

CS/NO. 3110

WANA-ANGA SAVINGS AND CREDIT SOCIETY LIMITED



ANNUAL REPORT AND FINANCIAL STATEMENTS



FOR THE YEAR ENDED 31st DECEMBER 2024

CS/NO. 3110
WANA-ANGA SAVINGS AND CREDIT SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2024

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SOCIETY INFORMATION

The Board members and Sacco Management:

BOARD MEMBERS:

Charles Ngunjiri	National Chairman
Martin Oloo	Vice Chairman
Edward Muriuki	Treasurer
Peter Oloo	Hon.Secretary
Claudius Ogundu	Member
Lilian Wanyiri	Member
Sheila Matheka	Member
Magdalene Gateri	Member
John Muiruri	Member

SUPERVISORY COMMITTEE

John Nguyo	Chairman
Mary Kurgat	Secretary
Henry Sese	Member

CHIEF EXECUTIVE OFFICER

Vincent Rota	Chief Executive Officer
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REGISTERED OFFICE

Wana-Anga Savings and Credit Society
Meteorological Department Headquarters,
Dagoretti Corner, Ngong Road
P.O Box 34680-00100,
Nairobi,Kenya.
Email: info@wana-anga.co.ke

BANKER

1 Co-operative Bank of Kenya,
Nairobi Business Center Branch
NAIROBI, KENYA

Co-operative Bank of Kenya,
Dagoretti Corner Branch,
NAIROBI, KENYA

Kingdom Bank Ltd
Koinange Branch

Equity Bank Kenya Ltd
Dagoretti Corner Branch
NAIROBI, KENYA

SBM Kenya Ltd
Riverside Branch
NAIROBI, KENYA

NCBA Bank Ltd
Junction Branch
NAIROBI, KENYA

African Banking Cooperation
Industrial Area Branch
NAIROBI, KENYA

Family Bank Kenya Ltd
Kariobangi Branch
NAIROBI, KENYA

INDEPENDENT AUDITOR

Nelson & Francis LLP CPA- independent member of BOKS International
Timshack Building 4th Floor Along Ngong Road
P.O Box 19897-00100
NAIROBI, KENYA

Wana - Anga Savings & Credit Co-operative Society Limited
Annual Report & Financial Statements For the year ended
31st December 2024

RESULTS

	2024	2023
	Kshs	Kshs
Surplus (deficit) after tax	21,184,841	16,614,479
Transfer to statutory reserve	4,236,968	3,322,896
Proposed dividend	16,895,703	16,478,115
Retained earnings	35,614,064	35,561,895
Rebate on members' deposits	31,748,503	32,517,678
Issued and paid up share capital	113,393,977	109,854,100

Institutional capital Ratio

Institutional capital comprises the reserves not of investments in equity securities of non-co-operative institutions

	2024	2023
	Kshs	Kshs
Retained earnings	35,614,064	35,561,895
Statutory Reserve	57,559,566	53,322,598
Add 0% of revaluation reserve	-	-
Less investments in non-co-operative institutions	-	-
Institutional capital	93,173,630	88,884,493
Total assets	1,261,251,894	1,261,273,399
Institutional capital ratio (%)	7.39%	7.05%

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

Dividends and Interest

The Board of Directors recommend payment of first and final dividend of 14.9% equal to Kshs. 16,895,703 (2023: 15.0%, Kshs. 16,497,115.00) and payment of a rebate of 4.80% equal to Kshs 31,748,503 (2023: 5.0%, Kshs. 32,517,678.00).

The Board of Directors.

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

Independent Auditor

The society's Independent auditor, Nelson & Francis LLP (Certified Public Accountants (CPA-K) were appointed Auditors of the Society in the year 2024 under the term of section 25 (4) of the Co-operative Society Act Cap 490 & the SACCO Societies Act No. 14 of 2008.

By Order Of the Board.

Signature _____ Date _____ 2025
Hon. Secretary

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For the year ended 31st December 2024

STATISTICAL INFORMATION

	2024	2023
Membership		
Active Members	2,803	2,685
Dormant Members	560	652
Number at end of the year	3,363	3,337

Staff Data

Male	6	6
Female	6	6

Statistical data

	Kshs	Kshs
Total Assets	1,261,251,894	1,261,273,399
Cash and cash equivalents	219,733,784	157,675,476
Members deposits	979,246,921	989,199,366
Loans to members	855,639,529	927,429,340
Delinquent (Non-performing) loans	84,945,052	89,134,129
Investments	1,612,800	1,612,800
Core capital	206,567,607	198,738,593
Share capital	113,393,977	109,854,100
Institutional capital	93,173,630	88,884,493
Total revenue	187,337,439	181,935,384
Total Interest income	180,008,227	176,903,111
Total Expenses	163,665,319	167,577,472
Rebate on members deposits	31,748,503	32,517,678
Net surplus / (loss) after tax	21,184,841	16,614,479
Proposed dividend	16,895,703	16,478,115

Key Ratios

Capital adequacy Ratios	Bench -mark		
Core capital to total assets	≥ 10%	16.38%	15.76%
Core capital to deposits	≥ 8%	21.09%	20.09%
Institutional capital to total assets	≥ 8%	7.39%	7.05%
Net Loans / Total assets	70-80%	67.84%	73.53%
Saving/ Total assets	70-80%	77.64%	78.43%
None earning assets/total Assets	<10%	14.77%	14.68%

