



**MOMBO  
SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**

**ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

Ref: MOMBO SACCO (2023)

**OTIENO OBOGE & CO.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
Utalii House, 2nd Floor,  
North Wing, Uhuru Highway  
P. O. Box 6592, GPO 00100  
Tel: 0721 238 658 / 0786 304 190  
Email: otienoobogeandco@yahoo.com  
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NAIROBI, KENYA.

CS.No. 17821  
Mombo Savings and Credit Co-operative Society Limited  
Annual report and financial statements  
For the year ended 31 December 2023

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Mombo Savings and Credit Co-operative Society Limited

Society Information

For the year ended 31 December 2023

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**Management Committee and Supervisory Committee Members**

**Management committee:-**

Peter Mcharo	-	Chairperson	
Angela Warui	-	Vice Chairperson	
Carolyne Cherop	-	Hon. Treasurer	
Elijah Makamu	-	Hon. Secretary	
Benjamin Kasema	-	Member	
Rose Chemaia	-	Member	(w.e.f September 2023)
Josephine Mwaura	-	Member	(w.e.f September 2023)

**Supervisory committee:-**

Gideon Zollo	-	Chairperson	
Gilbert Ombongi	-	Secretary	(up to . Aug 2023)
Getrude Manga	-	Member	
Maurine Gwehona	-	Member	(w.e.f September 2023)

**Principal Place of Business and Registered office:-**

Mombo Savings and Credit Co-operative Society Limited

Highway Heights Kilimani

Marcus Garvey Road

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 2<sup>nd</sup> Floor North Wing,

Utalii Street/Uhuru Highway,

P. O. Box 6592 – 00100- G.P.O NAIROBI.

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CS.No. 17821  
**Mombo Savings and Credit Co-operative Society Limited**  
**Statistical Information**  
**For the year ended 31 December 2023**

	2023 No.	2022 No.
Membership Total		
- Active	1634	1461
- Dormant	489	1124
- With loans	649	449
- Loan defaulters	181	133
Number of employees	12	10
	KShs '000's	KShs. 000's
Financials		
Total assets	131,047	107,447
Members' deposit savings	98,923	79,082
Loans to members	103,053	94,101
Investments	60	60
Core capital	25,860	19,328
Share capital	14,265	12,228
Institutional capital	11,595	7,099
Total revenue	31,414	24,856
Total interest income	30,896	14,051
Total expenses	21,809	17,474
Dividend on share capital	NIL	NIL
Key ratios:		
Capital Adequacy Ratio:		
Core capital/Total Assets	20%	18%
Core Capital/Total Deposits	26%	24%
Retained earnings and Reserves/ Core capital	9%	7%
Liquidity ratio		
Liquid Assets/Total deposits and short term liabilities	19%	17%
Operating efficiency/Loan quality ratios:		
Total expenses/Total revenue	69%	71%
Interest on members deposits/Total revenue	16%	12%
Interest rate on members' deposits	5%	4%
Dividends rate on members share capital	NIL	NIL
Total Delinquency loans/Gross loan portfolio	11%	5%

**CS.No. 17821 Mombo Savings and Credit Co-operative Society Limited**  
**Annual Report of the Management Committee**  
**For the year ended 31 December 2023**

The Management committee have the pleasure to submit their annual report together with the financial statements for the year ended 31 December 2023 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**

	<b>2023</b>	<b>2022</b>
	<b>KShs.</b>	<b>KShs.</b>
Surplus before tax	4,102,734	4,332,856
Income tax expense	-	-
	-----	-----
Surplus after tax for the year	<u>4,102,734</u>	<u>4,332,856</u>

**4. Interest on members' deposit Savings**

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

	<u>2023</u>	<u>2022</u>
Bronze	4%	4%
Silver	4.5%	4.5%
Gold	5%	5%
Platinum	6%	6%
Emerald	8%	0%

No rate was declared for dividend payments in 2023 (2022 none).

