



MOMBO

Sacco

Endless possibilities



MOMBO SACCO ANNUAL INTEGRATED REPORT AND FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022



Who we are

We are Kenya's premier app based, digital Sacco

Our Mission

The reason we exist:

Our mission at Mombo Sacco is to empower individuals by providing inclusive financial solutions that enable them to achieve long-term prosperity for themselves and their families.

Our vision

What we aspire to be

Our vision is to become the trusted and innovative financial partner of choice, dedicated to empowering individuals and families to achieve their dreams and aspirations.

Our motto

Endless possibilities

Our core values

The core values of Mombo Sacco reflect those attributes we value most in our members, employees, business partners and in all of our interactions. The core values do not change, but rather are consistent attributes that drive our daily activities.

Great People

- We hire great people and expect a lot from them
- We run it like we own it
- We always demonstrate a positive 'can do' attitude
- We pursue excellence by always striving to be better

Integrity

- We build trusting, honest relationships through communication
- We honor the commitments we make
- We treat people with fairness and respect

Service Mindset

- We put our members first - period
- We make helping other people our priority
- We create member value while embracing and driving change

Teamwork

- We provide each other with the best internal customer service
- We cultivate a positive team and family spirit
- We celebrate our successes and each other's accomplishments - professionally and personally

What we are doing

We are changing lives!

We are leveraging financial technology to deepen the values of self-help and solidarity and the ethical values of social responsibility and concern for the community in a new way.

We've come a long way. Our continued fintech innovation drives MOMBO Sacco forward and bridges the gap between the customer, their finances, and technology.

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MOMBO SACCO 4TH AGM NOTICE

Dear members,

Notice is hereby given to all our members that the 4th Annual General Meeting (AGM) of Mombo SACCO for the year ending 31st December 2022 will be held on **Saturday 2nd September 2023** at 10 AM. This will be a virtual event on Zoom.

The agenda of this meeting is as follows;

1. Call to order
2. Approval of agenda
3. Approval of previous minutes
4. Presentation and adoption of the chairman's report
5. Presentation and adoption of the supervisory committee report
6. Presentation and adoption of the audited 2022 financial report
7. Presentation and adoption of the FY 2024 annual budget
8. Member question and answer session
9. Guest speaker (s)
10. Presentation of member awards
11. Resolutions
 - Appoint Ms. Otieno Oboge and company as auditors for the year 2023/2024
 - Appoint James T Makori advocate as Mombo Sacco's legal advisor for the year 2023/2024
 - Dispose of the 2022 surplus as follows- Not to pay dividends on share capital in compliance with statutory requirements, Pay interest on savings at 4%, 4.5%, 5%, 6%, and 8% for Bronze, Silver, Gold, Platinum, and Emerald saving plans respectively.
12. Elections
 - To fill one position in the Supervisory Committee
 - To fill three positions in the Management Committee
13. Any other businesses (AOB). Share this by 15th August 2023.
14. Adjournment.

Prepared by the Secretary,
Elijah Makamu

Minutes of the Annual General Meeting of m/s. Mombo sacco limited held virtually on 2 nd april 2022 from 10.00 a.m

Attendance

1. Sacco Members
2. Sacco Management Committee
3. Sacco Supervisory Committee
4. Sacco Auditors for the year 2021
5. Salome Wangui – County Cooperatives Officer

MIN/AGM/001/2022: Preliminaries

The meeting was called to order by the Chairman at 10.40am upon constitution of quorum as per the Sacco By-laws. A confirmation of the AGM notice of at least 14 days was done. Charity Mwangi led the opening prayer.

MIN/AGM/002/2022: Confirmation of the Agenda

The Secretary read the agenda of the meeting as below:

- Confirmation of the 2021 Annual General Meeting minutes and matters arising.
- Report from the Chairman
- Report from the supervisory Committee
- Presentation of the 2021 Audited Financial statements.
- Presentation of the 2022-2023 Budget
- Presentation of members awards
- Elections
- Resolutions
- Any Other Business (A.O.B)

The agenda was adopted as proposed by Joseph Gathoga and seconded by Kelvin Maundu.

MIN/AGM/003/2022: Review and adoption of the 2021 AGM minutes

The Secretary Mr. Elijah Makamu then read the minutes of the meeting held on the 26th June 2021. The same were proposed by Crispine Onyango, seconded by Mahmoud Masood and adopted as a true record of the said meeting.

MIN/AGM/004/2022: Matters arising from previous minutes.

Having no matters arising from the previous meeting's minutes, the Hon. Secretary – Elijah Makamu – thanked all the members.

MIN/AGM/005/2022: Chairman's Report

The chairman, Mr. Peter Mcharo welcomed the members and guests to the Annual General Meeting (AGM). His remarks had the following highlights:

- He welcomed the members who had joined from within the country and the diaspora through zoom.
- FY2021 net earnings was 360,568.
- Year-end assets were 81 million.
- Kes 2.3 million given as interest on savings.
- Introduction of new features and products such as Goal saving account, M-Chama saving account, E-Wallet, and in-app support
- Mombo Sacco submitted its application with SASRA as per the requirement. SASRA is yet to revert with a conclusive confirmation regarding the application.
- Mombo Sacco is looking for more opportunities to grow, bringing new and improved products to the members.
- Plans are underway to grow the deposits to 100 million threshold required for FOSA licensing.

The Chairman's report was adopted with Ann Mwaniki proposing and Susan Karenju seconding.

MIN/AGM/006/2022: Supervisory Committee Report

The report was read by Mr. Gilbert Ombongi, the Secretary of the Supervisory Committee. The policies and control procedures were properly administered. The Sacco made the application to SASRA, the management is waiting the feedback from the regulator. The management is working on upgrading the system to ensure efficient service delivery.

They commended the Management Committee for the good work done and promised to ensure constant supervision. Motion to adopt the supervisory report was proposed by Mr. Wilson Chege and seconded by Mr. Raphael Ndunda.

Reactions and questions to the two reports

- **Raphael Ndunda** – asked on where the supervisory committee reports to. It was clarified that the committee reports to the AGM and submits reports to the cooperative office.
- **Kelvin** – asked on why the SASRA has taken long to respond. It was noted that due to the digital nature of Mombo Sacco, SASRA is still trying to come up with mechanisms on how to regulate the sacco. Mombo is still in constant communication with the regulator and hopeful that this will be finalized soon.
- **Raphael** – asked on why the Sacco is not paying dividends because of the SASRA regulations as explained in the report, yet the Sacco is yet to be regulated by SASRA. It was noted that that core capital is used by SASRA when evaluating the Sacco's ability to run the business. Mombo Sacco is putting mechanisms in place in preparation for the regulation.
- **Kris Senanu** – Sought clarification on whether the Sacco is regulated by SASRA or not. It was clarified that Mombo is yet to be regulated by SASRA. However, systems are being put in place such that when that time comes, the application will be approved.

MIN/AGM/007/2022: Auditors Report

The report was read by Mr. Otieno Oboge. He went through the financial reports for 2021. The highlights were as follows:

- Interest expense was 2.295 million, giving a net gross income of 18 million.
- The total expenditure was 17.6 million, leaving a surplus of 360,568 to give an Earning per share of 3.54.
- It was noted that the provision for loan loss reduced the surplus by an amount of 5,334,254.
- The total asset base of the Sacco increased to 81 million in 2021 from 53.49 million in 2020. He confirmed that the accounts were in order and in accordance with International Financial Reporting standards.

Motion to adopt the Auditor's report was proposed by Kris Senanu and seconded by Raphael Ndunda.

MIN/AGM/008/2022: Treasurer's Report

Angela Warui presented the report on behalf of the Treasurer. The following were the highlights:

- Projected income for 2022 is 29.8 million compared to 46.1 million in 2023
- Projected expenditure to realise this will be 26.3 million in 2022 and 30.3 million in 2023
- Projected savings book balance for 2022 at 106 million and for 2023 at 182.6 million.
- Projected loan book balance for 2022 will be 130 million compared to 201.5 million in 2023.
- Projected membership at 2,800 in 2022 and 9,810 in 2023

MIN/AGM/009/2022: Awards

This was presented by Mr. Benjamin Kasema. He noted that the sacco had partnered with Housewife's paradise who deal with electronics.

The following were the awardees:

| No. | Category | Name | Amount |
|--------------|----------------|---|--------------------|
| 1. | Top saver | a) Bronze - Member 21444 Dennis Kamau | Kes 25,000 |
| | | b) Silver - Member 20339 Moses Muchera | Kes 40,000 |
| | | c) Gold - Member 20789 Robert Ambani Azenga | Kes 50,000 |
| | | d) Platinum - Member 21092 Angela Warui | Kes 70,000 |
| 2. | Youngest saver | Member 20675 – John Murangeri Njeru | Kes 25,000 |
| 3. | The top Mscore | Member 20594 – Elijah Makamu {C63} | Kes 30,000 |
| 4. | Top Referrer | Member 20103 – Elias Simon | Kes 30,000 |
| 5. | Regular | Member 20435 – Diana Mbeja | Kes 25,000 |
| TOTAL | | | Kes 295,000 |

MIN/AGM/010/2022 ELECTIONS AND INDEMNITIES

Elections were conducted by Salome Wangui, Co-operatives Officer, Kajiado North. She was glad to attend and congratulated the Sacco for the orderly meeting. She congratulated the Sacco for holding the AGM before the deadline of 30 th April. She also noted remarkable goals set by the Sacco.

She noted that the SASRA license is a process, and her office has given the letter of no objection to the regulator.

She urged the members to go through the reports shared as these were their report to gauge the office. She commended the Supervisory committee and the chairman for the comprehensive reports. She affirmed that the supervisory committee reports to the members through the AGM as answered earlier in the meeting.

She noted that the suspension of some of the board members was done as per the regulations. She asked members to ratify the decision of having the coopted members in the board. The members were coopted as per the Sacco bylaws:

- Benjamin Kasema – was proposed by Susan Karenju and seconded by Crispine
- Angela Warui – was proposed by Douglas Nyongesa and seconded by Raphael Ndunda
- Elijah Makamu – was proposed by Raphael Ndunda and seconded by Kelvin Otieno

She congratulated all who received the awards.

The following were elected:

It was noted that there were 2 positions vacant in the management committee and only two from the applications qualified. A total of 8 applications were received.

Management Committee:

- Mr. Peter Mcharo
- Joseph Gathoga

There was one vacant position and one qualified. There were 2 applications.

Supervisory Committee

- Getrude Mwachari

Mr. Elijah thanked the Ministry official for helping in conducting the elections

MIN/AGM/011/2022 RESOLUTIONS

- a) Appoint Ms Otieno Oboge and Company as auditors for year 2022/2023. Proposed by Daniel and seconded by John Patrick Okoth
- b) Appoint James T Makori Advocate as Mombo Sacco legal advisor for year 2022/2023. Proposed by Serah Njeri and seconded by Dennis Atsanyo
- c) Revise the borrowing powers from Ksh 6,000,000 to Ksh 9,000,000. Proposed by Sophie Onyango and seconded by Edwin Oginga
- d) Dispose 2021 surplus as below: Not to pay dividend on share capital in compliance with new SASRA regulations; and interest on deposit at 4%, 4.5%, 5% and 6% for Bronze, Silver, Gold and Platinum respectively. Proposed by Sophie Onyango and seconded by Susan Karenju

MIN/AGM/011/2022 END OF THE MEETING

- **Dennis Atsanyo** – have a POS online for deposit in addition to bank and Mpesa. This will be considered.
- **Asha Omondi** – Increase the bronze minimum savings from 500 to 1000, loan limit from 100,000 to 250,000. This will be considered.
- **Michael Kuria** – Why no dividend on share capital yet no SASRA regulation. It was noted that this was responded to earlier in the meeting.
- **Ezra** – asked on when the ewallet will be finalized. This was responded, should be ready soon.
- **Susan Karenju** – Fixed deposits. It was noted that this should be ready by May.
- Then there was a vote of thanks by Salome Njoki. She thanked the members for the patience and being present for the meeting. She thanked the Board, supervisory committee for safeguarding the assets of the Sacco, the ministry official, Madam Salome. She finally thanked the staff members for running the Sacco's day to day operations diligently.
- There being no other business of the day, the meeting ended with a word of prayer from Angela Warui.

Prepared By:



Elijah Makamu

Hon. Secretary

Confirmed By:



Peter Mcharo

Chairperson

Management Committee and Supervisory Committee Members

Management committee:

| | | | |
|-----------------|---|------------------|--------------------|
| Peter Mcharo | - | Chairperson | (w.e.f April 2022) |
| Joseph Gathoga | - | Vice Chairperson | (upto June 2022) |
| Carolyne Cherop | - | Hon. Treasurer | (w.e.f. June 2022) |
| Elijah Makamu | - | Hon. Secretary | (w.e.f April 2022) |
| Salome Wanjiku | - | Committee Member | (w.e.f. June 2021) |
| Benjamin Kasema | - | Committee Member | (w.e.f April 2022) |
| Angela Warui | - | Committee Member | (w.e.f April 2022) |

Supervisory committee:

| | | | |
|-----------------|---|-------------|--------------------|
| Gideon Zollo | - | Chairperson | (w.e.f. June 2021) |
| Gilbert Ombongi | - | Secretary | (w.e.f. June 2021) |
| Getrude Manga | - | Member | (w.e.f. June 2021) |

Principal Place of Business and Registered office:

Mombo Savings and Credit Co-operative Society Limited
Westpark Towers, 1st Floor, Suite 107, Mpesi Lane, Westlands, Nairobi
Telephone: (+254)706503230

Principal Bankers:

Co-operative Bank of Kenya Limited,
Upper Hill Branch,
P. O. Box 30415-0010,
Nairobi, Kenya.