Liquidity ratios

Liquid assets to short-term liabilities	≥ 15%	59.96%	15.94%
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Operating efficiency & loan quality ratios

Total Expenses / Average Assets	≤ 5%	3.24%	3.31%
Rebate on member deposits to total revenue	-	16.95%	17.87%
Rebate on members deposits	-	4.80%	5.00%
Dividend rate on members share capital	-	14.90%	15.00%
Total Delinquent Loans / Gross Loan Portfolio	≤ 5%	9.93%	9.61%

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STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES

The Sacco Society Act, No.14 of 2008 requires the Board of Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the society as at the end of the financial year and its operating results for that year in accordance with International Financial Reporting Standards (IFRS). It also requires the Board of Directors to ensure that the society keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the society. They are also responsible for safeguarding the assets of the society and ensuring that the business of the society has been conducted in accordance with its objectives, by-laws and any other resolutions made at society's general meeting.

The Board of Directors accepts responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Co-operatives Societies Act, Cap 490. 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 (IFRS). 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 adequate systems 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.

Approved by the Board of Directors on.....2025 and signed on its behalf by:

Signature.....	Signature.....	Signature.....
Chairman	Treasurer	Hon. Secretary



**REPORT OF INDEPENDENT AUDITORS
TO THE MEMBERS OF WANA-ANGA SAVINGS & CREDIT SOCIETY LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2024**

Opinion

We have audited the accompanying financial statements of Wana-Anga Savings & Credit Society Limited set out on pages 8 to 29 which comprise the statement of financial position as at 31st December 2024 and the Statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the state of the society 's financial affairs as at 31st December 2024, the results of its operations and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Sacco Societies Act.

Basis of Opinion

We conducted our audit in accordance with the 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 independent of the Society in accordance with the International Ethics Standards Board for Accountants Code of Ethics, For Professional Accountant (IESBA Code) we have fulfilled our other ethical responsibilities in accordance with IESBA code and in accordance with other ethical requirements applicable to performing the audit of financial statements in Kenya.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the society financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Matters	How it was addressed
Quality of loanbook, adoption and implementation of IFRS The amount and quality of loans advanced to the members affect the revenue that the Sacco generates and recognizes in a financial year. The revenue from members' loans represents a material amount of the Society's total revenue. The high volume of loan accounts necessitates a good system to record and track each loan account and correctly compute and record income receivable. Adequate provision for non-performing loans is equally critical to avoid overstatement of loan balances and interest income as a result of carrying accounts that are not collectible.	We tested internal controls, management's controls over loan processing and recovery, the IT system in use, performing substantive process of procedures relating to provisioning, recalculating the provisions. We further focussed on the adequacy of the Sacco's computations and disclosures about the loan impairment and the related risks such as credit risk, liquidity risk and the aging of the loan balances.
Impairment of loans Impairment of loans to members are determined under application of IFRS 9 model financial instrument. This was considered a key audit matter because significant judgement was involved in determining impairment losses	Assessing the inherent default risk in various loan products and other financial instruments. Evaluation of other alternative measures taken by management to mitigate accounting and disclosure of any future risks

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INDEPENDENT AUDITOR'S REPORT (CONT....)

**TO THE MEMBERS OF WANA-ANGA SAVINGS & CREDIT SOCIETY LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2024**

Prudentio ratios A prudential ratio is a key financial metric that measures the stability and strength of a Sacco, review of Wana-Anga ratios depicted low performance on delinquency ratio at 9.93 against $\leq 5\%$, Institutional ratio at 7.39% against $\geq 8\%$	Assessing the inherent default risk in various loan products and other financial instruments. Computation and recomputation of the prudential ratios and confirm the management strategies in addressing non performance of ratios to any future risks
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The Board of Directors is responsible for the other information. The other information comprises the budget and the chairman's report included in the annual report but does not include the financial statements and our auditor's report thereon.

any form of assurance conclusion thereon in connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, 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

statements in accordance with International Financial Reporting Standards and the requirements of the Sacco ' s Act. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances .The Kenya Co-operatives Societies Act also requires the Board of Directors to ensure that the society maintains proper books of accounts which are in agreement with the statement of comprehensive income and statement of financial position.

Auditors' Responsibility for the audit of the financial statements

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 whether the financial statements are free from material misstatements. disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessment, the auditor considers the internal control relevant to the society ' 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 society's internal controls.

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INDEPENDENT AUDITOR'S REPORT (CONT....)

TO THE MEMBERS OF WANA-ANGA SAVINGS & CREDIT SOCIETY

LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2024

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of 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.

We provide the directors with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal requirements

As required by the Sacco's Act, we report to you that the financial statements are in agreement with the books of account 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 the Kenyan Co-operative Society's Act, made by the Society at a general meeting.

FCPA Nelson Korir – P/No 1761

Nelson and Francis LLP

Certified Public Accountant (k)

.....2025

Nairobi, Kenya.