**5. Financial statements**

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

At the date of this report, the Management committee was not aware of any circumstances which would have rendered the values attributed to the assets in the financial statements misleading.

**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.

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Mombo Savings and Credit Sacco Co-operative Limited  
Annual Report of the Management Committee...continued....  
For the year ended 31 December 2023

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**8. Statement as to disclosure to the society's auditors.**

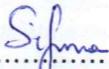
Each of the persons, who was a director at the time this report was approved, confirms that: -

- 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.....

**CS.No. 17821**  
**Mombo Savings and Credit Co-operative Society Limited**  
**Statement of Management Committee' Responsibilities**  
**For the year ended 31 December 2023**

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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 2023, 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 25, which have been prepared on a going concern basis, were approved and authorized for issue by the Management Committee on.....and were signed on their behalf by: -

  
.....  
Peter Mcharo  
Chairperson

  
.....  
Carolyne Cherop  
Honorary Treasurer

  
.....  
Elijah Makamu  
Honorary Secretary



**Independent Auditors' Report  
To the members of  
Mombo Savings and Credit Co-operative Society Limited CS.No. 17821**

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***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 2023; 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 2023 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.



**Independent Auditors' Report.....continued.....**  
**To the members of**  
**Mombo Savings and Credit Co-operative Society Limited CS.No. 17821**

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***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.



**Independent Auditors' Report.....continued.....**  
**To the members of**  
**Mombo Savings and Credit Co-operative Society Limited CS.No. 17821**

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***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.

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**Mombo Savings and Credit Co-operative Society Limited**  
**Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended 31 December 2023**

	Note	2023 KShs.	2022 KShs.
<b>INCOME</b>	4	20,027,222	14,051,742
<b>INTEREST EXPENSE</b>	6	(4,953,682)	(3,049,007)
		<u>15,073,540</u>	<u>11,002,735</u>
<b>OTHER INCOME</b>	5	11,387,080	10,804,360
<b>NET GROSS INCOME</b>		<u>26,460,619</u>	<u>21,807,095</u>
<b>EXPENDITURE:</b>			
Financial costs	7	237,262	221,249
Provision for loan loss	14	2,664,220	2,235,787
Personnel costs	8	4,911,017	4,763,991
Governance expenses	9	548,534	343,500
Marketing expenses	10	2,030,993	2,407,616
Depreciation and amortization	16	1,846,026	1,307,098
Establishment and administration expenses	11	10,119,833	6,194,999
		<u>22,357,885</u>	<u>17,474,239</u>
<b>NET INCOME FOR THE YEAR BEFORE TAXES AND DONATIONS</b>		<u>4,102,734</u>	<u>4,332,856</u>
Taxation	18	-	-
<b>NET INCOME FOR THE YEAR AFTER TAXES AND DONATIONS</b>		<u>4,102,734</u>	<u>4,332,856</u>
<b>Earnings per share</b>	31	<u>6.71</u>	<u>7.09</u>

**CS.No. 17821**  
**Mombo Savings and Credit Co-operative Society Limited**  
**Statement of Financial Position**  
**As at 31 December 2023**

	Note	2023 KShs.	2022 KShs.
<b>ASSETS</b>			
Bank and cash balances	12	3,685,857	6,277,611
Accounts receivables	13	15,389,228	984,885
Loans to members	14	103,053,142	94,101,703
Investments	15	60,000	60,000
Equipment	16(a)	2,790,921	2,662,947
Intangible	16(b)	5,376,000	3,360,000
<b>TOTAL ASSETS</b>		<b>130,355,148</b>	<b>107,447,146</b>
<b>LIABILITIES</b>			
Members' savings deposits	17	98,923,124	79,082,676
Taxation	18	687,132	478,421
Accounts payables and accrued expenses	19	324,055	5,167,820
Other payables	20	4,953,682	3,390,085
<b>TOTAL LIABILITIES</b>		<b>104,887,993</b>	<b>88,119,002</b>
<b>EQUITY</b>			
Share capital		14,265,178	12,228,902
Reserves	22	11,201,976	7,099,242
<b>TOTAL EQUITY</b>		<b>25,467,155</b>	<b>19,328,144</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>130,355,148</b>	<b>107,447,146</b>