Legal Advisor:

James T Makori Advocates
P. O. Box 18050-00100
Nairobi, Kenya.

Independent Auditors:

Otieno Oboge & Co.,
Certified Public Accountants.
Utalii House 2nd Floor North Wing,
Utalii Street/Uhuru Highway,

P. O. Box 6592 – 00100- G.P.O NAIROBI.
Telephone: 0786304190 /0721238658
Email: otienoobogelandco@yahoo.com
Gmail: otienoobogelandcompany@gmail.com



MOMBO SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

Message From The Chairman

**Peter
Mcharo**

Chairperson, Mombo
Sacco 2022



To My Fellow Shareholders,

Greetings

I take this opportunity to greet all of you. I'm happy that you have taken time from your busy schedules to join us in today's AGM.

Introduction:

Mombo Sacco remained safe, secure, and stable in 2022, despite navigating economic fluctuations and financial uncertainty alongside the rest of the world. 2022 was a successful year for us. We learned that it is more essential than ever to conduct business with trustworthy individuals and organisations. And we maintained our commitment to service so that we could assist our members in overcoming the difficulties and frustrations of their financial circumstances. We believe this is the correct approach because, ultimately, we are in the people business. Not everything is about the bottom line. If we do a good job with the people, the bottom line will take care of itself.

Moment of Silence

I invite all of you to observe a moment of silence in memory of Mr. Joseph Gathoga, who served our Sacco with passion and dedication in the capacity of Management Committee vice chair.

Update on registration

Since the member vote approving Mombo SACCO's April 2021 application to become a non-withdrawable deposit-taking SACCO, we've been diligently completing the remaining requirements. A significant portion of our concentration in 2022 was planning for the growth of savings deposits to exceed 100 million Kenyan shillings. Our balance at the end of the year was Ksh 79 million, but we are currently short Ksh 8 million. This is a crucial aspect of becoming an N-WDT Sacco that will increase the value for members, especially their financial well-being.

Passing the 100 million Kenyan Shillings mark in asset value

Our efforts and prudent financial management have produced extremely thrilling outcomes. Mombo Sacco's Net Profit after Tax for the fiscal year was Ksh 4.3 million, a significant increase from the previous year's result of Ksh 360,568. Significantly, our Asset value increased by Ksh 26.2 million to Ksh 107.4 million in 2022, signifying the first time our Assets surpassed Ksh 100 million. This accomplishment has contributed to an increase in per-member assets from Ksh 68,612 in 2021 to Ksh 73,544 in 2022.

These figures demonstrate our commitment to appealing products and services for our members, delivering the best of both worlds. We offer sophisticated products and solutions that are pertinent to our members, and we have remained cognizant of a rising-rate environment with aggressive deposit competitors. We aspire to be a reliable partner, a sought-after authority, and to provide services that contribute to the success of our members. This begins with one additional relationship per day, one additional conversation, and one additional question answered – occasionally two. It begins with our fundamental values — Integrity, Great People, a Service Mindset, and Teamwork — and soars when we collaborate for the benefit of our members and their families.

A Few Notable Achievements in 2022:

- Originated new loans totaling Ksh 93 million to assist members in securing their financial futures.
- Increased total assets by 32% to achieve Ksh 107 million.
- Generated Ksh 24.3 million in revenue while decreasing our operating efficiency from 87 percent to 71 percent.
- Increased regulatory capital to more than Ksh 19.3 million, resulting in a surplus of Ksh 14.3 million to safeguard our members and sustain future expansion.
- We remain firmly committed to assisting our members in taking their first crucial step up the property ladder. In light of this, we funded six residential construction projects, eleven automobiles, and 5 motorcycles.
- Mombo Sacco executed its first licence agreement for the commercial use of the Mombo App software.
- The system successfully migrated from a monolithic PHP architecture to a Java spring boot client-server architecture and then to a Java microservices design.

- Mombi Sacco was awarded the Best Digital Sacco for the third consecutive year at the Digital Tech 100 awards and the Top Digital Sacco Brands for the second consecutive year at the Top Star Brands Awards.
- Relocated to a luxurious and expansive office at Westpark Towers in Nairobi's Westlands. This office has space for up to 25 people.
- Maintained our delinquency rate at below 5% for the eighth consecutive year.

What's Next

Our Mobile Banking platform, Mombi App, will undergo a significant upgrade in 2023 as part of our digital transformation efforts. While we anticipate continued innovation, success, and growth, we will continue to operate in accordance with the tenet "people helping people" and ensure that this transformation is to the benefit of all of our members.

As part of our digital transformation strategy, Mombi App will receive additional financial wellness tools. These tools will enable members to continue developing their own and their families' financial stability. Throughout the year, we will continue to invest in additional financial tools and ensure that they are readily accessible via our digital platforms.

Our strategy includes diversifying fee, commission, and other income, which consists of all income other than net interest income, and becoming the primary financial services provider for more of our members.

To support this strategy, we continue to invest in a new and enhanced product suite, thereby enhancing our ability to offer non-traditional financing solutions in partnership with banks and other financial institutions. Importantly, we anticipate developing a wallet account for our members in collaboration with SBM bank. The wallet account will play a crucial role in enhancing our financial ecosystem so that our members can save and transact with simplicity and at low cost. To facilitate this, I urge our members to authorise Mombi Sacco to establish a bank account with SBM bank.

We anticipate that the portfolio's lending growth will continue to accelerate in 2023. The growth will be driven by a laser focus on reimagining personal lending, with growth aligned to our strategic priorities and product and channel capabilities. Having entered the third year of our current five-year Strategic Plan, Mombi Sacco will continue to expand on the initiatives implemented in 2022 and will strive to accomplish much more in the future years.

Thank You

Thank you for entrusting us with the responsibility of guiding our Sacco for the benefit of our members and their families. I know I speak on behalf of our entire board when I say this. This is a responsibility we do not take casually, and it is an honour to be able to observe the collective impact we are able to have from this vantage point. Again, we appreciate the opportunity and your membership.



Chairperson

Mombi Sacco





Why Join Mombo SACCO?

- » Convenience
- » Transparency
- » Affordable Loan Facilities
- » Competitive Profit Rates
- » Flexibility
- » Insurance
- » Financial Literacy



Download
Mombo App



Finance and Administration Committee Report

**Carolyn
Cherop**

Honorary Treasurer,
Mombo Sacco 2022



You voted for each volunteer director on our board to guarantee that decisions at the highest level of our Sacco are made in the best interest of our members and communities. As Board Treasurer, it is my responsibility to ensure that we do so while maintaining absolute financial security. I am pleased to report that we upheld the responsibilities and values entrusted to us in 2022.

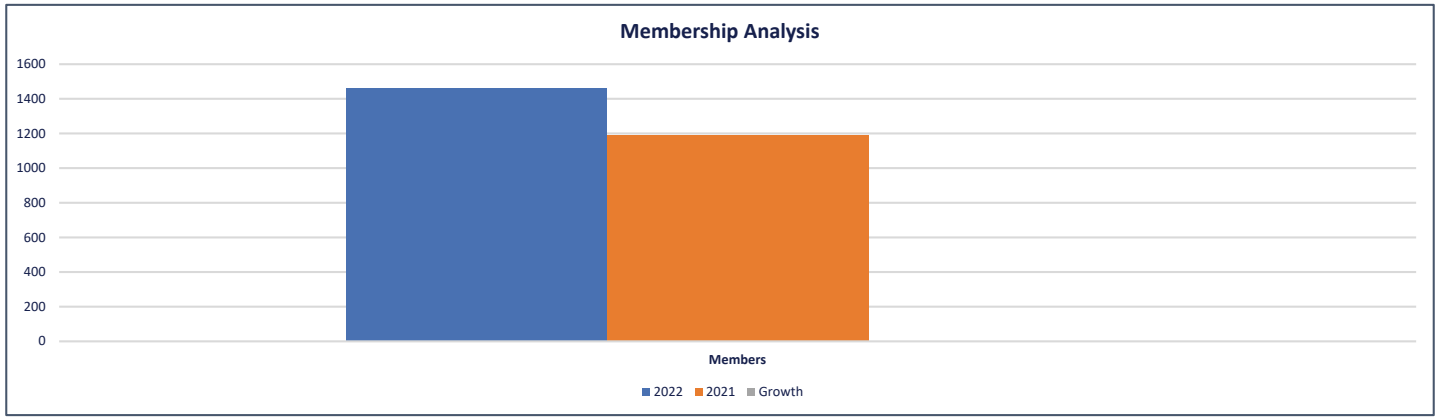
Among the year's highlights are the following:



Membership

Our SACCO's expanding community reach and influence is demonstrated by the increase in our membership over the past year. Our SACCO had 1,188 members in 2021. By 2022, our membership has grown to an impressive 1,461 individuals.

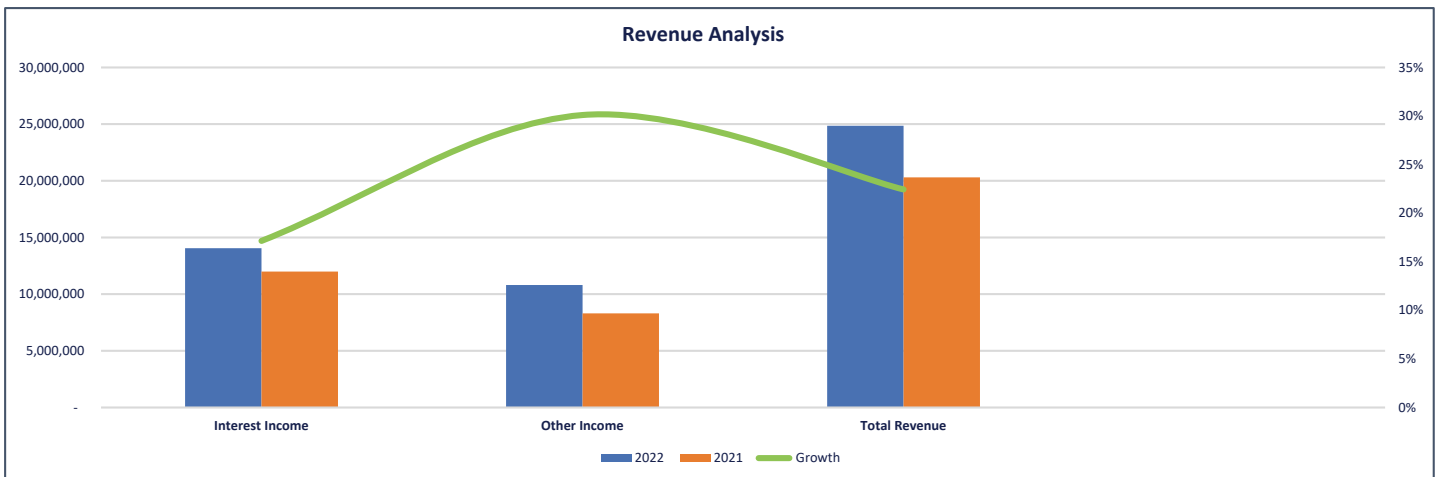
This increase of 273 members in just one year represents an extraordinary growth rate of approximately 23%. This expansion is a result of the value our SACCO brings to the lives of our members, their trust in us, and the reputation we've earned as a reliable and helpful financial institution. Members are encouraged to refer their family and friends so that SACCO can aggressively expand its membership.



Revenue

In 2022, the SACCO’s revenue increased by 22%, reaching Ksh 24,846,102, compared to Ksh 20,299,378 in 2021. This exceptional revenue growth is the result of a 17% (Ksh 2,056,570) increase in interest income from existing loans and a rise in loan disbursements. In addition, other income increased by 30% (Ksh 2,505,153) during the period under review, with non-performing loan penalties contributing the most. 97% of the SACCO’s total revenue is still derived from loans, its primary source of income.

Significant revenue growth is attributable to our lending initiatives and pricing strategies for the finest loan products. In order to sustain this positive momentum and continue growing, we intend to expand our lending portfolio, and non-interest income lines, over the coming years.

