



MZIMA SPRINGS
NWDT SACCO
— Your Personal Anchor —



THE SACCO SOCIETY REGULATORY AUTHORITY
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06 FEB 2026
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THE SACCO SOCIETIES REGULATORY
AUTHORITY

2025

Annual Report & Financial Statements

D.K Wambua & Associates
Certified Public Accountants (Kenya)
P.O. Box 5157-00100 Nairobi



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A hand is pointing towards a futuristic digital interface. The interface features a glowing circular target with concentric rings and a bright white center. Surrounding the target are various data visualizations, including horizontal bars, arrows, and a stack of money. The background is dark blue with a grid pattern and various technical icons.

Together, We Grow

Your trusted, caring, listening and reliable social and financial provider

**Stability • Integrity • Excellence
• Collaboration • Innovation**

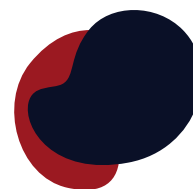


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Notice of the 2026 Annual General Meeting



TO ALL ESTEEMED MEMBERS OF MZIMA SPRINGS NWDT SACCO

Notice is hereby given that the Annual General Meeting (AGM) of Mzima Springs Non Withdrawable Deposit-Taking (NWDT) Sacco will be held on:

DATE	Saturday 7 th February 2026
TIME	2.00 PM – 5.00 PM
VENUE	Strathmore School Auditorium - In-person AGM

Item	Description
1.	Registration
2.	Opening Remarks
3.	Read and Adopt the Notice convening the Annual General Meeting (AGM)
4.	Confirmation of the Previous Annual General (AGM) Meeting Minutes
5.	Chairman's Report
6.	Supervisory Committee Report
7.	The CEO's mention
8.	Presentation of 2025 Audited Financial Statements
9.	Treasurers' Report and Budget Estimates For 2027
10.	Appropriation of 2025 Surplus
11.	Message from the Regulators
12.	Consideration and Adoption of Resolutions
13.	Elections
14.	A.O.B

NOTE:

1. Members are requested to submit any questions or requests for clarification, regarding the various reports, once uploaded on the website to: mzimasprings@strathmore.edu
2. Members attending the AGM are required to register with their full names and telephone numbers at the venue (Registration Desk).
3. Please note that the meeting will be held at **STRATHMORE SCHOOL** and will be conducted through **PHYSICAL ATTENDANCE ONLY**.

BY: ORDER OF THE BOARD

WWERE LWANGA M.
HON. SECRETARY

Dated: Friday, January 23, 2026

Students Center, 1st Floor, Strathmore University, Nairobi: P.O. Box 59857 00200, Nairobi Kenya Tel: +254 (0) 113 376 347
(mzimasprings@strathmore.edu, www.mzimasacco.com)



Our Guiding Pillars



Our Mission

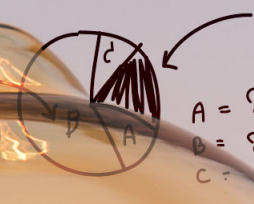
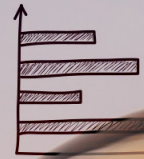
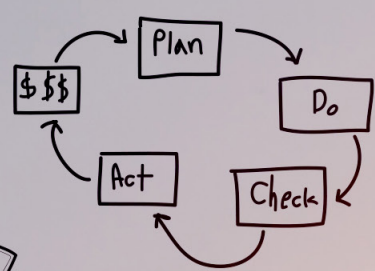
To provide leadership in lending and promote wise borrowing to Mzima membership in collaboration with employer centers



Our Vision

To be an organized, well managed and competitive source of development for the better of Mzima Springs Regulated Non-WDT SACCO members

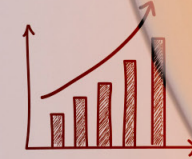
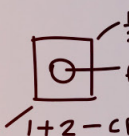




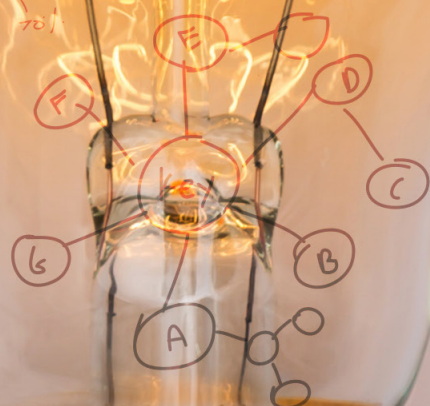
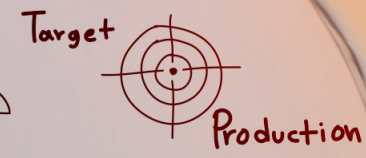
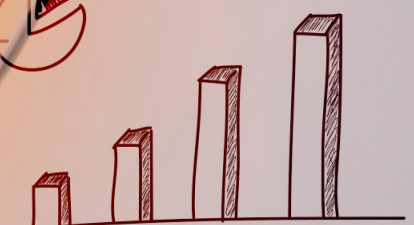
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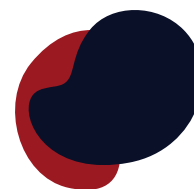