Wana - Anga Savings & Credit Co-operative Society Limited
Annual Report & Financial Statements
For the year ended 31ST December 2024

STATEMENT OF COMPREHENSIVE INCOME

		2024	2023
	(Notes)	Kshs	Kshs
Revenue			
Interest on loans to members	(2)	158,895,932	165,233,423
Other interest income	(3)	<u>21,112,295</u>	<u>11,669,688</u>
Total interest income		180,008,227	176,903,111
Interest expenses	(4)	<u>(82,926,125)</u>	<u>(83,910,539)</u>
Net interest income		97,082,102	92,992,572
Other income	(5)	<u>7,329,212</u>	<u>5,032,273</u>
Operating income		<u>104,411,313</u>	<u>98,024,845</u>
Operating expenses			
Financial expenses	(6)	7,700,337	6,698,640
Governance expenses	(7)	16,709,875	20,317,510
Marketing and publicity expenses	(8)	1,915,670	2,389,400
Administrative expenses	(9)	25,916,389	28,481,963
Staff costs	(10)	25,032,927	21,532,890
Amortization & Depreciation expense	(11)	<u>3,463,996</u>	<u>2,154,674</u>
Operating expenditure		<u>80,739,193</u>	<u>81,575,077</u>
Surplus for the year before tax		<u>23,672,120</u>	<u>16,449,768</u>
Less income tax Expense	29	<u>2,487,279</u>	<u>(164,710)</u>
Surplus for the year after tax		<u>21,184,841</u>	<u>16,614,477</u>

Wana - Anga Savings & Credit Co-operative Society
Limited Annual Report & Financial Statements For the year
ended 31st December 2024

STATEMENT OF FINANCIAL POSITION AS AT 31st December 2024

		2024	2023
	(Notes)	Kshs	Kshs
ASSETS			
Cash and cash equivalents	12	219,733,784	157,675,476
Trade and other receivables	13	142,882,099	134,931,986
Loans and advances to members	14	855,639,529	927,429,340
Quoted Investments in Non-Co-operative Institutions	15 (a)	1,612,800	1,612,800
Unquoted Investments in Co-operative Institutions	15 (b)	15,763,618	16,480,794
Restricted fund	16	5,634,928	6,017,752
Intangible assets	17	4,522,527	722,393
Property, plant and equipment	18	15,462,609	16,402,857
Total assets		<u>1,261,251,894</u>	<u>1,261,273,399</u>
LIABILITIES			
Members' deposits	19	979,246,921	989,199,366
Rebate payable	20	31,748,503	32,517,678
Proposed dividend	21	16,895,703	16,478,115
Trade and other payables	25	4,735,815	3,334,311
Wana-Anga Risk Fund	26	3,856,007	2,803,998
Total liabilities		<u>1,036,482,949</u>	<u>1,044,333,468</u>
EQUITY			
Share capital	27	113,393,977	109,854,100
Statutory reserve fund	27	57,559,566	53,322,598
Capital revaluation reserve	27	18,201,338	18,201,338
Retained surplus	27	35,614,064	35,561,895
		<u>224,768,945</u>	<u>216,939,931</u>
Total Liabilities and Equity		<u>1,261,251,894</u>	<u>1,261,273,399</u>

These financial statements and accompanying notes set out on pages 13 to 32 were approved by the Board of Directors on02.2025 and signed on its behalf by:-

.....
(Chairman)

.....
(Treasurer)

.....
(Board Member)

Wana - Anga Savings & Credit Co-operative Society Limited**Annual Report & Financial Statements****For the year ended 31st December 2024****STATEMENT OF CHANGES IN EQUITY**

	Share capital Kshs	Statutory reserve Kshs	Capital revaluation reserve Kshs	Retained Earnings Kshs	Proposed Dividend Kshs	Total Kshs
Year ended 31.12.2023						
Balance at 01.01.2023	103,106,978	49,999,702	18,114,162	38,748,427	16,497,116	226,466,385
Prior year adjustment-dividend paid	-	-	-	-	(16,497,116)	(16,497,116)
Balance restated	103,106,978	49,999,702	18,114,162	38,748,427	-	209,969,269
Surplus (loss) for the year	-	-	-	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
Balance at 31.12.2023	109,854,100	53,322,598	18,114,162	35,561,894	16,478,115	233,330,871
Year ended 31.12.2023						
Balance at 01.01.2024	109,854,100	53,322,598	18,114,162	35,561,894	16,478,115	233,330,871
Prior year adjustment- Note 6(a)	-	-	87,176	-	-	87,176
Prior year adjustment-dividend paid	-	-	-	-	(16,478,115)	(16,478,115)
Balance restated	109,854,100	53,322,598	18,201,338	35,561,894	-	216,939,932
Surplus (loss) for the year after tax	-	-	-	21,184,841	-	21,184,841
Transfer from appropriation reserve	-	4,236,968	-	(4,236,968)	-	-
Proposed dividend	-	-	-	(16,895,703)	16,895,703	-
Proposed honoraria	-	-	-	-	-	-
Additions during the year	3,539,877	-	-	-	-	3,539,877
Balance at 31.12.2024	113,393,977	57,559,566	18,201,338	35,614,064	16,895,703	241,664,650

