000,000</u></b>	<b><u>14,000,000</u></b>
<b>Net restricted funds / investment</b>	<b><u>6,017,752</u></b>	<b><u>7,017,752</u></b>
<b>19. <u>Intangible assets</u></b>		
<b>Cost</b>		
Balance at start of the period	3,508,881	2,843,022
Additions	<u>-</u>	<u>665,859</u>
<b>Total cost</b>	<b><u>3,508,881</u></b>	<b><u>3,508,881</u></b>
<b>Amortization</b>		
Balance at start of the period	2,476,891	2,034,610
Charge for the year	<u>309,597</u>	<u>442,281</u>
<b>Balance at end of the period</b>	<b><u>2,786,488</u></b>	<b><u>2,476,891</u></b>
<b>Book value</b>		
<b>As at 31st December 2023</b>	<b><u>722,393</u></b>	<b><u>1,031,990</u></b>
<b>As at 31st December 2022</b>	<b><u>1,031,990</u></b>	<b><u>808,412</u></b>

CS-3110

**Wana-Anga Co-operative Savings & Credit Society Limited**

**Annual Report & Financial Statements**

*For the Year Ended 31<sup>st</sup> December 2023*

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED:**

	Freehold land Kshs	Leasehold Building Kshs	Computers & Accessories Kshs	Motor vehicle Kshs	Furniture & Fittings Kshs	Office Equipment Kshs	Office Partitions Kshs	Totals Kshs
<b><u>COST</u></b>								
At 01 January 2022	4,635,000	5,425,593	11,142,232	1,709,400	5,262,922	5,593,425	5,112,771	38,881,343
Acquired during the year	200,000	-	1,146,487	-	228,860	306,235	-	1,881,582
Disposed during the year	-	-	-	-	-	-	-	-
<b>At 31 December 2022</b>	<b>4,835,000</b>	<b>5,425,593</b>	<b>12,288,719</b>	<b>1,709,400</b>	<b>5,491,782</b>	<b>5,899,660</b>	<b>5,112,771</b>	<b>40,762,925</b>
At 01 January 2023	4,835,000	5,425,593	12,288,719	1,709,400	5,491,782	5,899,660	5,112,771	40,762,925
Acquired during the year	-	-	487,800	-	21,460	116,895	453,600	1,079,755
Adjustment to realization a/c	-	-	-	-	-	-	-	-
<b>At 31 December 2023</b>	<b>4,835,000</b>	<b>5,425,593</b>	<b>12,776,519</b>	<b>1,709,400</b>	<b>5,513,242</b>	<b>6,016,555</b>	<b>5,566,371</b>	<b>41,842,680</b>
<b><u>DEPRECIATION</u></b>								
At 01 January 2022	-	1,105,545	8,907,857	747,863	3,712,295	4,008,345	3,031,145	21,513,050
	-	-	-	-	-	-	-	-
Charge for the year	-	108,001	1,014,259	240,384	222,436	236,414	260,203	2,081,698
<b>At 31 December 2022</b>	<b>-</b>	<b>1,213,546</b>	<b>9,922,116</b>	<b>988,247</b>	<b>3,934,731</b>	<b>4,244,759</b>	<b>3,291,348</b>	<b>23,594,748</b>
At 01 January 2023	-	1,213,546	9,922,116	988,247	3,934,731	4,244,759	3,291,348	23,594,748
Adjustment to realization a/c	-	-	-	-	-	-	-	-
Charge for the year	-	105,301	856,321	180,288	197,314	221,475	284,378	1,845,077
<b>At 31 December 2023</b>	<b>-</b>	<b>1,318,847</b>	<b>10,778,437</b>	<b>1,168,535</b>	<b>4,132,045</b>	<b>4,466,234</b>	<b>3,575,726</b>	<b>25,439,824</b>
<b><u>NET BOOK VALUE</u></b>								
<b>At 31 December 2023</b>	<b>4,835,000</b>	<b>4,106,746</b>	<b>1,998,083</b>	<b>540,865</b>	<b>1,381,197</b>	<b>1,550,322</b>	<b>1,990,645</b>	<b>16,402,857</b>
<b>At 31 December 2022</b>	<b>4,835,000</b>	<b>4,212,047</b>	<b>2,366,604</b>	<b>721,153</b>	<b>1,557,051</b>	<b>1,654,901</b>	<b>1,821,423</b>	<b>17,168,178</b>



**Wana-Anga Co-operative Savings & Credit Society Limited****Annual Report & Financial Statements***For the Year Ended 31<sup>st</sup> December 2023***NOTES TO THE FINANCIAL STATEMENTS CONTINUED:**