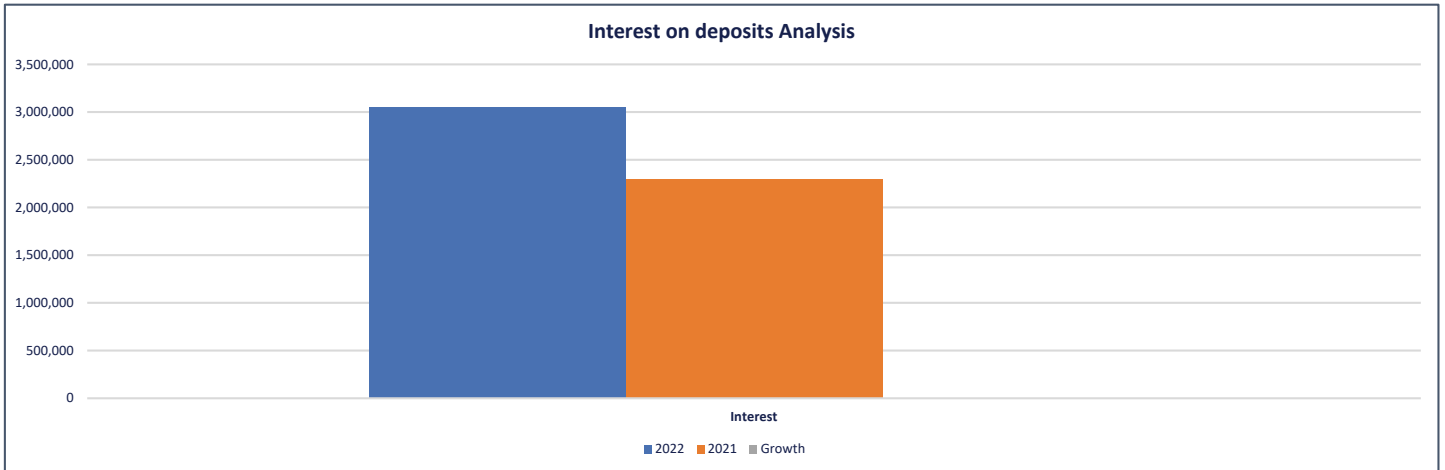


Interest on member deposits

As of 2021, the total deposits of members amounted to Ksh 62,164,085. By the end of 2022, this amount had skyrocketed to a remarkable Ksh 79,082,676. This extraordinary 27% growth is a result of your active participation and belief in the mission of our SACCO.

Even more encouraging is the direct effect this increase in deposits has on your earnings. In 2021, the interest on the deposits of members totaled Ksh 2,295,355. This figure has reached a noteworthy Ksh 3,049,007 in 2022 due to the significant increase in deposits coupled with a substantial number of saving plan upgrades. This roughly 32% increase demonstrates our commitment to ensuring that your deposits not only remain secure but also generate attractive returns.

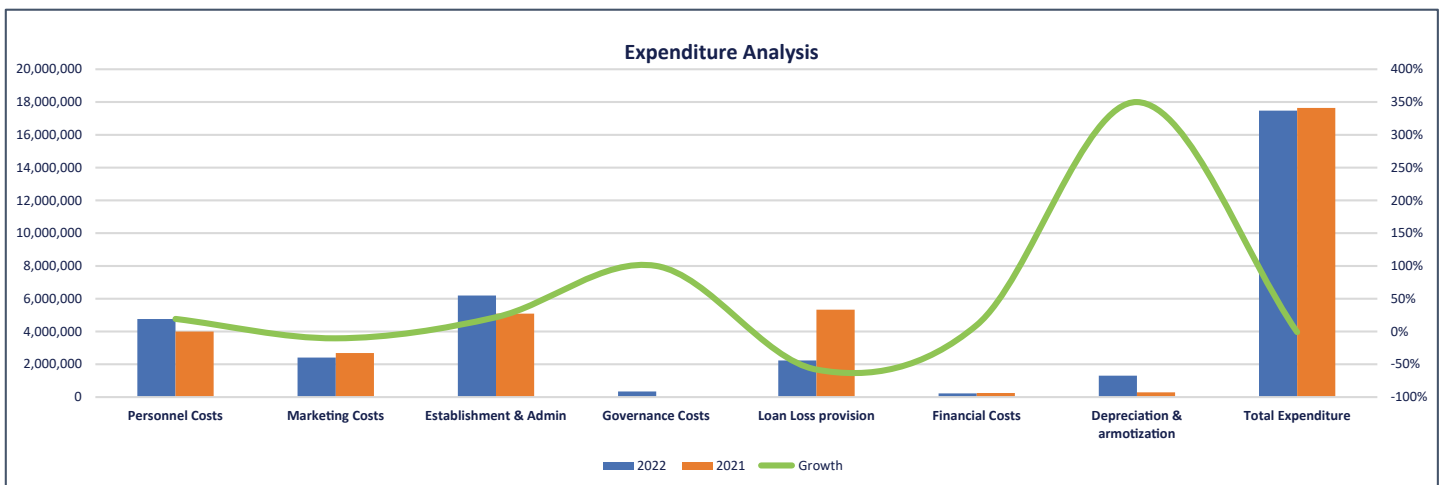
We believe in providing you with financial solutions that align with your objectives, and this significant increase in deposits and interest expense is evidence of our dedication. It also emphasizes the collaborative relationship we’ve established with you, our members.



Expenditure

In 2022, total expenditures were Ksh 17,474,239, representing a 1% decrease compared to the previous year. In the period under review, establishment and administration costs increased by 22% to Ksh 6,194,999 and accounted for 35% of total expenditures due to a 100% increase in rent costs. The personnel costs category increased by 19% to reach Ksh 4,763,991 and represented 27% of total expenses. This expense increase is attributable to salary increases, new hires, and alterations in staff composition. Marketing expenses decreased by 10% to Ksh 2,407,616 despite accounting for 14% of total expenditures.

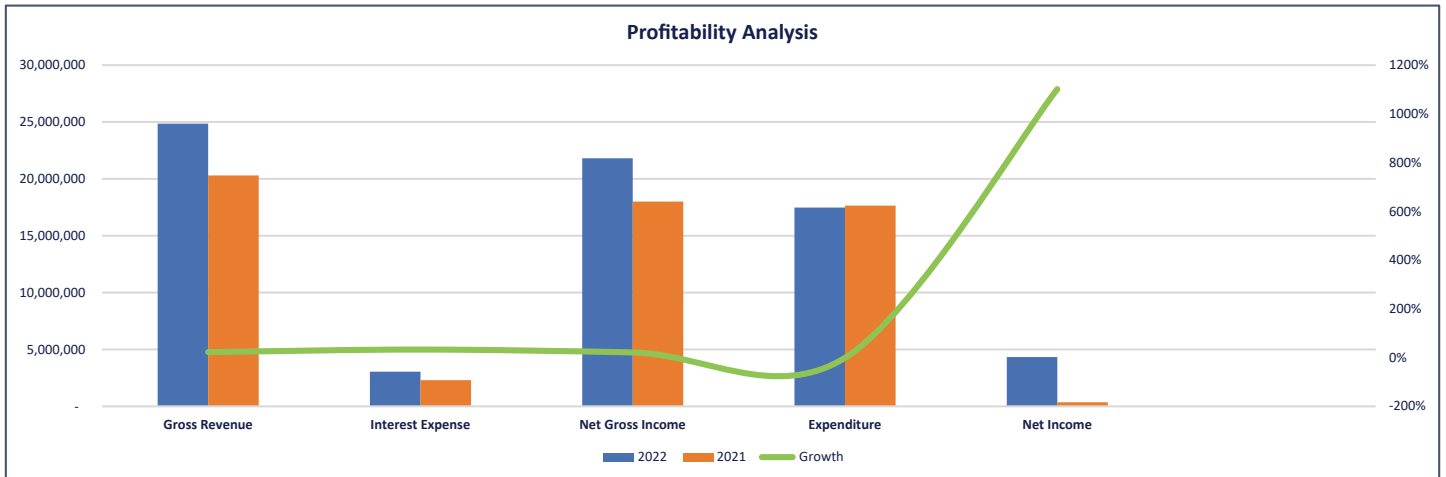
In conclusion, the expenditure performance of our Sacco was characterised by calculated adjustments to ensure optimal operational efficiency, financial sustainability, and member satisfaction. We remain steadfast in our commitment to prudent resource allocation and strategic decision-making as we advance.



Profitability

Profitability, a key indicator of our Sacco's financial health, has increased and shifted over the past year, as evidenced by data from 2022 and 2021. In 2022, our Net Gross Income (revenue minus direct expenses) increased significantly. It increased by 21% from Ksh 18 million in 2021 to Ksh 21.8 million in 2022. This expansion demonstrates the Sacco's ability to generate income from its primary operations -- interest, fees, and penalties.

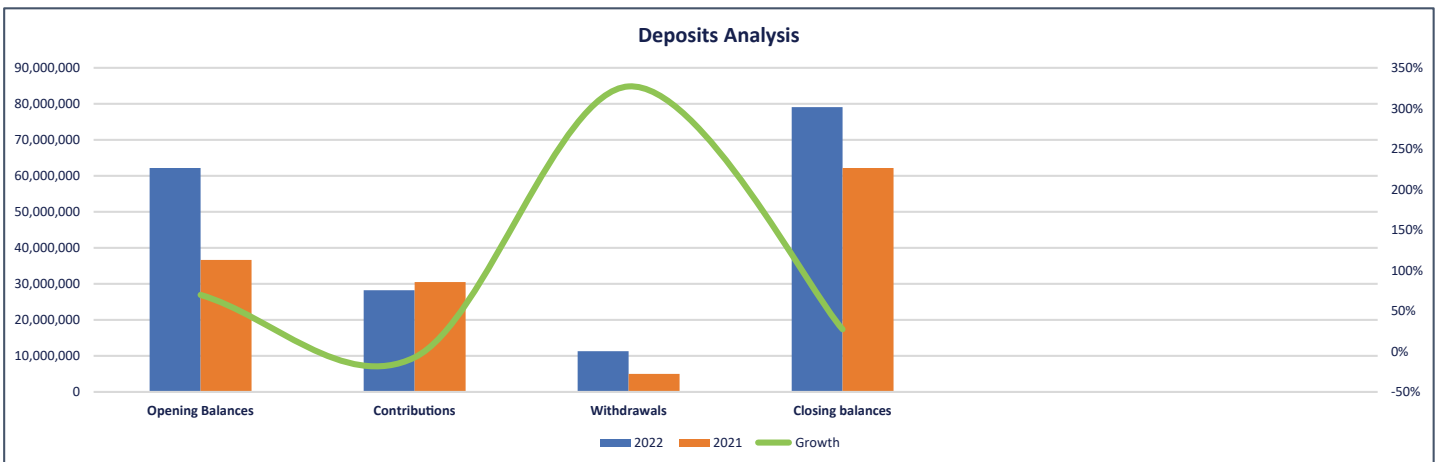
Our expenditure management of Ksh 17,474,239 in 2022 is even more remarkable. It is essential to observe the 1% decline in proportion from Ksh 17.6 million the previous year. This decrease demonstrates our commitment to effective cost management and fiscal responsibility. Our Net Income surged from Ksh 360,560 in 2021 to Ksh 4.33 million in 2022, representing a remarkable transformation. This astounding growth of 1,102% is a testament to the Board's and staff's efforts in guiding the Sacco to exceptional financial performance.



Flexible Deposits

Member deposits added Ksh 28.2 million to our growth in 2022. These deposits show our members’ ongoing dedication to financial security, despite a 7% reduction from the previous year. 2022 withdrawals increased 327% to Ksh 11.3 million. Members used savings to repay loans and withdraw refunds. SACCO’s transparent and fast loan offset and withdrawal procedures illustrate our commitment to our members.

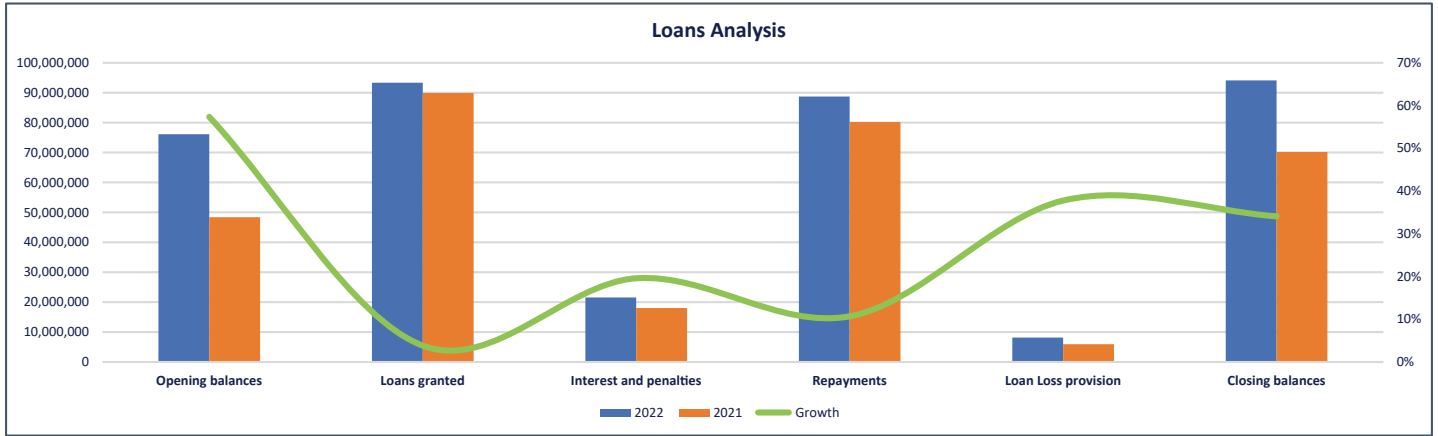
By 2022, our members’ unshakable confidence and steady contributions totaled Ksh 79,082,676, a 27% increase over the previous year. The administration praises members’ successes and encourages them to save more and refer friends and family so the SACCO may meet the Ksh 100 million deposit criteria by 2023 to reapply for SASRA authorisation.