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STATEMENT OF CASH FLOWS

		2024	2023
	Note(s)	Kshs	Kshs
Cash flow from operating activities			
Interest income received	(2, 3)	180,008,227	176,903,111
Other receipts	(5)	7,329,212	5,032,273
Interest and rebate payments	(4, 22)	(83,695,300)	(87,183,313)
Payments to employees and suppliers	(6,7,8,9,10)	(70,396,633)	(90,423,219)
		33,245,505	4,328,852
(Increase) / decrease in operating assets			
Trade and other receivables	(13)	(7,950,112)	(22,024,603)
Loans to members	(14)	68,789,811	(18,343,179)
Increase / (decrease) in operating liabilities			
Deposits from members	(19)	(9,952,446)	(13,078,111)
Risk fund		1,052,009	(90,418)
Trade and other payables	(25)	(1,085,774)	(2,486,451)
Cash flow from operating activities before taxes		84,098,993	(51,693,911)
Income tax paid	(29)	(2,778,566)	(2,206,698)
Net cash from operating activities after tax		81,320,428	(53,900,609)
Cash flow from investing activities			
Purchase of property and equipment	(18)	(585,522)	(1,079,755)
Decrease in Investments			-
Purchase of intangible assets (computer software)	(17)	(5,738,360)	-
Net cash from investing activities		(6,323,882)	(1,079,755)
Cash flow from financing activities			
Share capital contributions	(27)	3,539,877	6,747,122
Dividends and Honoraria paid	(21)	(16,478,115)	(17,186,116)
Net cash flow from financing activities		(12,938,238)	(10,438,994)
Net (decrease) / increase of cash and cash equivalent		62,058,308	(65,419,358)
Cash and cash equivalents at start of the year		157,675,476	223,094,834
Cash and cash equivalents at end of the period		219,733,784	157,675,476

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WANA-ANGA SAVINGS AND CREDIT SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST DECEMBER 2024

1 Summary of Significant Accounting Policies

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

a) Statement of compliance & basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRSs).

These financial statements are presented in the functional currency, Kenya shillings (KShs) and prepared under the historical cost convention, except as specified below under fair value measurement in accordance with applicable IFRSs.

b) Revenue recognition

Interest income and expense

Interest on members loans and any other income is recognized on the year it is earned by the Society. Revenue shall be measured at the fair value of the consideration received or receivable. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Other income

i) Entrance fee is recognised when a new member joins the society;

ii) Dividend is recognised when the right to receive income is established. Dividend are reflected as a component of other operating income based on the underlying classification of the equity instrument;

iii) Commission income is recognised upon successful completion of the transaction;

iv) Miscellaneous income is recognised upon performance of the services agreed on. Interest income is recognised on an accruals basis in the profit or loss for the year using the effective yield on the asset. Interest income includes income from loans and advances. When financial assets become impaired, interest income is thereafter not recognised until such time that recoverability is assured.

c) Property and equipment

All property and equipment are initially recorded at cost. Certain classes of property, plant and equipment are subsequently shown at revalued amounts, based on periodic valuations by the independent valuers, less subsequent. All other property plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

	Rates
Office equipment	12.5%
Furniture & Fixtures	12.5%
Generator	12.5%
Computers	30%

Intangible Assets

Intangible assets include computer software recognised in the books at cost and amortised over an estimated useful life based on the circumstances at an annual rate of 20% per annum based on reducing balance method.

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

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STATEMENTS ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST DECEMBER 2024

Derecognition

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

(a) on disposal; or

(b) when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised (unless IAS 17 requires otherwise on a sale and leaseback). Gains shall not be classified as revenue.

(d) IFRS 9: Financial instrument

Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through Profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Society is yet to assess IFRS 9's full impact.

The Sacco classifies its financial instruments into the following categories:

i) **Financial assets and financial liabilities at fair value through profit or loss**, which comprise financial assets and financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term or to generate short-term profit-taking; and/ or

Financial assets and financial liabilities at fair value through profit or loss, which comprise financial assets or financial liabilities designated by the company at fair value through profit or loss and which are managed and their performance evaluated on a fair value basis in accordance with the company's investment strategy.

ii) **Held-to-maturity investments**, which comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has a positive intention and ability to hold to maturity.

iii) **Loans and receivables, which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and excludes assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss or as available-for-sale financial assets.**

iv) **Available-for-sale financial assets**, which comprise non-derivative financial assets that are designated as available-for-sale financial assets, and not classified under any of the other categories of financial assets.

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e) IAS 7: Statement of Cashflows

Statement of cash flows states that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities. This amendment had no impact on the Financial Statements of the Sacco.

(f) IAS 12: Income

Taxes Current tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(g) Financial liabilities and equity instruments issued by the Sacco

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Sacco are recorded at the proceeds received, net of direct issue costs. The capital comprise primarily of minimum share capital prescribed under the By-laws of the Sacco.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

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Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the statement of comprehensive income.

Subsequently, all financial liabilities are carried at amortised cost using the effective interest method except for financial liabilities through profit or loss which are carried at fair value.

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Derecognition of Financial Liabilities

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

Provision for liabilities and charges

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 a reliable estimate of the amount of the obligation can be made.