	2023 Kshs.	2022 Kshs.
<b>21. Members' Deposits</b>		
<b>(a) Deposits account balances</b>		
Ordinary Savings - FOSA	66,617,513	46,021,286
Normal fixed term deposits	272,083,801	321,180,130
Special deposits - Children	144,489	67,689
Member deposits - BOSA	650,353,563	635,008,375
<b>Total Members' Deposits</b>	<b>989,199,366</b>	<b>1,002,277,480</b>
<b>(b) Movement in members' deposits balances</b>		
<b>Savings accounts (FOSA)</b>		
At start of the year	46,021,286	46,960,856
Contributions during the year	1,420,878,444	1,512,315,286
Withdrawals during the year	(1,400,282,217)	(1,513,254,856)
<b>Sub-total</b>	<b>66,617,513</b>	<b>46,021,286</b>
<b>Fixed Term Deposits</b>		
At start of the year	321,180,130	389,093,943
New and Rollover in the year	2,118,424,379	2,127,314,490
Withdrawals / refunds during the year	(2,167,520,708)	(2,195,228,302)
<b>Sub-total</b>	<b>272,083,801</b>	<b>321,180,130</b>
<b>Members Deposits (BOSA)</b>		
At start of the year	635,008,375	616,672,580
Contributions during the year	118,327,842	114,836,957
Withdrawals / refunds during the year	(102,982,652)	(96,501,162)
<b>Sub-total</b>	<b>650,353,565</b>	<b>635,008,375</b>
<b>Total Members' Deposits</b>		
At start of the year	1,002,277,480	1,052,727,379
Special deposits - Children	144,489	67,689
Contributions during the year	3,657,630,665	3,754,466,733
Withdrawals / refunds during the year	(3,670,785,577)	(3,804,984,321)
<b>Total Members' Deposits</b>	<b>989,199,369</b>	<b>1,002,277,480</b>
<b>22. Rebate payable on members deposits</b>		
Balance brought forward	34,290,452	30,833,629
Provision for rebate payable for the year	32,517,678	34,290,452
Rebate paid during the year	(34,290,452)	(30,833,629)
<b>Balance carried forward</b>	<b>32,517,678</b>	<b>34,290,452</b>

**Wana-Anga Co-operative Savings & Credit Society Limited****Annual Report & Financial Statements****For the Year Ended 31<sup>st</sup> December 2023****NOTES TO THE FINANCIAL STATEMENTS CONTINUED:**

	<b>2023</b> <b>Kshs.</b>	<b>2022</b> <b>Kshs.</b>
<b>23. <u>Proposed dividends</u></b>		
Proposed dividends b/f	16,497,116	15,578,333
Dividends paid in current period	(16,497,116)	(15,578,333)
Proposed dividend current period	<u>16,478,115</u>	<u>16,497,116</u>
<b>Proposed dividends c/f</b>	<b><u>16,478,115</u></b>	<b><u>16,497,116</u></b>
<b>24. <u>Honoraria Payable</u></b>		
Balance brought forward	-	636,000
Provision for the year	-	-
Paid during the year	<u>(689,000)</u>	<u>(636,000)</u>
	<b><u>(689,000)</u></b>	<b><u>-</u></b>
<b>25. <u>Wana-Anga Benevolent Fund</u></b>		
Balance brought forward	2,478,930	2,992,244
Contributions during the year	4,096,175	5,649,650
Less repayments and claims in the year	<u>(4,212,896)</u>	<u>(6,162,964)</u>
<b>Balance carried forward</b>	<b><u>2,362,208</u></b>	<b><u>2,478,930</u></b>
<b>26. <u>Wana-Anga Medical Fund</u></b>		
Balance brought forward	(4,539,712)	(4,467,949)
Contributions during the year	1,458,163	1,586,895
Sacco loan repayment	(658,757)	(1,658,658)
Claims for reimbursement paid in the year	-	-
<b>Balance carried forward</b>	<b><u>(3,740,306)</u></b>	<b><u>(4,539,712)</u></b>
<b>27. <u>Trade and Other Payables</u></b>		
Wana-Anga Benevolent Fund	2,362,208	2,478,930
Wanabima		
Excise duty payable	98,313	125,838
Corporation tax	(164,710)	2,206,698
With-holding tax payable	47,388	-
NHIF & NITA	61,026	-
Audit fee	400,000	300,000
VAT on audit fee	64,000	48,000
Un-allocated members' direct deposits	155,109	370,011
PAYE payable	310,976	291,285
Provision for honoraria - Note 24	-	-
	<b><u>3,334,311</u></b>	<b><u>5,820,762</u></b>
<b>28 <u>Wana-Anga Risk Fund (WANABIMA)</u></b>		
Balance brought forward	2,894,416	3,331,975
Contributions during the year	16,217,482	17,386,915
Less claims paid / loans written off - deceased members	<u>(16,307,899)</u>	<u>(17,824,474)</u>
<b>Balance carried forward</b>	<b><u>2,803,998</u></b>	<b><u>2,894,416</u></b>