REGISTERED  
 SEC. 25(7) Co-operative Societies  
 CPA Javel M. Murira (P/2533)  
 04 JUN 2023  
 Sign: JAVEL M. MURIRA  
 FOR: COMMISSIONER OF CO-OPERATIVES

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

  
 .....  
 Chairperson

  
 .....  
 Honorary Treasurer

  
 .....  
 Honorary Secretary

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**Mombo Savings and Credit Co-operative Society Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2023**

	Share capital KShs.	Statutory reserve KShs.	Retained earnings KShs.	Total KShs.
<b>31 December 2023</b>				
At 1 January	12,228,902	1,584,206	5,515,036	19,328,144
Net surplus for the year	-	-	4,102,734	4,102,734
Net additional contributions	2,036,276	-	-	2,036,276
Transfers	-	820,547	(820,547)	-
As at 31 December	14,265,178	2,404,753	8,797,223	25,467,155

<b>31 December 2022</b>				
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)	-
Bonus shares	-	-	-	-
As at 31 December 2022	12,228,902	1,584,206	5,515,035	19,328,144

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**Mombo Savings and Credit Co-operative Society Limited**

**Statement of Cash flows**

For the year ended 31 December 2023

	Note	2023 KShs.	2022 KShs.
<b>Cash flow from operating activities</b>			
Surplus for the year before taxation		4,102,734	4,332,856
<b>Adjustments for :-</b>			
Depreciation	8	1,846,026	1,307,098
Proposed interest on member deposit		4,953,682	3,049,007
Surplus from operating activities before working capital changes:-		10,902,443	8,688,961
<b>Increase/(decrease) in operating assets</b>			
Net loans to members		(8,951,439)	(23,908,731)
Trade and other receivables		(14,404,342)	(737,949)
Interest on members deposit paid		(2,365,370)	(869,688)
<b>(Increase)/decrease in operating liabilities</b>			
Members savings		19,840,448	16,918,551
Account payables		(4,843,765)	2,754,560
Amount due from related party		-	(2,665,0640)
<b>Net cash flow from operating activities</b>		177,974	180,640
Income tax paid		(144,004)	(126,290)
		33,970	54,350
<b>Cash flows from investing activities</b>			
Purchase of equipment	16	(4,662,000)	(5,307,622)
Investments purchased	15	-	-
<b>Net cash flows from investing activities</b>		(4,662,000)	(5,307,622)
<b>Cash flows from financing activities</b>			
Net share capital contributions		2,036,276	2,061,594
<b>Net cash flows from financing activities</b>		2,036,276	2,061,594
<b>Net increase in cash and cash equivalents</b>		(2,591,754)	(3,191,678)
<b>Cash and cash equivalents at the beginning of the year</b>		6,277,611	9,469,289
<b>Cash and cash equivalents at the end of the year</b>	26	3,685,857	6,277,611

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**Mombo Savings and Credit Co-operative Society Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

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**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 2023 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.

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**Mombo Savings and Credit Co-operative Society Limited**

**Notes to the financial statements...continued....**

**For the year ended 31 December 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES ...continued..**

**(c) Critical accounting estimates and assumptions....continued.....**

**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

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Mombo Savings and Credit Co-operative Society Limited

Notes to the financial statements...continued....

For the year ended 31 December 2023

1. SIGNIFICANT ACCOUNTING POLICIES ...continued..

(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	:	20% per annum
Software	:	20% per annum

(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.

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**Mombo Savings and Credit Co-operative Society Limited**

**Notes to the financial statements...continued....**

**For the year ended 31 December 2023**

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**(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.