Other financial liabilities

All other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(h) Employee entitlements

Employee entitlement to long service awards are recognized when they accrue to employees. Provision is made for the estimated liability of such entitlements as a result of services rendered by employees up to the reporting date. The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

(i) Retirement benefit obligations

The Society operates a defined contribution scheme for all employees. A defined contribution plan is a pension plan under which the society pays fixed contributions into a separate entity. The assets of these schemes are held in a separately administered fund that is funded by contribution from the society and employees.

The Society has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior period. The society's contributions to the defined contribution schemes are charged to the profit or loss in the year to which they relate.

The society also contributes to a mandatory statutory defined contribution pension scheme, the National Social Security Fund (NSSF) at varying values for its employees as legislated from time to time.

(j) Statutory reserves

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.

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(k) Cash and cash equivalents

In the statement of cash flows, cash and cash an equivalent includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less, net of bank overdrafts.

(l) Provisions for liabilities and other charges

Provisions are recognised when the Sacco has a present obligation (legal or constructive) as a result of a past event, it is probable that the Sacco will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

(m) Collateral

The Sacco discloses:

(a)the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with paragraph 37(a) of IAS 39; and

(b)the terms and conditions relating to its pledge

When the Sacco holds collateral (of financial or non-financial assets) and is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, it shall disclose:

(a)the fair value of the collateral held;

(b)the fair value of any such collateral sold or repledged, and whether the entity has an obligation to return it; and

(c)the terms and conditions associated with its use of the collateral.

(n) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on a weighted average basis and comprises expenditure incurred in the normal course of business, including direct material costs. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for the costs of realisation. Obsolete and defective inventories are fully written off.

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	2024	2023
	<u>Kshs.</u>	<u>Kshs.</u>
2. Interest income on loans and advances		
FOSA loans	98,838,383	102,179,350
Normal loans	25,741,284	28,005,270
New Instant loans	10,554,568	12,102,114
Supernormal loans	3,618,135	1,285,571
Sliver loans	10,916,069	12,561,228
Loan processing interest	5,609,802	6,520,409
New college fee loans	1,027,391	1,036,176
WanaPap	1,009,228	-
School fees loans	389,364	531,751
Emergency loans	589,838	622,452
Salary Advance interest	258,670	-
Cash withdrawal commission	343,200	389,103
	<u>158,895,932</u>	<u>165,233,423</u>
3. Other Interest income		
Interest from Cooperative Unit Trust	1,597,519	-
Interest from Cic Unit Trust	20,857	-
Interest from NCBA Bank Unit Trust	77,487	-
Interest from ABC Bank Fixed Funds	8,903,940	-
Interest from FAMILY Bank Fixed	4,848,097	-
Interest from Kingdom Bank Fixed	5,664,396	-
	<u>21,112,295</u>	<u>11,669,688</u>
	<u>180,008,227</u>	<u>176,903,111</u>
4. Interest Expenses		
Interest expense short term deposits	51,177,622	51,392,861
Rebates payable on members' deposits	31,748,503	32,517,678
	<u>82,926,125</u>	<u>83,910,539</u>
5. Other income		
(a) Fees and commissions income		
Commissions and fees	2,266,400.03	2,182,670
Total fees and commissions income	<u>2,266,400</u>	<u>2,182,670</u>
Less fees and commissions expense		
Bank charges	-	2,091,857
Total fees and commissions income	-	<u>2,091,857</u>
Net fees and commissions income	<u>2,266,400</u>	<u>90,813</u>
(b) Other operating income		
Entrance fees	71,575	92,431
Dividends income	4,991,237	4,849,028
(Total other operating income)	<u>5,062,812</u>	<u>4,941,459</u>
Total other comprehensive income	<u>7,329,212</u>	<u>5,032,273</u>

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	2024	2023
	Kshs.	Kshs.
6. Financial expenses - Impairment provisions		
Allowance for loss on restricted investments	1,100,000	1,000,000
Allowance for loss on trade and other receivables	2,857,642	1,893,351
Allowance for loss on loans and advances	3,000,000	3,000,000
Bank charges	742,695	-
	7,700,337	5,893,351
7. Governance expenses		
Board expenses	4,222,000	4,400,277
Honoraria Paid	646,000	636,000
Members education	300,000	271,000
Annual General Meeting expenses	7,077,030	5,826,440
Dividend administration	1,092,000	1,291,000
Subsistence expenses	3,372,845	5,324,423
	16,709,875	17,749,140
8. Marketing and publicity expenses		
Marketing & Admin advertisement	580,320	807,015
Ushirika Day Celebrations	186,500	602,350
Apex bodies activities	943,850	872,850
Donations	205,000	163,000
	1,915,670	2,445,215