Loans

In 2022, our Sacco’s loan portfolio increased by 34% to reach Ksh 94.2 million. The amount of loans disbursed rose by 4% to Ksh 93 million. This increase demonstrated our commitment to meeting the financial requirements of our members. In 2022, interest and penalties increased by 20%, from Ksh 18 million to Ksh 21.5 million.

Members repaid Ksh 88.7 million. Despite increased non-performing loans, this amount was 11% higher than the Ksh 80.2 million recorded in the previous year. The SACCO increased loan loss provision by 38% in 2022, from Ksh 5.9 million in 2021 to Ksh 8.1 million. This assures financial security and the ability to deal with unforeseen events. To increase loan recovery, management plans to establish an internal collection team and outsourced debt collection.

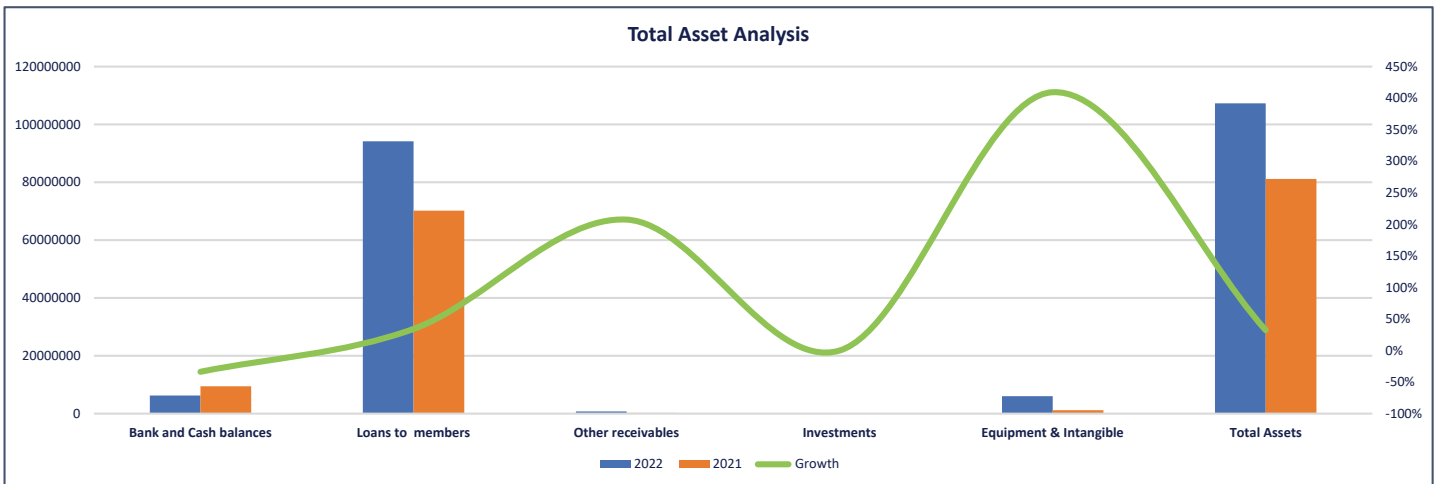


Assets

Our Sacco assets grew by 32% to Ksh 107 million in 2022. Cash balances supported growth despite a 34% drop. Optimising cash management and investing methods improves our long-term financial stability.

In 2022, member loans rose 34%. This growth shows our dedication to meeting members' different credit needs and empowering them financially. Equipment and intangibles expanded by 409%, but investments did not. We're improving efficiency and service by acquiring important assets. New office acquisition deposits boosted other receivables 207%.

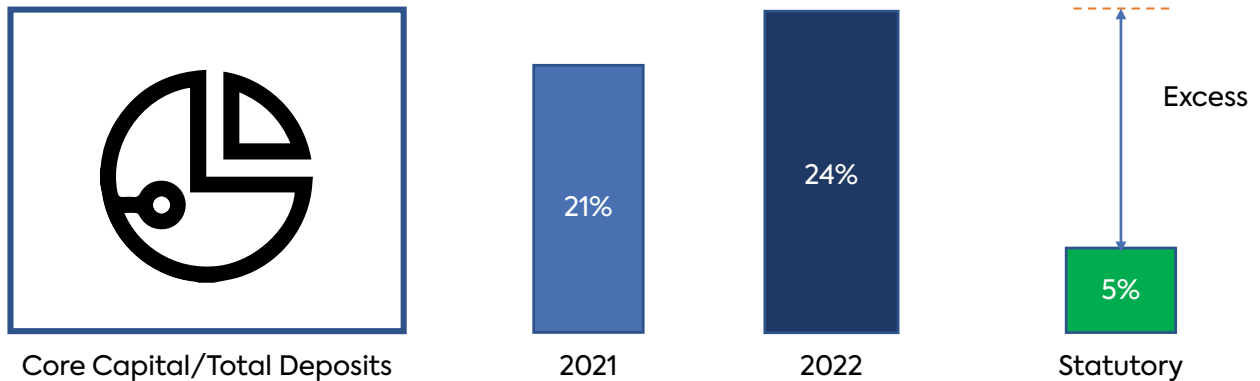
This expansion was fully supported by member deposits and SACCO equity. The management appreciates members and encourages them to save more and repay their loans on time to attain the Ksh 1 billion asset growth milestone by the year 2025.



Capital adequacy

Core Capital Vs Total Deposits

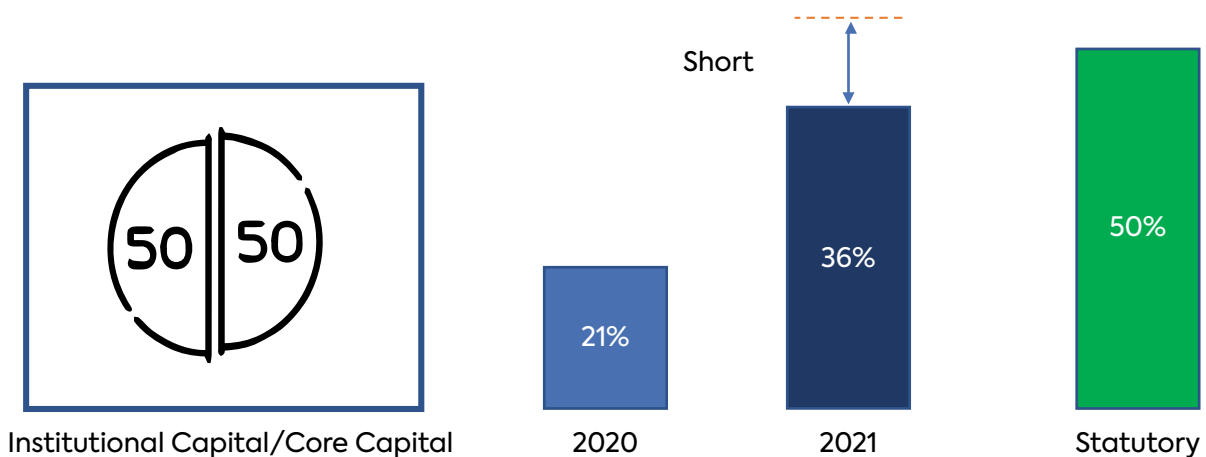
Our SACCO continues to be a well capitalised Cooperative society, with a core capital/deposit ratio of 24.44% at the end of 2022, well above the 5% threshold for “well capitalised” set by the Sacco Societies Regulatory Authority (SASRA). This represents a 3 percent increase over the previous year. This core capital is essential because it facilitates investments in essential business infrastructure, such as premises, information technology, etc. It also provides a buffer and protection against the risks of business losses resulting from undercapitalization, and the greater the confidence of the depositors in the business.



Institutional Capital Vs Core Capital

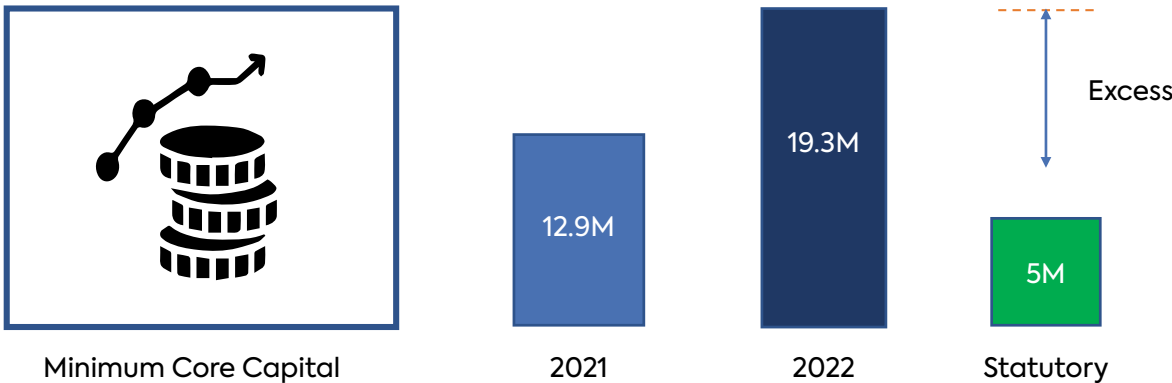
Institutional capital as a percentage of core capital increased substantially from 22% in 2021 to 36% in 2022, although it remains below the statutory minimum of 50%.

Institutional capital is essentially comprised of retained earnings and constitutes a significant portion of the core capital. The management is confident that the statutory requirement of fifty percent will be met in 2023.



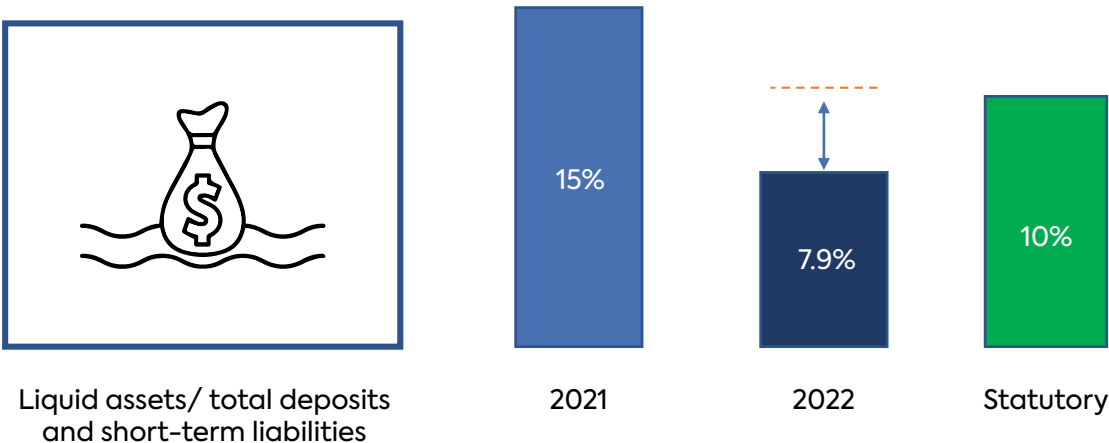
Minimum Core Capital

Our SACCO's minimum core capital requirement is well above the Ksh 5 million and Ksh 10 million statutory minimums for Non-Withdrawable Depositing SACCOs (N-WDT) and Deposit-Taking SACCOs (FOSA) at Ksh 19 million. Noting that Our SACCO has sufficient capital to file for a FOSA licence is instructive.



Liquidity

The liquidity of our SACCO decreased to 7.9% in 2022 from 15% in 2021. This falls shy of the minimum statutory requirement of 10%. This was largely attributable to the procurement of equipment and repayment of a related party's debt. The management is confident that this trend will reverse in 2023, allowing the company's liquidity to remain above 10%.