CS.No. 17821

**Mombo Savings and Credit Co-operative Society Limited**

**Notes to the financial statements...continued....**

**For the year ended 31 December 2023**

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**(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 assents 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 an 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

**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:-

**Receivables**

Receivables are carried at original invoiced amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified. Subsequent recoveries of amounts previously written off are credited to income in the year of their recovery.

**Financial liabilities**

Financial liabilities including trade and other payable are initially recognized at fair value and subsequently measured at amortised cost, using the effective interest rate method.

**Payables and accruals**

Finance charge including premiums payable on the settlement or redemption, are accounted for on accrual basis and added to the carrying amount of the instruments to the extent that are not settled in the year in which they arise.

Trade payables are stated at their nominal value.

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**Mombo Savings and Credit Co-operative Society Limited**  
**Notes to the financial statements...continued....**  
**For the year ended 31 December 2023**

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**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.

**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.

CS.No. 17821 Mombo Savings and Credit Co-operative Society Limited  
Notes to the financial statements...continued....  
For the year ended 31 December 2023

	2023 KShs.	2022 KShs.
<b>4. Income</b>		
Interest on loans and advances to members	<u>20,027,222</u>	<u>14,051,742</u>
<b>5. Other income</b>		
● Mutual income		
Entrance fees	260,864	256,550
Convenience fees	-	48,215
Interest withdrawal	-	100,870
Interest-member withdrawal	256,464	258,797
Loan processing fee	2,553,396	2,656,085
Penalties	8,061,492	7,483,842
Shares transfer fee	254,864	-
	<u>11,387,080</u>	<u>10,804,359</u>
<b>6. Interest expense</b>		
Interest on members' deposits	<u>4,953,682</u>	<u>3,049,007</u>
<b>7. Financial expenses</b>		
Bank charges	<u>237,262</u>	<u>221,249</u>
<b>8. Personnel costs</b>		
Salaries and wages- staff	<u>4,911,017</u>	<u>4,763,991</u>
<b>9. Governance expenses</b>		
Sitting allowance	<u>548,534</u>	<u>343,500</u>
<b>10. Market expenses</b>		
Advertising and promotions	<u>2,030,993</u>	<u>2,407,615</u>
<b>11.(a) Establishment and administration expenses</b>		
Rent	2,540,953	1,826,014
Office and administration costs	2,971,238	2,606,135
Audit fees	60,000	50,000
Supervision fees	6,200	5,200
VAT on audit fees	12,400	10,800
Printing and stationary	17,500	17,500
Insurances premium	1,135,779	675,550
Information technology services	3,282,763	953,800
Last expense	-	50,000
Annual top savers award	93,000	-
	<u>10,119,833</u>	<u>6,194,999</u>

CS.No. 17821 Mombo Savings and Credit Co-operative Society Limited  
Notes to the financial statements...continued....  
For the year ended 31 December 2023