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024	2023
	Kshs.	Kshs.
9. Administrative Expenses		
Telephone, postage and internet	1,098,359	907,250
Printing and stationery	710,155	951,431
Insurance	9,716,945	10,940,800
Software annual maintenance expense	221,807	296,579
SASRA fees and related expense	1,753,986	1,992,206
Ministry remittance	447,500	761,386
License fees	125,440	177,150
Motor vehicle fuel & maintenance	344,384	508,269
Travelling expenses	3,805,350	3,201,140
Data & offsite backup services	466,900	646,900
Repairs and maintenance	247,985	401,000
Security expenses	753,366	600,833
Front office expenses	559,500	940,497
Audit fees	400,000	464,000
Legal fees/licence fees	112,000	70,000
Consultancy & plan workshop expenses	877,160	1,531,360
Staff training and education	556,180	489,200
Workshop and seminars	1,663,950	1,944,000
Digital Loan Processing	675,392	-
Sundry office expenses	1,380,030	1,657,962
	25,916,389	28,481,963
10. Staff costs		
Salaries and wages	21,968,316	18,797,171
Gratuity	3,064,611	2,735,719
	25,032,927	21,532,890
11. Depreciation / Amortization		
Amortization (Note 19)	1,938,226	442,281
Depreciation (Note 19)	1,525,770	2,081,698
	3,463,996	2,523,979

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024	2023
	Kshs.	Kshs.
12. Cash and cash equivalents		
Treasury cash account	1,998,233	3,821,559
Mpesa bank account	878,773	334,576
Co-op. Bank Current account(Dagorreti Branch)	73,563	1,221
Co-op. Bank current account	13,143,063	18,736,503
Co-op Bank Atm Account	919,164	1,330,382
Equity bank - current account	315,578	2,011,208
NCBA bank	162,362	135,452
Kingdom Bank (formerly Jamii)	216,172	216,172
SBM Bank current account	30,692	530,692
Co-op. Bank Money Market Units	70,795,572	3,198,054
NCBA Bank Unit Trusts	175,614	99,413
Fixed deposit accounts - ABC bank	35,928,357	42,139,750
Fixed deposit accounts - CIC unit trust	166,492	145,712
Fixed deposit accounts - Kingdom Bank	41,576,908	24,920,013
Treasury Bond	20,727,252	20,727,252
Fixed deposit accounts - Family Bank	32,625,989	39,327,517
	219,733,784	157,675,476

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 Kshs.	2023 Kshs.
13. Trade and other receivables		
Remittances due from employers	48,712,408	39,000,849
Wanapap Digital Loans	2,535,046	-
Loan arrears	79,248,446	82,927,826
Accrued interest on loan	11,653,707	9,263,006
Wana Anga Medical Fund (Wanameco) - Note 26	732,492	3,740,306
Net trade and other receivables	142,882,099	134,931,987
2% provision for loss in current year	2,857,642	1,893,351
14. (a) Movement of loans & advances		
Opening balance	980,393,270	960,123,790
Loans repaid during the year	(452,550,356)	(603,462,728)
Additional loans issued during the year	383,760,545	623,732,208
Closing balance	911,603,459	980,393,270
Less loan loss provision (Note 16c)	(55,963,930)	(52,963,930)
Net loans and advances balance	855,639,529	927,429,339
14. (b) Loans Portfolio		
School fees loans	3,114,626	3,346,798
Staff salary advance	1,513,042	1,128,582
Fosa loans	538,481,171	561,699,288
Emergency loans	6,513,584	4,659,749
New Instant loans	48,593,389	57,337,938
Rudi Nyumbani (Super Nor	24,635,512	16,040,730
Normal silver loans	55,584,429	59,491,501
New College fee loans	4,708,706	5,319,406
College fee loans	524,120	352,626
Loan reconciliation account	7,608,380	8,350,575
Normal loans	220,326,501	262,666,077
	911,603,459	980,393,270

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. (c) Loan Portfolio Ageing and Credit Loss Provisioning

	No, of Accts	Gross at 31.12.2024 Kshs.	Provision at 31.12.2024 Kshs.	Gross at 31.12.2023 Kshs.	Provision at 31.12.2023 Kshs.
Performing - loans (1%)	3,004	826,658,408	8,266,584	891,259,141	8,912,591
Watch loans (5%)	45	8,762,041	438,102	23,294,644	1,164,732
Substandard loans (25%)	65	6,964,066	1,741,017	23,206,393	5,801,598
Doubtful loans (50%)	46	11,319,070	5,659,535	11,096,168	5,548,084
Loss loans (100%)	447	57,899,875	57,899,875	31,536,924	31,536,924
	3,607	911,603,459	74,005,112	980,393,271	52,963,930

	2024 Kshs.	2023 Kshs.
14. (d) Accumulated loans loss provision		
Balance at start of the year	52,963,930	49,963,930
Provision for loan loss current period	3,000,000	3,000,000
Loan loss provision at end of the period	55,963,930	52,963,930

15 Investments

(a). Investments in Quoted Securities a

(i) 100,800 Ord. shares in Co-op Bank of Kenya Ltd (Cost Kshs. 16.00 each; Market Ks	1,612,800	1,612,800
	1,612,800	1,612,800

(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	-	717,176
	15,763,618	16,480,794
Total Investments	17,376,418	18,093,594