Profit and Loss Budget FY 2024

| | FY 2019 ACTUAL | FY 2020 ACTUAL | FY 2021 ACTUAL | ACTUAL | FY 2022 BUDGET | Var | FY 2023 BUDGET | Growth | FY 2024 BUDGET | Growth |
|---------------------------|-------------------|-------------------|-------------------|------------|-------------------|------|-------------------|--------|-------------------|--------|
| REVENUE | | | | | | | | | | |
| Gross Interest Income | 4,594,205 | 6,551,190 | 11,995,172 | 14,051,742 | 20,006,196 | 70% | 33,410,347 | 137% | 35,080,864 | 5% |
| Interest Expense | 2,684,409 | 1,191,890 | 2,295,353 | 3,049,007 | 3,714,649 | 82% | 6,971,370 | 129% | 7,319,938 | 5% |
| Net Interest Income | 1,909,796 | 5,359,300 | 9,699,819 | 11,002,735 | 16,291,547 | 68% | 26,438,977 | 140% | 27,760,925 | 5% |
| Other Income | 1,399,002 | 2,794,918 | 8,304,206 | 10,804,359 | 13,596,348 | 79% | 19,667,942 | 82% | 20,651,339 | 5% |
| TOTAL REVENUE | 3,308,798 | 8,154,218 | 18,004,025 | 21,807,094 | 29,887,895 | 73% | 46,106,919 | 111% | 48,412,264 | 5% |
| TOTAL EXPENDITURE | 2,858,851 | 7,265,024 | 17,643,457 | 17,474,239 | 26,349,704 | 66% | 30,300,089 | 73% | 31,815,093 | 5% |
| NET SURPLUS (LOSS) | 449,947 | 889,194 | 360,568 | 4,332,856 | 3,538,191 | 122% | 15,806,830 | 265% | 16,597,171 | 5% |

Balance Sheet Budget FY 2024

| | FY 2019 ACTUAL | FY 2020 ACTUAL | FY 2021 ACTUAL | ACTUAL | FY 2022 BUDGET | Var | FY 2023 BUDGET | Growth | FY 2024 BUDGET | Growth |
|------------------|-------------------|-------------------|-------------------|------------|-------------------|-----|-------------------|--------|-------------------|--------|
| Savings | 17,262,131 | 36,638,569 | 62,164,085 | 79,082,676 | 106,044,456 | 75% | 182,640,567 | 131% | 215,515,869 | 18% |
| Share Capital | 2,145,141 | 5,102,419 | 10,167,308 | 12,228,902 | 15,266,297 | 80% | 24,666,297 | 102% | 25,899,612 | 5% |
| Loan book | 22,307,903 | 47,788,769 | 70,192,972 | 94,101,703 | 130,000,000 | 72% | 201,500,000 | 114% | 215,605,000 | 7% |
| Cash Equivalents | 1,857,475 | 5,128,016 | 9,469,289 | 6,277,611 | 12,000,000 | 52% | 20,000,000 | 219% | 22,000,000 | 10% |
| Membership | 373 | 862 | 1,188 | 1,461 | 2,800 | 52% | 9,810 | 571% | 10,791 | 10% |

As we look to the future, I am confident that our Sacco will continue to utilise our financial strength to assist our members in achieving their financial objectives, and our dedication remains as strong as ever.



Carolyn Cherop
Honorary Treasurer



Flexible Savings Account

With Mombu SACCO flexible savings account, you have the freedom to save regularly based on your ability and financial goals.

- **Bronze:** Minimum monthly saving of Ksh 500 with a profit rate of 4% per annum.
- **Silver:** Minimum monthly saving of Ksh 2,500 with a profit rate of 4.5% per annum.
- **Gold:** Minimum monthly saving of Ksh 5,000 with a profit rate of 5% per annum.
- **Platinum:** Minimum monthly saving of Ksh 10,000 with a profit rate of 6% per annum.
- **Emerald:** Minimum monthly saving of Ksh 30,000 with a profit rate of 8% per annum.



Download
Mombu App



Annual Report of the Management Committee

**Gideon
Zollo**

Committee Chair,
Mombo Sacco 2022



As the chair of your Supervisory Committee, I am pleased to report that Mombo Sacco remains secure, solvent, and financially sound.

In 2022, the Supervisory Committee directed an exhaustive “risk-based” audit programme. On all of Mombo Sacco’s products and services, risk-based audit techniques and methods were applied to risk-selected operational processes.

The Supervisory Committee has concluded that Mombo Sacco is operating effectively based on reports from ongoing internal audits. In addition, the Sacco’s internal controls are effectively maintained to ensure that the Board of Directors’ plans, policies, and procedures are administered properly and that the financial results are communicated to the members fairly and accurately.

It is prudent to note, however, that as part of continuous development, the Supervisory committee has determined that there is a discernible level of staff turnover. This is due to the current compensation structure. However, the committee has recommended a reevaluation of the same in order to clarify and improve the current working conditions of the staff. We go above and beyond to ensure that our services are unparalleled and that our customers/clients receive services that are consistent with our core values and guiding principles.

In this regard, the Supervisory committee has proactively advised the Management committee to ensure that market conditions are competitive in order to attract the finest talent and deliver the exceptional customer service for which Mombo Sacco is renowned.

I would like to thank every member of our Committee for their time and effort over the past year.



Gideon Mangale Zollo

Committee Chair

AWARD WINNING DIGITAL SACCO



Nomination Committee Report

**Angela
Warui**

Nomination
Committee Chair
2022



The Nomination Committee received 17 applications for Management Committee positions and 7 applications for Supervisory Committee positions.

Twenty (20) applicants failed to satisfy the eligibility requirements outlined in the Bylaws and the Nomination and Election Policy.

1. At least 200 shares
2. A minimum of Ksh 200,000 in savings
3. Minimum membership duration of 12 months.
4. No loan defaults in the preceding twenty-four months.
5. No missed contributions within the previous 12 months.

It is my distinct pleasure to present the following election candidates:

Management Committee

1. Josephine Wanjiku Mwaura has been a member since November 2019,
2. Rose Nafula Chemiat, has been a member since May 2019.
3. Carolyne Jepkor Cherop, has been a member since March 2018.

Supervisory Committee

1. Maureen Afandi Gwehona has been a member since October 2020.



2023 Supervisory Committee Candidates

Maureen Afandi Gwehona



As a dedicated and dynamic person, I am thrilled to apply for our Sacco Supervisory Committee. I want to use my skills and passion to help our Sacco and its members succeed. I support financial openness, accountability, and common success.

As an active member of our Sacco for nearly three years, I understand the Supervisory Committee's role in supporting prudent financial management. I will rigorously monitor Sacco's finances to ensure ethical behaviour if elected. I will create rigorous audit systems, evaluate extensively, and actively participate in conversations to improve accountability and benefit all members.

Effective communication is key to community growth. Open communication between the Supervisory Committee and Sacco members is my promise. Our Sacco values and resolves your issues, ideas, and opinions to represent all stakeholders.

Along with committee members, I will diligently strive for Sacco improvement and progress. To maintain our Sacco's long-term stability and success, I analyse risks, provide strategic solutions, and promote best practises.

My financial management knowledge, attention to detail, and ethics qualify me for Supervisory Committee activities. I believe my dedication to our Sacco's principles and willingness to work will help our community grow.

I respectfully request your vote to join the Supervisory Committee. Our Sacco and valued members may have a brighter, more transparent, and successful future together.

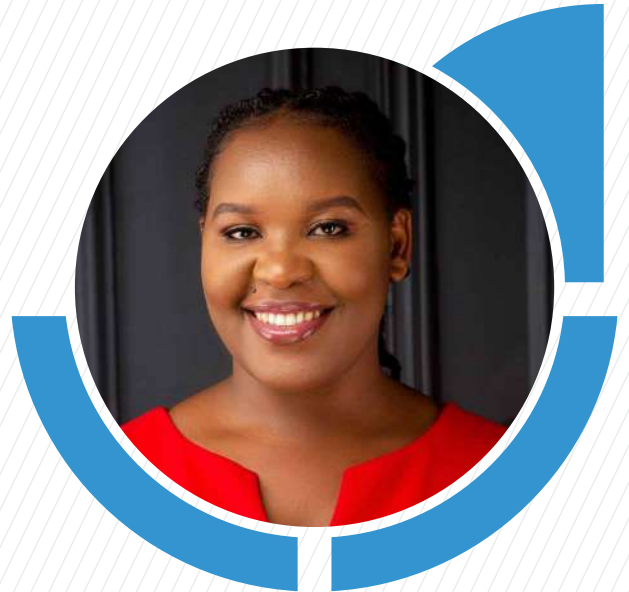


2023 Management Committee Candidates

Rose Nafula Chemiat



My experience in our Sacco has been one of development, education, and collaboration. I have personally witnessed the impact that a well-managed Sacco can have on the lives of its members over the years. If elected to the Management Committee, I believe my combination of experience, commitment, and new perspectives will propel our Sacco to new heights. The success of our Sacco depends on the combined efforts of its members and leaders. Let us collaborate to bring our Sacco to new heights of prosperity. I appreciate your time and consideration.



Carolyn Jepkor Cherop



As the current treasurer of Mombo SACCO with two years of devoted service and a solid accounting background as a CPA (K), I have demonstrated my commitment to financial integrity, transparency, and effective management. My experience and expertise have enabled me to navigate complex financial matters and ensure the continued development of our cooperative. I believe that my track record and qualifications uniquely qualify me to continue driving our SACCO's financial success in the future term. Thank you for your time and consideration.



Josephine Wanjiku Mwaura



I am a devoted and ardent member of Mombo Sacco. If elected to the Management Committee, I intend to:

- Promote greater operational transparency and accountability.
- Increase member participation through informative seminars
- Collaborate with other committee members to assure the continued growth and success of the Sacco.

I am completely committed to representing the saccos' and members' interests on the Management Committee, as I am familiar with our Sacco's values and have a track record of dedication. I believe in open communication, responsible decision-making, and a collaborative strategy for attaining our shared objectives. I respectfully request your support and confidence in my candidature for the Management Committee. Together, we can strive towards a more robust and prosperous future for all Mombo Sacco members.



It is essential to note that the committee received no appeals.

Thank you to all who participated in this process.

Abuu

Angela Warui

Nomination Committee Chair, Management committee representative

Nomination Committee

Isaac Chebii

ICPAK representative

Brian Wanjala

Secretariat representative

Zipporah Mwau

ICPSK representative

Salome Wangui

County Cooperative office representative



MOMBO SACCO
STATISTICAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022



Statistical Information 2022

| | 2022 | 2021 |
|---|----------------------|--------------|
| Membership Total | 1,461 | 1,188 |
| Active | 1,124 | 1,126 |
| Dormant | 337 | 62 |
| With loans | 449 | 280 |
| With loan arrears | 133 | 10 |
| Number of employees | 10 | 8 |
| | KShs '000's | KShs '000's |
| Financials | | |
| Total assets | 107,447 | 81,151 |
| Members' deposit savings | 79,082 | 62,164 |
| Loans to members | 94,101 | 70,192 |
| Investments | 60 | 60 |
| Core capital | 19,328 | 12,933 |
| Share capital | 12,228 | 10,167 |
| Institutional capital | 7,099 | 2,766 |
| Total revenue | 24,856 | 20,299 |
| Total interest income | 14,051 | 11,995 |
| Total expenses | 17,474 | 17,643 |
| Provision for interest refund on member deposits | 3,049 | 2,295 |
| Dividend on share capital | NIL | NIL |
| Key ratios: | | |
| Capital Adequacy Ratio: | Minimum Ratio | |
| Core capital/Total Assets | 8% | 18% |
| Core Capital/Total Deposits | 5% | 24% |
| Retained earnings and Reserves/ Core capital | 50% | 36% |
| | | 22% |
| Liquidity ratio | | |
| Liquid Assets/Total deposits and short term liabilities | 10% | 7% |
| | | 14% |
| Operating efficiency/Loan quality ratios: | | |
| Total expenses/Total revenue | 71% | 87% |
| Interest on members deposits/Total revenue | 12.26% | 11.30% |
| Interest rate on members' deposits | 3.85% | 3.69% |
| Dividends rate on members share capital | NIL | NIL |
| Total Delinquency loans/Gross loan portfolio | 4.57% | 2.19% |

Annual Report of the Management Committee

The Management committee have the pleasure to submit their annual report together with the financial statements for the year ended 31 December 2022 which discloses the state of affairs of the Society.

1 Registration

Mombo Savings and Credit Cooperative Society Limited is registered under the Kenya Cooperative Societies Act Cap. 490(Registration Number CS/No.17821 of 20 February 2015) and is Licensed to operate under the SACCO Societies Act No. 14 of 2008.The Society is domiciled in Kenya.

2 Principal Activity

The principal activity of the society is to promote thrift amongst its members by affording them an opportunity for accumulating their savings and to create thereby a source of funds from which loans can be made to them exclusively for provident and productive purposes at fair and reasonable rates of interest.

3 Results for the year

| | 2022 | 2021 |
|--------------------------------|-----------|---------|
| | KShs. | KShs. |
| Surplus before tax | 4,332,856 | 360,628 |
| Income tax expense | - | - |
| Surplus after tax for the year | 4,332,856 | 360,628 |

4 Interest on members' deposit Savings

The Management Committee paid interest on members savings at the following rates:

| | 2022 | 2021 |
|----------|------|------|
| Bronze | 4% | 4% |
| Silver | 4.5% | 4.5% |
| Gold | 5% | 5% |
| Platinum | 6% | 6% |

5 Financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities (SMEs).

6 Management Committee and committee members

The Management Committee and Supervisory Committee Members who served during the year and to the date of this report are shown on page 1.

7 Management Committee and committee members' benefits

Since the annual general meeting of the society to the date of this report, no member of the Management Committee or Supervisory Committee have received or become entitled to receive any benefit other than the sitting and other committee allowances and costs.