	2023 KShs.	2022 KShs.
<b>11. (b) Depreciation and Amortization</b>		
Amortization	1,344,000	840,000
Depreciation	502,026	467,098
	<u>1,846,026</u>	<u>1,307,098</u>
<b>12. Bank and cash balances</b>		
<b>Cooperative Bank of Kenya Limited</b>		
Upper Hill Branch Nairobi	2,069,731	4,306,944
Safaricom Limited - Pay Bill A/c No.	1,592,055	1,953,350
Petty cash	24,071	17,317
	<u>3,685,857</u>	<u>6,277,611</u>
<b>Amount due to Related Party</b>		
- Mombo; iCapital Limited	-	(2,665,064)
	<u>-</u>	<u>(2,665,064)</u>
<b>13. Account receivable</b>		
Prepayment Insurance	343,872	225,586
Rent deposit	574,376	574,374
Deposit - Safaricom Ltd	24,000	24,000
Prepaid expenses:Grammarly	-	1,404
Prepaid expenses:Prepaid 24 Network Global	11,335	10,906
Prepaid expenses:Prepaid Mspy	-	19,653
Prepaid expenses:Prepaid Nairobi County License	32,698	32,498
Prepaid expenses:Prepaid zoom	-	18,998
Prepaid expenses:Prepaid Trademark License	12,500	12,500
Deposits: Services Charges	64,964	64,963
Accrued loan interests and penalties	14,325,483	-
	<u>15,389,228</u>	<u>984,884</u>
<b>14. Loans to members</b>		
Balance at 1 January	102,259,953	76,115,435
Loans granted in the year	83,352,038	9,9004,524
Interest and penalties	30,613,781	21,535,584
Repayment during the year	(102,350,160)	(94,395,590)
	<u>113,875,612</u>	<u>102,259,953</u>
Loan loss provision	(10,822,470)	(8,158,250)
	<u>103,053,142</u>	<u>94,101,703</u>
<b>Movement in loans loss provision: -</b>		
At 1 January	8,158,250	5,922,463
Impairment losses charge (general and specific)	2,664,220	2,235,787
	<u>10,822,470</u>	<u>8,158,250</u>

**CS.No. 17821 Mombo Savings and Credit Co-operative Society Limited**  
**Notes to the financial statements...continued....**  
**For the year ended 31 December 2023**

Ageing of past due loans	No of accounts	Composition Amount KShs.	Rate %	%	2023	2022
					Required Provision KShs.	Required Provision KShs
Neither past due nor impaired	545	97,991,684	86.05	1	979,917	897,737
Past due - 30 days	17	1,382,453	1.21	5	69,123	44,936
Past due 31 -180 days	34	4,110,962	3.61	25	1,027,741	913,696
Past due 181-365 days	33	3,289,618	2.89	50	1,644,809	1,622,895
Above 366 days	41	7,100,895	6.24	100	7,100,895	4,678,986
<b>Total required</b>	<b>670</b>	<b>113,875,612</b>	<b>100</b>		<b>10,822,470</b>	<b>8,158,250</b>

	2023 KShs.	2022 KShs.
<b>15. Investments</b>		
Kusco Ltd	60,000	60,000

16.(a)	Computers Equipment KShs.	Office Equipment KShs.	Furniture and fixtures KShs.	Motor bikes KShs.	Total KShs
<b>Cost or valuation</b>					
At 1 January 2023	1,814,189	783,485	937,937	125,634	3,661,245
Additions	388,000	93,000	-	149,000	630,000
<b>At 31 December 2023</b>	<b>2,202,189</b>	<b>876,485</b>	<b>937,937</b>	<b>274,634</b>	<b>4,291,245</b>
<b>Depreciation</b>					
At 1 January 2023	694,543	150,047	98,744	54,964	998,298
Charge for the year	301,529	72,644	83,919	43,934	502,026
<b>At 31 Dec 2023</b>	<b>996,072</b>	<b>222,691</b>	<b>182,663</b>	<b>98,898</b>	<b>1,500,324</b>
<b>Net Book Amount</b>					
At 31 Dec 2023	1,206,117	653,794	755,274	175,736	2,790,921
At 31 Dec 2022	1,119,646	633,438	839,193	70,670	2,662,947

<b>16.b Computer Software</b>	
Cost 01 January 2023	3,360,000
Additions	4,032,000
<b>Balance 31 December 2023</b>	<b>7,392,000</b>
<b>Amortization</b>	
Balance 01 January 2023	672,000
Charge for the year	1,344,000
	2,016,000
<b>Net Book Balance</b>	
31 December 2023	5,376,000
31 December 2022	2,688,000

CS.No. 17821 Mombo Savings and Credit Co-operative Society Limited  
Notes to the financial statements...continued....  
For the year ended 31 December 2023