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	2024	2023
	Kshs.	Kshs.
16. Restricted Investments		
a) Amount of restricted investment (LTD)	21,017,752	21,017,752
	21,017,752	21,017,752
<u>Less allowance for expected credit loss on investment</u>		
Provision for loss - balance at start of the year	15,000,000	14,000,000
Provision for loss - current year	1,000,000	1,000,000
Provision for loss provision at end of the year	16,000,000	15,000,000
Net restricted funds / investment	5,017,752	6,017,752
b) Amount of restricted investment (KUSSCO LTD)	717,176	-
<u>Less allowance for expected credit loss on investment</u>		
Provision for loss - current year	100,000	
Net restricted funds / investment(KUSSCO)	617,176	
(The restricted fund comprises impaired and irredeemable Unquoted Shares in KUSSCO LTD now being written off.)		
Net restricted funds / investment(&KUSSCO)	5,634,928	
17. Intangible assets		
Cost		
Balance at start of the period	3,508,881	3,508,881
Additions	5,738,360	-
Total cost	9,247,241	3,508,881
Amortization		
Balance at start of the period	2,786,488	2,476,891
Charge for the year	1,938,226	309,597
Balance at end of the period	4,724,714	2,786,488
Book value		
As at 31st December 2024	4,522,527	722,393
As at 31st December 2023	722,393	1,031,990

Wana - Anga Savings & Credit Co-operative Society Limited**Annual Report & Financial Statements**

For the year ended 30th September 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**18. PROPERTY, PLANT AND EQUIPMENT**

	Freehold land Kshs	Leasehold Building Kshs	Computers & Accessories Kshs	Motor vehicle Kshs	Furniture & Fittings Kshs	Office Equipment Kshs	Office Partitions Kshs	Totals Kshs
<u>COST</u>								
At 01 January 2023	4,835,000	5,425,593	12,776,519	1,709,400	5,513,242	6,016,555	5,566,371	41,842,680
Acquired during the year	-	-	-	-	-	-	-	-
Disposed during the year	-	-	-	-	-	-	-	-
At 31 December 2023	4,835,000	5,425,593	12,776,519	1,709,400	5,513,242	6,016,555	5,566,371	41,842,680
At 01 January 2024	4,835,000	5,425,593	12,776,519	1,709,400	5,513,242	6,016,555	5,566,371	41,842,680
Acquired during the year	-	-	-	-	89,000	102,190	394,332	585,522
Adjustment to realization a	-	-	-	-	-	-	-	-
At 31 December 2024	4,835,000	5,425,593	12,776,519	1,709,400	5,602,242	6,118,745	5,960,703	42,428,202
<u>DEPRECIATION</u>								
At 01 January 2023	-	1,213,546	9,922,116	988,247	3,934,731	4,244,759	3,291,348	23,594,747
	-	-	-	-	-	-	-	-
Charge for the year	-	105,301	856,321	180,288	197,314	221,475	284,378	1,845,078
At 31 December 2023	-	1,318,847	10,778,437	1,168,535	4,132,045	4,466,234	3,575,726	25,439,825
At 01 January 2024	-	1,318,847	10,778,437	1,168,535	4,132,045	4,466,234	3,575,726	25,439,825
Adjustment to realization a	-	-	-	-	-	-	-	-
Charge for the year	-	102,669	599,425	135,216	183,775	206,564	298,122	1,525,770
At 31 December 2024	-	1,421,516	11,377,862	1,303,751	4,315,820	4,672,798	3,873,848	26,965,594
<u>NET BOOK VALUE</u>								
At 31 December 2024	4,835,000	4,004,077	1,398,658	405,649	1,286,422	1,445,947	2,086,855	15,462,609
At 31 December 2023	4,835,000	4,106,746	1,998,083	540,865	1,381,197	1,550,321	1,990,645	16,402,856

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024	2023
	Kshs.	Kshs.
19. Members' Deposits		
(a) Deposits account balances		
Ordinary Savings - FOSA	42,884,949	66,617,513
Normal fixed term deposits	274,861,423	272,083,801
Special deposits - Children	73,395	144,489
Member deposits - BOSA	661,427,154	650,353,563
Total Members' Deposits	<u>979,246,921</u>	<u>989,199,366</u>
(b) Movement in members' deposits balances		
Savings accounts (FOSA)		
At start of the year	66,617,513	46,021,286
Contributions during the year	1,225,806,569	1,420,878,444
Withdrawals during the year	(1,249,539,133)	(1,400,282,217)
Sub-total	<u>42,884,949</u>	<u>66,617,513</u>
Fixed Term Deposits		
At start of the year	272,083,800	321,180,130
New and Rollover in the year	2,062,327,612	2,118,424,379
Withdrawals / refunds during the year	(2,059,549,989)	(2,167,520,708)
Sub-total	<u>274,861,422</u>	<u>272,083,800</u>
Members Deposits (BOSA)		
At start of the year	650,353,565	635,008,375
Contributions during the year	120,056,605	118,327,842
Withdrawals / refunds during the year	(108,983,017)	(102,982,652)
Sub-total	<u>661,427,154</u>	<u>650,353,565</u>
Total Members' Deposits		
At start of the year	989,199,367	989,122,567
Special deposits - Children	73,395	144,489
Contributions during the year	3,408,190,785	2,739,623,535
Withdrawals / refunds during the year	(3,418,072,139)	(2,743,899,516)
Total Members' Deposits	<u>979,246,921</u>	<u>989,199,367</u>
20. Rebate payable on members deposits		
Balance brought forward	32,517,678	34,290,452
Provision for rebate payable for the year	31,748,503	32,517,678
Rebate paid during the year	(32,517,678)	(34,290,452)
Balance carried forward	<u>31,748,503</u>	<u>32,517,678</u>