8 Statement as to disclosure to the society's auditors

Each of the persons, who was a director at the time this report was approved, confirms that: -

- a) there is, so far as the person is aware, no relevant audit information of which the society's auditor is unaware;
- b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information to establish that the society's auditor is made aware of that information.

9 Auditors

The society's auditor's M/s Otieno Oboge & Co, who were appointed auditors for the year have indicated willingness to continue in office in accordance with the Kenya Co-operative and Sacco Societies Acts

For and on behalf of the Management Committee



Elijah Makamu
Honorary Secretary

Nairobi

Date 12th August, 2023

Statement of Management Committee' Responsibilities

The Management Committee is responsible for the preparation and presentation of the annual financial statements of MOMBO Savings and Credit Co-operative Limited which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Management Committee' responsibilities includes: determining that the basis of accounting policies described in Note 1 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities (SMEs), and in the manner required by the Kenya Co-operative and Sacco Societies Acts and for such internal controls as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenya Co-operative and Sacco Societies Acts, the Management Committee is required to prepare financial statements for each financial 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 of the operating results of the society for that year. It also requires the Management Committee to ensure that the society keeps proper accounting records which disclose with reasonable accuracy the financial position of the society.

The Management Committee accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, and in conformity with IFRS for SMEs and in the manner required by the Kenya Co-operatives and Sacco Societies Acts. The Management Committee 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.

The Management Committee is of the opinion, that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute assurance against material misstatement or loss.

The Management Committee have reviewed the society's cash flow forecast for the next twelve (12) months from the date of approval of the annual financial statements and, in the light of this review and the current financial position, they are satisfied that the society have access to adequate resources to continue in operational existence for the foreseeable future.

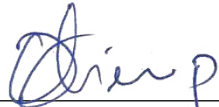
The external auditors are responsible for independently auditing and reporting on the society's annual financial statements. The annual financial statements have been examined by the society's external auditors and their report is presented on pages 6 to 8.

Approval of the financial statements

The financial statements set out on pages 11 to 28, which have been prepared on a going concern basis, were approved and authorized for issue by the Management Committee on **12 August, 2023** and were signed on their behalf by:



Peter Mcharo
Chairperson



Carolyne Cherop
Honorary Treasurer



Elijah Makamu
Honorary Secretary

WE WON!
TOP STAR BRANDS AWARDS
TOP DIGITAL SACCO BRAND
IN 2022



Independent Auditors' Report To the members of Mombo Sacco

Opinion

We have audited the accompanying annual financial statements of MOMBO Savings and Credit Co-operative Society Limited set out on pages 11 to 27, which comprise the statement of financial position as at 31 December 2022; and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

In our opinion, the annual financial statements of MOMBO Savings and Credit Co-operative Society Limited (the society) give a true and fair view of the financial position of the society as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) for Small and Medium Sized Entities (SMEs) and the requirements of the Kenya Co-operative and Sacco Societies Acts.

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 Auditors' Responsibilities for the Audit of the financial statements section of our report. We are independent of the society in accordance with the International Ethics Standard Board of Accountants' Code of Ethics for Professional Accountants (IEBSA Code). We have fulfilled our ethical requirements applicable to performing the audits of the 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 Matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. Those 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 those matters.

Other Information

The Management committee is responsible for the other information. The other information comprises the Management Committee and Chairperson's Reports. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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.

Responsibilities of the Management Committee and those charged with governance for the financial statements

The Management Committee is responsible for the preparation of the annual financial statements that give a true and fair view in accordance with IFRS for SMEs and with the requirements of the Kenya Co-operative and Sacco Societies Acts and for such internal controls as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Management Committee is responsible for assessing the society'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 they either intend to liquidate the society or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the society's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high-level assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 our audit in accordance with ISAs, we exercise professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the society's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- 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.

Report on legal and other regulatory requirements

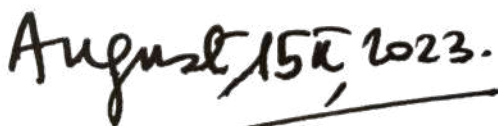
The Kenya Co-operative and Sacco Societies Acts require that in carrying out our audit, we consider and report on the following matters. We confirm that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion proper books of account have been kept by the society in so far as it appears from our examination of those books;
- c) the society's statements of financial position and of profit or loss and other comprehensive income are in agreement with those books of account,
- d) 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 Kenya Co-operative and Sacco Societies Acts;
 - ii. in accordance with the cooperative society's objectives, by-laws and any other resolutions made by the members at a general meeting.

The engagement partner responsible for the audit resulting in this independent auditors' report is CPA Otieno Oboge, Practicing License Number 0311.



For and on behalf of Otieno Oboge and Company.
Certified Public Accountants
Nairobi, Kenya.





MOMBO SACCO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



Statement of Profit or Loss and other Comprehensive Income

| | Note | 2022 | 2021 |
|---|-------|-------------------|-------------------|
| | | KShs. | KShs. |
| Income | 4 | 14,051,742 | 11,995,172 |
| Interest Expense | 6 | (3,049,007) | (2,295,353) |
| | | 11,002,735 | 9,699,819 |
| Other Income | 5 | 10,804,360 | 8,304,206 |
| Net Gross Income | - | 21,807,095 | 18,004,025 |
| Expenditure: | | | |
| Financial costs | 7 | 221,249 | 244,869 |
| Provision for loan loss | 14 | 2,235,787 | 5,334,254 |
| Personnel costs | 8 | 4,763,991 | 3,996,903 |
| Governance expenses | 9 | 343,500 | - |
| Marketing expenses | 10 | 2,407,616 | 2,688,072 |
| Depreciation and amortization | 11(b) | 1,307,098 | 290,480 |
| Establishment and administration expenses | 11(a) | 6,194,999 | 5,088,879 |
| | | 17,474,239 | 17,643,457 |
| Net Income For The Year Before Taxes And Donations | - | 4,332,856 | 360,568 |
| Taxation | 18 | - | - |
| Donations | - | - | - |
| Net Income For The Year After Taxes And Donations | - | 4,332,856 | 360,568 |
| Earnings per share | 24 | 7.09 | 3.54 |

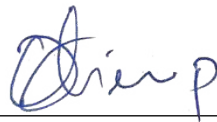
Statement of Financial Position

| | Note | 2022 | 2021 |
|--|-------|--------------------|-------------------|
| | | KShs. | KShs. |
| Assets | | | |
| Bank and cash balances | 12 | 6,277,611 | 9,469,289 |
| Accounts receivables | 13 | 984,885 | 246,936 |
| Loans to members | 14 | 94,101,703 | 70,192,972 |
| Investments | 15 | 60,000 | 60,000 |
| Equipment | 16(a) | 2,662,947 | 1,182,423 |
| Intangible | 16(b) | 3,360,000 | - |
| Total Assets | | 107,447,146 | 81,151,620 |
| Liabilities | | | |
| Members' savings deposits | 17 | 79,082,676 | 62,164,085 |
| Taxation | 18 | 478,421 | 370,806 |
| Accounts payables and accrued expenses | 19 | 5,167,820 | 604,711 |
| Other payables | 20 | 3,390,085 | 2,413,260 |
| Amount due to related party | 12 | - | 2,665,064 |
| Intangible | 16(b) | 3,360,000 | - |
| Total Liabilities | | 88,119,002 | 68,217,926 |
| Equity | | | |
| Share capital | 21 | 12,228,902 | 10,167,308 |
| Reserves | 22 | 7,099,242 | 2,766,386 |
| Total Equity | | 19,328,144 | 12,933,694 |
| Total Liabilities And Equity | | 107,447,146 | 81,151,620 |

These financial statements were approved and authorized for issue by the Management Committee on.....**12 August, 2023**..... and were signed on their behalf by:-



Peter Mcharo
Chairperson



Carolyn Cherop
Honorary Treasurer



Elijah Makamu
Honorary Secretary





MOMBO SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

Statement of Changes in Equity

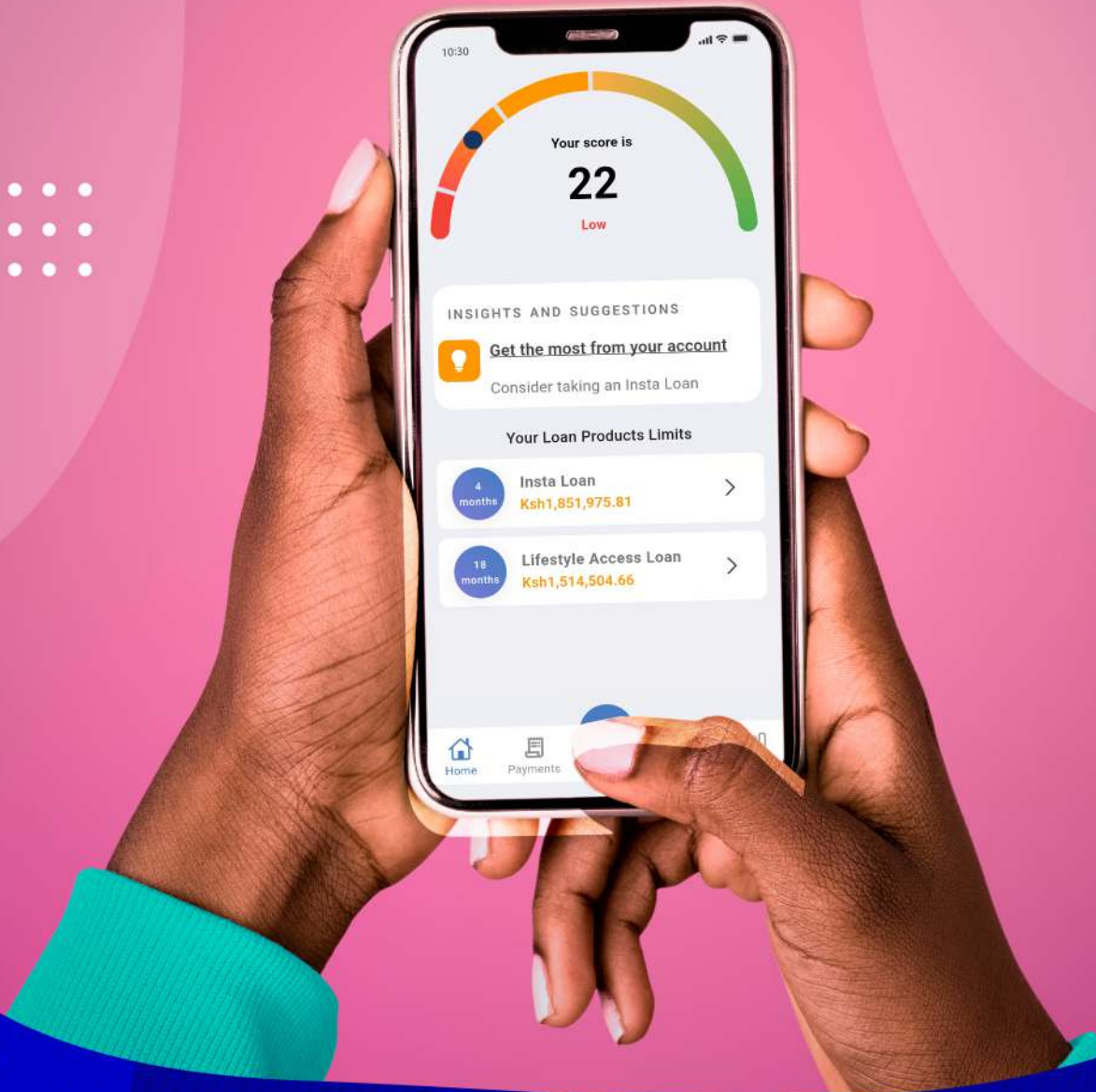
| | Share Capital | Statutory reserve | Retained earnings | Total |
|---|------------------|----------------------|----------------------|------------|
| | KShs. | KShs. | KShs. | KShs. |
| 31 December 2022 | | | | |
| At 1 January | 10,167,308 | 717,635 | 2,048,751 | 12,933,694 |
| Net surplus for the year | - | - | 4,332,856 | 4,332,856 |
| Net additional contributions | 2,061,594 | - | - | 2,061,594 |
| Transfers | - | 866,571 | (866,571) | - |
| As at 31 December | 12,228,902 | 1,584,206 | 5,515,036 | 19,328,144 |
| Transactions with owners | | | | |
| Proposed honoraria | - | - | - | - |
| Proposed dividend on shares | - | - | - | - |
| Proposed dividend on shares current year | - | - | - | - |
| As at 31 December | 12,228,902 | 1,584,206 | 5,515,036 | 19,328,144 |
| 31 December 2021 | | | | |
| At 1 January | 5,102,419 | 645,522 | 1,760,296 | 7,508,237 |
| Net surplus for the year | - | - | 360,568 | 360,568 |
| Net additional contributions | 3,064,889 | - | - | 3,064,889 |
| Transfers | - | 72,113 | (72,113) | - |
| Bonus shares | 2,000,000 | - | - | 2,000,000 |
| As at 31 December | 10,167,308 | 717,635 | 2,048,751 | 12,933,694 |

| | Share Capital | Statutory reserve | Retained earnings | Total |
|--|---------------|-------------------|-------------------|------------|
| | KShs. | KShs. | KShs. | KShs. |
| Transactions with owners | | | | |
| Proposed honoraria | - | - | - | - |
| Proposed dividend on shares | - | - | = | - |
| Proposed dividend on shares current year | - | - | - | - |
| As at 31 December | 10,167,308 | 717,635 | 2,048,751 | 12,933,694 |
| | | | | |