	2023 KShs.	2022 KShs.
<b>17. Members' Savings deposits</b>		
Balance 1 January 2023	79,082,676	62,164,085
Contributuions during the year	35,695,495	28,222,480
Withdrawals	(15,855,047)	(11,303,889)
	<u>98,923,124</u>	<u>79,082,676</u>
Balance 31 December 2023	<u>98,923,124</u>	<u>79,082,676</u>
<b>18. Taxation</b>		
<u>Statement of profit or loss and other comprehensive Income</u>		
Tax charge for the year	-	-
Penalties	-	-
	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>
<u>Statement of financial position</u>		
Balance 1 January 2023	478,421	370,806
Charge for the year	-	-
Withholding tax	352,715	107,615
Payments during the year	(144,004)	-
	<u>687,132</u>	<u>478,421</u>
Balance 31 December	<u>687,132</u>	<u>478,421</u>
<b>19. Account payables</b>		
Audit fees due	60,000	50,000
Supervision fees due	6,200	5,200
VAT on fees due	12,400	10,800
PAYE	54,141	35,577
NSSF	22,884	2,000
NHIF	11,000	8,800
Recoverable audit costs	17,500	17,500
EAC Directory	6,930	-
Trade payables as listed	-	5,037,943
Simba Net Com	40,000	-
Annual top savers award	93,000	-
	<u>324,055</u>	<u>5,167,820</u>
Total	<u>324,055</u>	<u>5,167,820</u>
<b>20. Other payables</b>		
Interest on members' deposits:-		
Balance 1 January	3,390,085	2,413,260
Provision for the year	4,953,682	3,049,007
Payments made in the year	(3,390,085)	(2,072,182)
	<u>4,953,682</u>	<u>3,390,085</u>
Balance 31 December	<u>4,953,682</u>	<u>3,390,085</u>

CS.No. 17821 Mombo Savings and Credit Co-operative Society Limited  
Notes to the financial statements...continued....  
For the year ended 31 December 2023

	2023 KShs.	2022 KShs.
<b>21. Share Capital</b>		
<b>An undetermined shares of KShs. 20/= each</b>		
Balance 1 January 2023	12,228,902	10,167,308
Additional contributions	4,012,989	3,371,222
Withdrawals	(1,976,713)	(1,309,628)
Bonus shares (Note 20)	-	-
Balance 31 December 2023	<u>14,265,178</u>	<u>12,228,902</u>
Unreconciled differences	<u>14,265,178</u>	<u>12,228,902</u>
<b>22. Reserves</b>		
Retained earnings	8,797,223	5,515,037
Statutory reserve	2,404,753	1,584,206
Balance 31 December 2023	<u>11,201,976</u>	<u>7,099,243</u>
<b>23. Other Disclosures</b>		
<b>Related party transactions</b>		
Related party transactions include amounts advanced to staff and Board members. All the loans were performing as at 31 December 2023 and loans to directors and staff are issued at "arm's length".		
A) Loans to Management Committee	<u>6,876,037</u>	<u>14,325,053</u>
B) Loans to employees	<u>-</u>	<u>203,492</u>
C) Allowance to management	<u>548,534</u>	<u>343,500</u>
<b>24. Earnings per share</b>	<u>6.71</u>	<u>7.09</u>

**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.

**CS.No. 17821**  
**Mombo Savings and Credit Co-operative Society Limited**  
**Notes to the financial statements...continued....**  
**For the year ended 31 December 2023**

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**25. Risks management.....continued.....**

**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.

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**Mombo Savings and Credit Co-operative Society Limited**  
**Notes to the financial statements...continued....**  
**For the year ended 31 December 2023**

**25. Risks management.....continued.....**

**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**

	<b>2023</b>	<b>2022</b>
	<b>KShs.</b>	<b>KShs.</b>
Cash and cash equivalents included in the statement of cash flows		
Comprise the following statements of financial position amount:-		
Bank and cash balances	3,685,857	6,277,611
	<u>                    </u>	<u>                    </u>

**27. Contingent liabilities**

There were no contingent liabilities of the society as at 31 December 2023.

**28. Comparatives**

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