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	2024	2023
	Kshs.	Kshs.
21. <u>Proposed dividends</u>		
Proposed dividends b/f	16,478,115	16,497,116
Dividends paid in current period	(16,478,115)	(16,497,116)
Proposed dividend current period	16,895,703	16,478,115
Proposed dividends c/f	16,895,703	16,478,115
22. <u>Honoraria Payable</u>		
Balance brought forward	-	636,000
Provision for the year	-	-
Paid during the year	(646,000)	(636,000)
	(646,000)	-
23. Wana-Anga Benevolent Fund		
Balance brought forward	2,362,209	2,478,930
Contributions during the year	5,534,195	4,096,175
Less repayments and claims in the year	(4,024,830)	(4,212,896)
Balance carried forward	3,871,574	2,362,209
24 Wana-Anga Medical Fund		
Balance brought forward	(3,740,306)	(4,539,712)
Contributions during the year	1,513,472	1,458,163
Sacco loan repayment	1,494,342	(658,757)
Claims for reimbursement paid in the year		-
Balance carried forward	(732,492)	(3,740,306)
25. <u>Trade and Other Payables</u>		
Wana-Anga Benevolent Fund (Note 23)	3,871,574	2,362,208
Excise duty payable	120,345	98,313
Corporation tax	(291,287)	(164,710)
With-holding tax payable	279,679	47,388
NHIF,NSSF ,NHIDF&NITA	138,546	61,026
Audit fee	204,795	400,000
VAT on audit fee	-	64,000
Un-allocated members' direct deposits	50,488	155,109
PAYE payable	361,675	310,976
	4,735,815	3,334,310
26 Wana-Anga Risk Fund (WANABIMA)		
Balance brought forward	2,803,999	2,894,416
Contributions during the year	5,705,533	16,217,482
Less claims paid / loans written off - deceased members	(4,653,525)	(16,307,899)
Balance carried forward	3,856,007	2,803,999

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024	2023
	Kshs.	Kshs.
27 Share Capital		
a) Issued and partly / fully paid up share capital		
Balance at the start of the year	109,854,100	103,106,978
Deposits during the year	3,539,877	9,506,746
Withdrawals/refunds during the year		(2,759,624)
Balance at the end of the year	113,393,977	109,854,100
b) There are no members holding more than 25% of total members' deposits.		

28 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.

Ø 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.

Ø 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(c) Credit Risk Management

Credit risk refers to the risk that counter-parties will default on its contractual obligations resulting in

(d) Liquidity Risk Management

The Board of Directors has built an appropriate liquidity risk management framework for the management of the society ' s short, medium and long-term funding and liquidity management requirements. The Society manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(e) Institutional Capital Ratio

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

	2024	2023
	Kshs	Kshs
Retained earnings	35,614,064	35,561,895
Statutory Reserve	57,559,566	53,322,598
Add 0% of revaluation reserve	-	-
Less investments in non-co-operative institutions	-	-
Institutional capital	93,173,630	88,884,493
Total assets	1,261,251,894	1,261,273,399
Institutional capital ratio (%)	7.39%	7.05%

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

29 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Placings are made in the Sacco by Directors and the Staff. Loans to members at 31st December 2024 include loans to directors.

All transactions with related parties are at arm's length in the normal course of business, and on terms and conditions similar to those applicable to other members.

a) Loan balances

Board and Supervisory	23,685,421.90
Staff	31,642,641.95
	<u>55,328,063.85</u>

b) Deposit balances

Board and Supervisory	12,085,355.90
Staff	6,869,114.40
	<u>18,954,470.30</u>

c) Share Capital

Board and Supervisory	1,795,125.00
Staff	1,476,655.50
	<u>3,271,780.50</u>

WANA-ANGA SACCO LTD**TAX COMPUTATION****PIN: P000596808C****YEAR OF INCOME:** 2024

B) Taxable income		
Total Income		187,337,439
Less: Exempt Income		
Interest on loan		(158,895,932)
Dividends		(4,991,237)
Entrance Fee		(71,575)
Total Taxable Income		23,378,695
Less: Taxable income excluded from expense apportionment		2,266,400
	a	21,112,295
Interest income	b	158,895,932
Total income for Expenses	c=(a+b)	180,008,227
apportionment Taxable income ratio	d=a/c	11.7%
Determination of Allowable Expenses		
Total expenses	e	80,739,193
Disallowable Expenses		
Provision for asset impairment/Amortization		1,938,226
Donations		-
Depreciation		1,525,770
	f	3,463,996
	h=(e-f)	77,275,197
Expenses Attributable to Taxable income	i	9,063,234
Taxable income	a	21,112,295
Less: Expenses Attributable to Taxable income	i	9,063,234
Net taxable Interest Income		12,049,061
50% of Net taxable interest income	j=(a-i)	6,024,530
Add: Other operating income Total	k	2,266,400
Taxable income	l=(j+k)	8,290,930
Tax charge for the year	(30%*l)	2,487,279
Less: Instalment Paid		(1,704,536)
WHT		(1,074,030)
Tax payable		(291,287)