Statement of Cash flows

| | Note | 2022 | 2021 |
|---|------|--------------|--------------|
| | | KShs. | KShs. |
| Cash flow from operating activities | | | |
| Interest receipts | 4 | 14,051,742 | 11,995,172 |
| Non interest receipts | 5 | 10,804,360 | 8,304,206 |
| Payments to employees and suppliers | - | (14,202,927) | (11,935,223) |
| Interest paid to members | 20 | (1,964,567) | (1,050,994) |
| Increase/(decrease) in operating assets | - | 8,688,688 | 7,313,161 |
| • Net loans to members | - | (26,144,518) | (27,738,457) |
| • Trade and other receivables | - | (466,376) | (46,936) |
| (Increase)/decrease in operating liabilities | | | |
| • Members savings | - | 16,918,591 | 25,525,516 |
| • Trade and accrued expenses | - | 4,563,109 | 146,125 |
| • Other payables | - | - | - |
| • Amount due from related party | - | (2,665,064) | (2,764,902) |
| Net cash flow from operating activities | - | (894,350) | 2,434,507 |
| Income tax paid | - | - | - |
| | | 894,350 | 2,434,507 |
| Cash flows from investing activities | | | |
| Purchase of fixed assets | 16 | (6,147,622) | (1,098,123) |
| Investments purchased | 15 | - | (60,000) |
| Net cash flows from investing activities | - | (6,147,622) | (1,158,123) |

| | Note | 2022 | 2021 |
|---|------|-------------|-----------|
| | | KShs. | KShs. |
| Cash flows from financing activities | | | |
| Net share capital contributions | | 2,061,594 | 3,064,889 |
| Net cash flows from financing activities | | 2,061,594 | 3,064,889 |
| Net increase in cash and cash equivalents | | (3,191,678) | 4,341,273 |
| Cash and cash equivalents at the beginning of the year | | 9,469,289 | 5,128,016 |
| Cash and cash equivalents at the end of the year | 26 | 6,277,611 | 9,469,289 |



What factors determine eligibility for loans at Mombasa SACCO?

- Minimum membership duration of three months
- Consistently save for at least three months
- Loan limit determined by MSCORE
- Demonstrable ability to repay the loan (capacity, character, and common sense)
- 100% Loan Security (own savings, guarantor's savings, and/or collateral)



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Notes to the financial statements

1 Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements and which have been consistently applied unless otherwise stated, are set out below:

(a) Statement of compliance and basis of preparation of financial statements.

The financial statements of Mombo Savings and Credit Cooperative Society Limited (Mombo) for the year ended 31 December 2022 have been prepared in accordance with the requirements of International Financial Report Standards (IFRS).

The annual financial statement has been prepared to give a true and fair view of the financial position, financial performance and cash flows' of Mombo Savings and Credit Cooperative Society Limited. The financial statements are prepared on the historical cost basis of accounting as modified by revaluation of certain assets and are in accordance with the International Financial Reporting Standards (IFRS) for Small and Medium-Sized Entities (SMEs) in so far as it affects the nature and sustenance of the society's financial transactions. The financial statements are presented in the functional currency, Kenya Shillings (KShs.).

The preparation of financial statements in conformity with IFRS for SMEs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenue and expenses during the reporting year. It also requires management to exercise judgment in the process of applying the society's accounting policies. Although these estimates are based on the Management Committee's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Accounting policies on critical accounting estimates and assumptions' and critical accounting judgments' highlight the areas that involve a higher level of judgment or where the estimates or assumptions used are significant to the financial statements.

The areas involving the judgments of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Notes 2 and 3 below.

(b) New and amended standards, interpretation and improvements.

A number of revised standards which became effective have been adopted by the society where relevant to its operations. The adoption of those revised standards had no material effect on the society's accounting policies of disclosures except as follows:

- (i) IAS 1 requires management judgment and key sources of estimation and uncertainty at statement of financial position date to be disclosed in the financial statements.
- (ii) IAS 24 requires the disclosure of the compensation to key management personnel.
- (iii) IFRS 9 Financial instruments-classification and measurement- with emphasis on loan loss provisioning in compliance with SASRA Circulars on the same.

(c) Critical accounting estimates and assumptions

In the process of applying the society's accounting policies, management makes certain estimates and assumptions about future events. In practice the estimated and assumed results would differ from the actual results. Such estimates and assumptions that have a significant risk of causing material adjustments to carrying amounts of assets and liabilities within the next financial year are described below.

Equipment

The Management Committee makes estimates in determining the depreciation rate for equipment; the rates used are set out in the accounting policy for equipment. Those estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events and are believed to be reasonable under the prevailing circumstances.

Fair values

The fair values of financial assets and liabilities in these financial statements are estimated on the following bases:- Accounts receivable – by the Management Committee principally by reference to past history Unquoted investments – stated at cost; no estimate of fair value is included in these financial statements. Gains or commission on investments are recognized at the time of sale.

Accounts payable – by the Management Committee principally by reference to the initial incurrence and any consequential costs.

Other investments

All purchases and sales of investments are recognized on the purchase date, which is the date the co-operative commits to purchase or sell the asset. The cost of purchase includes transaction costs. The Management Committee subsequently determines the appropriate classification of the society's investments and reviews such designations on a regular basis.

Non-cash bonus received on investments is capitalized at the equivalent unit of investments par values. All investments are held to maturity and are not to be used for trade.

The recovery from any loan account previously written off is credited to the allowance for loan losses account and are not recognized as income in the year it is recovered.

Other Provisions

Other provisions are made when the society has legal or constructive obligations arising from past events and when it is probable that an outflow of resources will be required to settle obligations and a reasonable estimate of the amount of the obligation can be made.

(d) Investments

Quoted investments are stated at their cost values at each year end. Profit or loss is recognized through statement of comprehensive income at the time of disposal.

(e) Revenue

Revenue comprises interest charged on loans to members, interest earned on bank savings and term deposit accounts, and from investments, entrance fees and any miscellaneous income received during the year.

(f) Revenue recognition

Interest on members loans are charged on reducing balance basis and are recognized when earned. Interest is charged at the rates stated in the Society Credit Policy.

Other revenues earned by society are recognized on the following basis:

- i) Interest income- as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.
- ii) Dividend income- when the society's right to receive payment is established.
- iii) Miscellaneous income and entrance fees are recognized on cash basis

(f) Revenue recognition

Interest on members loans are charged on reducing balance basis and are recognized when earned. Interest is charged at the rates stated in the Society Credit Policy.

Other revenues earned by society are recognized on the following basis:

(g) Property, Equipment and depreciation

All property and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the society and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated under revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charge to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset's original cost is transferred from the revaluation reserve to the retained earnings.

Depreciation is calculated on the reducing balance basis to write down the cost of each asset, or the revalued amount, to its residual value over it's estimated useful life using the following rates:

| | |
|----------------------------------|---------------|
| Office furniture and equipment : | 10% per annum |
| Computers, Electronics : | 25% per annum |
| Software : | 25% per annum |

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**BEST DIGITAL SACCO
IN 2022**



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100



3 Key Sources of Estimation Uncertainty

The Management Committee confirms that there are no major assumptions or resources requiring estimation that have a significant risk of causing material adjustment to the carrying amounts of assets or liabilities of the society as reflected within the next twelve (12) months from the date of approval of these financial statements.

| 4 Income | 2022 | 2021 |
|---|------------|------------|
| | KShs. | KShs. |
| Interest on loans and advances to members | 14,051,742 | 11,995,172 |
| 5 Other income | | |
| Mutual income | | |
| Entrance fees | 256,550 | 316,400 |
| Convenience fees | 48,215 | 86,513 |
| Interest withdrawal | 100,870 | 56,468 |
| Member withdrawal | 258,797 | 267,718 |
| Service charge | 2,656,085 | 2,943,062 |
| Penalties | 7,483,843 | 4,634,045 |
| | 10,804,359 | 8,304,206 |
| Non-mutual income | - | - |
| | 10,804,359 | 8,304,206 |
| 6 Interest expense | | |
| Interest on members' deposits | 3,049,007 | 2,295,353 |
| 7 Financial expenses | | |
| Bank charges | 221,249 | 244,869 |
| 8 Personnel costs | | |
| Salaries | 4,745,391 | 3,978,703 |
| NSSF | 18,600 | 18,200 |
| | 4,763,991 | 3,996,903 |

(h) Translation of foreign currency

Assets and liabilities at the statement of financial position date which are expressed in foreign currencies are translated at the rates approximating the mean rate ruling at the statement of financial position date. Transactions during the year are converted at the rates ruling at the dates of the transactions. The resulting differences from conversion and translation are dealt with in the statement of comprehensive income in the year in which they arise.

(i) 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 investments in money market instruments (with less than 90 days maturity), net of bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amounts of the society's cash and cash equivalents are denominated in Kenya Shillings.

The cash and cash equivalents are available for use by the society. The Sacco Society Regulatory Authority (SASRA) requires that a Sacco Society maintain at least 15% of its savings, deposit and short term investments in liquid assets.

(j) Statutory reserve

Transfers are made to statutory reserve fund at the rate of 20% on the net operating surplus for the year after taxation in accordance with the Co-operative Societies Act.

(k) Taxation

Current taxation is provided for on the basis of results for the year as shown in the financial statements, adjusted in accordance with the tax legislation.

(l) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any differences between proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the year.

(m) Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognized but are disclosed unless they are remote.

(n) Provisions for liabilities and other charges

A provision is recognized in the balance sheet when the society has a present legal or constructive obligation as a result of past event and it is more likely than not that outflow of economic benefits will be required to settle the obligation and it can be reliably estimated.

(o) Impairment of non-current assets

Internal and external sources of information are reviewed at each reporting date to identify indications that assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. An impairment loss is recognized in the statement of comprehensive income.

wherever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and which results in an increase in the recoverable amount. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to the statement of comprehensive income in the year in which the reversals are recognized.

(p) Related parties

In the normal course of business, the society enters into transactions with related parties. The related party transactions are at arm's length.

(q) Financial instruments

Classification

The society classifies its financial instruments into the following categories:-
Investments available-for-sale, are investments intended to be an indefinite year of time, but may be sold in response to liquidity needs by the society. These are include in non-current asset unless the committee has expressed the need to hold them for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital.
Held-to-maturity investments, financial assets with fixed or determinable payments and fixed maturity that the society has the ability and intentions to hold to maturity.

Loans and receivables, which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in a 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. Purchases and sale of investments are recognized on the trade date, which is the date the society commits to purchase or sale the asset. Cost of purchase includes transaction costs. Available for sale investments are subsequently carried at fair value.

Unrealized gains and losses arising from changes in the fair value of the available for sale investment are recorded in the revaluation reserve in the year in which they arise. On sale, the cumulative gain or loss previously recognized in equity is recognized in the profit and loss account in the year of sale. Financial liabilities, which comprise all financial liabilities except financial liabilities at fair value through profit or loss

(r) Recognition and measurement

Financial assets

Financial assets are initially recognized at fair value. The society's financial assets which include cash and cash equivalents and receivable fall into the following categories:

2 Critical judgments in applying accounting policies

Impairment of assets

At the end of each reporting year, the Management Committee reviews the carrying amount of its financial and non-financial assets to determine whether there is any indication that the assets have suffered impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is charged to profit or loss whenever the carrying amount of the assets exceeds its recoverable amount.

The Management Committee assesses assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication of impairment exists, the Management Committee makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest at which there are identifiable cash flows that are largely independent of the cash flows of the other society's assets. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount.

Impairment losses on loans advances and other receivables

The Management Committee regularly reviews its loans advance to customers and other receivables to assess impairment. In determining whether an impairment loss should be charged to profit or loss, the Management Committee makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the receivables, before a decrease can be identified. This evidence may include observable data indicating that there has been an adverse change in the payment status of customers or local economic conditions that correlate with defaults on assets of the Society.

The Management Committee uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any difference between loss estimates and actual loss experience. The recovery from any loan account previously impaired is credited to the allowance for loan losses account and are not recognized as income in the year it is recovered.