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED:**

	2023 Kshs.	2022 Kshs.
<b>29 Share Capital</b>		
a) <b>Authorized</b>		
Undetermined No. of ordinary shares & Kshs. 20	-	-
b) <b>Issued and partly / fully paid up share capital</b>		
Balance at the start of the year	103,106,978	100,505,373
Deposits during the year	9,506,746	7,746,516
Withdrawals/refunds during the year	(2,759,624)	(5,144,911)
<b>Balance at the end of the year</b>	<b>109,854,100</b>	<b>103,106,978</b>
c) <b>There are no members holding more than 25% of total members' deposits.</b>		

**31 Capital Risk Management****(a) Objectives and Policies**

The Society manages its capital to ensure that it will be able to continue as a going concern while maximizing service to members and fair return to members' deposits and share capital. The Society is not subject to any external imposed capital requirements.

**(b) Financial Risk Management**

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

Risk management is carried out by the Audit and Compliance sub-committee under policies approved by the Board of Directors. The Audit and Compliance sub-committee identifies, evaluates and manages financial risks in close co-operation with various departmental heads. The Board of Directors provides written principles for overall risk, credit risk, as well as written policies covering specific management areas, such as interest rate risk, credit risk and investment of excess liquidity. The sub-committee reports quarterly to the Board of Directors on all aspects of risks including nature of risks, and measures instituted to mitigate risk exposures.

**➤ Interest rate / price risk management**

The Society is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed through maintaining an appropriate mix between fixed and floating rate borrowings.

**➤ Other price risks**

The Society is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The society does not actively trade these investments.

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED:****30. (c) Credit Risk Management**

Credit risk refers to the risk that some loans and advances to members, and some debtors. Receivables and other parties owing the society will default on their contractual obligations resulting in financial loss to the society. The amounts presented in the Statement of Financial Position are net of impairment for doubtful debts, estimated by the Board of Directors based on prior experience and assessment of the current economic environment. The Society adopted a policy (as contained in its by-laws) of only dealing with creditworthy members and other parties and obtaining sufficient collateral, guarantors where appropriate as means of mitigating the risk of financial loss from defaults. The Society 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 of a large number of customers spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee insurance cover is purchased. The Society does not have any significant credit risk exposure to any single member or any other party having similar characteristics.

**(d) Institutional Capital Ratio**

The Sacco's institutional capital comprises of retained earnings, statutory reserve and the allowable 25% portion of investments revaluation reserve.

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Retained earnings	35,561,895	38,748,428
Statutory Reserve	53,322,598	49,999,702
Add 0% of revaluation reserve	-	-
Less investments in non-co-operative institutions	-	-
<b>Institutional capital</b>	<b>88,884,493</b>	<b>88,748,130</b>
<b>Total assets</b>	<b>1,261,273,399</b>	<b>1,271,749,496</b>
<b>Institutional capital ratio (%)</b>	<b>7.05%</b>	<b>6.98%</b>

The Sacco is required to maintain at all times institutional capital ratio of not less than 8% of total assets.

**(e) Non-Performing Loans and advances to members**

The society is also required to ensure that the ratio of non-performing (delinquent) loans and advances to gross loans portfolio never exceeds 5%. Over the last two financial years, 2023 and 2022 the society's delinquency ratio increased from 8.50% to 9.61% during the current financial year. The Sacco needs to devote more effort on recovery of outstanding loans and other debts.

**Wana-Anga Co-operative Savings & Credit Society Limited**  
**Annual Report & Financial Statements**  
**For the Year Ended 31<sup>st</sup> December 2023**

	Income	Income
	Kshs	Kshs
	2023	2022
<b>32. Corporation tax computation</b>		
<b>Chargeable Income</b>		
Interest from bank and on savings	11,669,688	15,289,187
Interest on loans to members	165,233,423	165,721,737
<b>Other operating income</b>		
Commissions, fees and charges	2,182,670	3,712,618
Dividend income	4,849,028	1,356,168
Sundry income	-	-
Entrance fees	92,431	82,240
Risk management recoveries	-	-
Members services commissions and fees	-	-
<b>Total income</b>	<b>184,027,241</b>	<b>186,161,949</b>
Less allowable deductions - income from loans to members	(165,233,423)	(165,721,736)
<b>Gross chargeable income</b>	<b>18,793,817</b>	<b>20,440,213</b>
<b>Tax Assessment</b>		
Assessed tax on 50% of chargeable income @ 35%	3,288,918.05	3,066,032
Less advance tax payments in the year	(3,070,476)	-
Less tax withheld at source (List attached)	(383,152)	(859,334)
Less tax recoverable brought forward	-	-
<b>Tax payable (recoverable) at end of period</b>	<b>(164,710)</b>	<b>2,206,698</b>