Income taxes

The society is subject to income taxes in various jurisdictions. Significant judgment is required in determining the society's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The society recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

| 9 Governance expenses | 2022 | 2021 |
|---|--------------|--------------|
| | KShs. | KShs. |
| Sitting allowance | 343,500 | - |
| 10 Market expenses | | |
| Advertising and promotions | 2,407,616 | 2,688,072 |
| 11 (a) Establishment and administration expenses | | |
| Rent | 1,826,014 | 963,598 |
| Office and administration costs | 2,606,135 | 2,572,042 |
| Audit fees | 50,000 | 50,000 |
| Supervision fees | 5,200 | 5,200 |
| VAT on audit fees | 10,800 | 10,800 |
| Printing and stationary | 17,500 | 17,500 |
| Postage and telephone | - | 554,015 |
| Insurances premium | 675,550 | 613,337 |
| Information technology services | 953,800 | 856,402 |
| Last expense | 50,000 | - |
| | 6,194,999 | 5,088,879 |
| (b) Depreciation and Amortization | | |
| Amortization | 840,000 | - |
| Depreciation | 467,098 | 290,480 |
| | 1,307,098 | 290,480 |

M-CHANA



Corporates/Chama/Group Saving Accounts

Mombo Sacco offers five group savings accounts specifically designed for corporates, Chamas, and groups.

- **Stawi:** Minimum monthly saving of Ksh 10,000 with a profit rate of 4% per annum.
- **Shaba:** Minimum monthly saving of Ksh 30,000 with a profit rate of 6% per annum.
- **Fedha:** Minimum monthly saving of Ksh 50,000 with a profit rate of 7% per annum.
- **Dhahabu:** Minimum monthly saving of Ksh 100,000 with a profit rate of 8% per annum.
- **Zumaridi:** Minimum monthly saving of Ksh 300,000 with a profit rate of 9% per annum.



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12 Bank and cash balances

| | 2022 | 2021 |
|---|-----------|-----------|
| | KShs. | KShs. |
| Cooperative Bank of Kenya Limited Upper Hill Branch Nairobi | 4,306,944 | 9,185,023 |
| Safaricom Limited - Pay Bill A/c No. | 1,953,350 | 284,266 |
| Petty cash | 17,317 | - |
| | 6,277,611 | 9,469,289 |
| Amount due to Related Party | | |
| Mombo; iCapital Limited | - | 2,665,064 |
| 13 Account receivable | | |
| Prepayment Insurance | 225,586 | 114,836 |
| Rent deposit | 574,376 | 108,000 |
| Deposit - Safaricom Ltd | 24,000 | 24,000 |
| Prepaid expenses: Grammarly | 1,404 | - |
| Prepaid expenses: Prepaid 24 Network Global | 10,906 | - |
| Prepaid expenses: Prepaid Mspy | 19,653 | - |
| Prepaid expenses: Prepaid Nairobi County License | 32,498 | - |
| Prepaid expenses: Prepaid zoom | 18,998 | - |
| Prepaid expenses: Prepaid Trademark License | 12,500 | - |
| Deposits: Services Charges | 64,963 | - |
| Total | 984,884 | 246,936 |

14 Loans to members

| | 2022 | 2021 |
|---|-------------|------------|
| | KShs. | KShs. |
| Balance at 1 January | 76,115,435 | 48,376,978 |
| Loans granted in the year | 93,349,067 | 89,913,662 |
| Interest and penalties | 21,535,584 | 18,009,822 |
| Repayment during the year | 88,740,133 | 80,185,027 |
| | 102,259,953 | 76,115,435 |
| Loan loss provision | 8,158,250 | 5,922,463 |
| Balance at 31 December | 94,101,703 | 70,192,972 |
| Movement in loans loss provision: | | |
| At 1 January | 5,922,463 | 588,209 |
| Impairment losses charge (general and specific) | 2,235,787 | 5,334,254 |
| At 31 December | 8,158,250 | 5,922,463 |

| Ageing of past due loans | No of accounts | Amount Ksh. | Composition % | 2022 Rate % | Required Provision KShs. |
|-------------------------------|----------------|-------------|---------------|-------------|--------------------------|
| Neither past due nor impaired | 401 | 89,783,650 | 87.80 | 1 | 897,837 |
| Past due - 30 days | 23 | 896,743 | 0.88 | 5 | 44,837 |
| Past due 31 -180 days | 67 | 3,654,785 | 3.57 | 25 | 913,696 |
| Past due 181-365 days | 38 | 3,245,789 | 3.17 | 50 | 1,622,895 |
| Above 366 days | 19 | 4,678,986 | 4.58 | 100 | 4,678,986 |
| Total required | 548 | 102,259,953 | 100 | - | 8,158,250 |

15 Investments

| | 2022 | 2021 |
|-----------|--------|--------|
| | KShs. | KShs. |
| Kusco Ltd | 60,000 | 60,000 |

15 (a) Equipment Cost or valuation

| | Computers KShs. | Office Equipment Ksh. | Furniture and fixtures Ksh. | Motor bikes Ksh. | Total KShs. |
|------------------------|--------------------|-----------------------------|-----------------------------------|------------------------|----------------|
| At 1 January | 1,195,189 | 348,800 | 44,000 | 125,634 | 1,713,623 |
| Additions | 619,000 | 434,685 | 893,937 | - | 1,947,622 |
| At 31 December | 1,814,189 | 783,485 | 937,937 | 125,634 | 3,661,245 |
| Depreciation | | | | | |
| At 1 January | 414,627 | 79,665 | 5,500 | 31,408 | 531,200 |
| Charge for the year | 279,916 | 70,382 | 93,244 | 23,556 | 467,098 |
| At 31 Dec 2022 | 694,543 | 150,047 | 98,744 | 54,964 | 998,298 |
| Net Book Amount | | | | | |
| At 31 Dec 2022 | 1,119,646 | 633,438 | 839,193 | 70,670 | 2,662,947 |
| At 31 Dec 2022 | 780,562 | 269,135 | 38,500 | 94,226 | 1,182,423 |

16 (b) Computer Software

| | |
|----------------------------------|-----------|
| Cost 01 January 2022 | 4,200,000 |
| Amortization charge for the year | 840,000 |
| Net Book Amount | |
| 31 December 2022 | 3,360,000 |



Accomplish more with Goal Savings Account

Now you can save for fixed periods of time, and earn interest up to 10% p.a

Benefits of Goal Savings Account



- **Goal-based Savings:**
Members can create specific goals within their main goal account, allowing them to allocate funds towards different objectives and track their progress.
 - **Easy Fund Transfer:**
Members can transfer funds in and out of their goal accounts without affecting the main goal account balance, providing flexibility and control over their savings.
 - **Competitive Interest Rates:**
The Sprint Goal Account offers a competitive interest rate of 6%, allowing members to earn returns on their short-term savings. The Marathon Goal Account offers a higher interest rate of 10% for long-term savings, maximizing growth potential.
 - **Redemption Flexibility:**
The Short-Term Goal Account allows for quick redemption within 48 hours, providing access to funds when needed. The Long-Term Goal Account offers the option to lock funds for a specific period, promoting disciplined savings and potentially higher returns.
 - **Personalized Financial Planning:**
Members can set realistic savings targets, monitor progress, and receive personalized financial guidance to stay on track towards achieving their goals.
- 



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17 Members' Savings deposits

| | 2022 | 2021 |
|-------------------------------|--------------|--------------|
| | KShs. | KShs. |
| Balance 1 January | 62,164,085 | 36,638,569 |
| Contributions during the year | 28,222,480 | 30,510,540 |
| Withdrawals | (11,303,889) | (4,985,024) |
| Balance 31 December | 79,082,676 | 62,164,085 |

18 Taxation

| | | |
|--|---------|---------|
| Statement of profit or loss and other comprehensive income | | |
| Tax charge for the year | - | - |
| Penalties | - | - |
| Total | - | - |
| Statement of financial position | | |
| Balance 1 January | 370,806 | 370,806 |
| Charge for the year | - | - |
| Withholding tax | 107,615 | - |
| Payments during the year | - | - |
| Balance 31 December | 478,421 | 370,806 |

19 Account payables

| | 2022 | 2021 |
|--------------------------|-----------|---------|
| | KShs. | KShs. |
| Audit fees due | 50,000 | 50,000 |
| Supervision fees due | 5,200 | 5,200 |
| VAT on fees due | 10,800 | 10,800 |
| Staff Net Salary due | - | 97,220 |
| PAYE | 35,577 | 81,442 |
| NSSF | 2,000 | 1,800 |
| NHIF | 8,800 | 10,400 |
| Recoverable audit costs | 17,500 | 17,500 |
| Trade mark licence due | - | 12,500 |
| Trade payables as listed | 5,037,943 | 317,848 |
| Total | 5,167,820 | 604,710 |

20 Other payables

| | | |
|--------------------------------|-------------|-------------|
| Interest on members' deposits: | | |
| Balance 1 January | 2,413,260 | 3,168,901 |
| Provision for the year | 3,049,007 | 2,295,353 |
| Payments made in the year | (1,964,567) | (1,050,994) |
| Withholding tax | (107,615) | - |
| Bonus shares issued | - | (2,000,000) |
| Balance 31 December | 3,390,085 | 2,413,260 |

21 Share Capital An undetermined shares of KShs. 100/= each

| | 2022 | 2021 |
|-----------------------------------|-------------|-------------|
| | KShs. | KShs. |
| Balance 1 January | 10,167,308 | 5,102,419 |
| Additional contributions | 3,371,222 | 4,212,448 |
| Withdrawals | (1,309,628) | (1,147,559) |
| Bonus shares (Note 20) | - | 2,000,000 |
| Balance 31 December | 12,228,902 | 10,167,308 |
| Listed balances plus Bonus shares | 12,228,902 | 10,150,935 |
| Unreconciled differences | - | 16,373 |

22 Reserves

| | | |
|---------------------|-----------|-----------|
| Retained earnings | 5,515,036 | 2,048,751 |
| Statutory reserve | 1,584,206 | 717,635 |
| Balance 31 December | 7,099,242 | 2,766,386 |

23 Other Disclosures Related party transactions

Related party transactions include amounts advanced to staff and Board members. All the loans were performing as at 31 December 2021 and loans to directors and staff are issued at "arm's length".

| | 2022 | 2021 |
|----------------------------------|------------|------------|
| | KShs. | KShs. |
| a) Loans to Management Committee | 14,325,053 | 12,410,480 |
| b) Loans to employees | 203,492 | 848,353 |
| c) Allowance to management | 343,500 | - |

24 Earnings per share

| | | |
|--|------|------|
| | 7.09 | 3.54 |
|--|------|------|

25 Risks management

The Society's risks management policies include the provisions of the Cooperative Societies Act, the Commissioner for Cooperatives Development guidelines, society's by-laws and credit policies on acceptance of members' deposits and criteria for approval of loans to members. Investments policies in place help in managing liquidity and support maximization of returns at acceptable levels. The Society's activities expose it to a variety of financial risks. The Society's overall risk management structure focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by management under policies approved by the Management Committee. Management identifies, evaluates and hedges financial risks. The policies lay down principles for overall risk management, as well as those covering specific areas.

The Management Committee has overall responsibility for the establishment and oversight of the Society's risk management framework.

25.1 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Society's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

Operational risks arise from all of the society's operations. The society's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the society's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Management Committee. This responsibility is supported by the development of overall society standards for the management of operational risk in the following areas:

Requirements for appropriate segregation of duties, including the independent authorization of transactions.

- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

25.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and investment prices. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing on the return on the risk.

i) Interest rates risk

Interest rate risk is the risk that the future profitability and/or cash flows of financial instruments will fluctuate because of changes in the market interest rates.

The interest rate risk arises from short term bank deposits because of changes in market interest rates. If the interest rates on short term bank deposits at year end were to increase/ decrease by a given percentage all other factors remaining constant, the surplus for the year would be lower or higher.

ii) Foreign currency exchange risk

The Society operates wholly within Kenya and its assets and liabilities are reported in Kenya Shillings. There was therefore no currency risk as at 31 December 2021.

25.3 Capital Risk Management

The sacco manages its capital to ensure that it is able to continue as a going concern while maximizing the return to members through the optimization of the debt and equity balance. In order to maintain or adjust the capital structures the sacco may adjust the amounts of dividends paid to members or sell assets to reduce debt.

25.4 Credit Risk

Credit risk is the risk of suffering financial loss from any of the member loanees and advanced customers failing to fulfill their contractual obligations to the society. Credit risk mainly arises from loans to members and advances to customers.

The society's principal financial assets represent its exposure to credit risk in relation to financial assets, loans to members, advances to customer's bank and cash balances. A significant point on credit risk management is possible as most members are employees of common bond organizations. The borrowers also hold deposits besides their shares. Insurance covers on loans as well as guarantees provided by other members ensure that loans and advances repayments risks are reduced substantially.

The policies provide for full repayment of loans as guaranteed by other members owning adequate deposits of the loan amounts and advances taken.

25.5 Liquidity Risk

Liquidity risk is the risk that the society will be unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

Experience shows that a minimum level of cash and bank balances can be predicted with a high level of certainty especially with regards to withdrawable savings obligations. Sources of liquidity are therefore regularly reviewed by the Management Committee.

26 Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows Comprise the following statements of financial position amount:- Bank and cash balances

| | 2022 | 2021 |
|--|-----------|-----------|
| | KShs. | KShs. |
| | 6,277,611 | 9,469,289 |

27 Contingent liabilities

There were no contingent liabilities of the society as at 31 December 2022.

28 Comparatives

Where necessary, comparative figures have been re-classified to conform to the presentation in the current Year.



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