$$A+B = \frac{C+C^2}{3 \times 6}$$



$$\frac{A+B+C+D}{1+4^2+\frac{3}{2}}$$





Society Information

The Board and Supervisory Committee Members

Board Members	Mr. Fredrick Odhiambo Ms. Christine Owande Mr. Were Lwanga Mr. Fredrick Otieno Mr. Noah Keya Mr. John Ouko Ms. Perpetua Muema	Chairman Vice Chairperson Secretary Treasurer Credit Committee Credit Committee Credit Committee
Supervisory Committee	Mr. Julius Mamicha Mr. Chrispin Oloo Mr. Raphael Karanja	Chairperson Secretary Member
Registered Office:	Mzima Springs Sacco Society Ltd. Student Centre, 1 st Floor Strathmore University Ole Sangale Road P.O. Box 59857 – 00200 Nairobi, Kenya Telephone: 0703034331 /+254 (0) 113 376 347 Email: mzimasprings@strathmore.edu Website: www.strathmore.edu/mzima	
Principal Bankers:	Cooperative Bank of Kenya Limited Ukulima Branch P.O. Box 38666 - 00100 Nairobi	
Auditor:	D.K Wambua & Associates Certified Public Accountants (Kenya) P.O. Box 5157-00100 Nairobi	
Chief Executive Officer	Mr. Justin Ndetei P. O Box 59857 – 00100 GPO Nairobi	



Management Team

Management Committee Members

The Management Committee members who served during the year are as follows:



Fredrick Odhiambo | Chair, Management Committee

Fredrick is currently a Doctoral Candidate at Strathmore University. He holds a Masters in Communication from the University of Nairobi. He has a wealth of teaching experience and an extensive Knowledge on matters Sacco Management. He joined Mzima Springs Sacco in the year 2009



Christine Owande | Vice Chair, Management Committee

Christine is currently the Managing Director of Strathmore Research and Consultancy Centre, She has over 18 years in Managing Organizations out of which 10 years has been in the Sacco sector. She is currently pursuing her PhD in Entrepreneurship at Strathmore University and holds a Masters in Strategic Management and a bachelors in Finance, She is also a CPA (K).

Christine is passionate about entrepreneurship and helping startups to put structures and achieve their business goals.



Were Lwanga | Secretary, Management Committee

Mr. Were, works at Strathmore School as a teacher with over 15 years of experience. He has substantial administrative experience at the School. He holds a Post Experience Diploma in Education Management and he is in the last semester of Bachelor's Degree. He is the current Secretary to the Board of Mzima Springs NWD T Sacco and a member of the Education and Executive Committees.



Fredrick Otieno | Treasurer, Management Committee

Fredrick is currently a Doctoral Fellow at Strathmore University.

He holds a Master of Commerce in Forensic Accounting and a Bachelor of Commerce. He is also a Certified public Accountant.



Noah Otinga | Chair, Credit Committee

Noah, is a Doctoral Fellow at Strathmore Business School, Strathmore University. he holds a master's degree in commerce (Finance and Management science specialization) and a Bachelor of Commerce degree (Hons), both from Strathmore University.

Additionally, he is an ACCA (Association of Chartered Certified Accountants) Professional Level.



John Ouko | Member, Credit Committee

John Robert Ouko is a strategic management and business development professional with over eight years of experience in institutional strategy, governance, budgeting, performance management, and international partnerships across higher education, cooperatives, and the private sector.

John holds a Master of Commerce in Strategic Management and a Bachelor of Commerce from Strathmore Business School. He is pursuing CPA (Intermediate), and has completed leadership, and international professional training, equipping him with strong capabilities in policy support, research, regulatory compliance, and data-driven decision-making.

Mr. Ouko is also an SDRC Accredited Mediator specializing in resolving commercial disputes.



Perpetua Muema | Credit Sub-Committee

Perpetua holds a degree in Business Management (Human Resource Option) and a Certificate in Food and Beverage Production and Service. She has a wide range of experience in management and cleaning. And serves in the Board of Management at Kyome Mixed Secondary School and also in the Board of Trustees of Kianda School Staff Retirement Benefit Scheme.

Supervisory Committee Members

The Supervisory Committee members who served during the year are as follows:



Julius Mamicha | Chair, Supervisory Committee

Julius is based at Strathmore School where he has served for over 15 years in administration. He holds a Diploma in ECDE and Business Management.



Raphael Karanja | Member, Supervisory Committee

Raphael Karanja is a seasoned professional with over 15 years' experience in human resource management, leadership, and administration, largely within the higher education sector. Currently serving as Manager, Grants at Strathmore University Business School (SBS). In this role, he provides strategic and operational oversight for the School's research grants portfolio, supporting grant development, research partnerships, compliance, and effective grant management across funded projects.

He previously served as the People and Culture Manager at Strathmore University, where he has held progressively senior roles and led institution-wide people management initiatives.

Raphael brings deep expertise in HR strategy, organisational development, talent management, and leadership development, with a strong track record of supporting governance structures and senior leadership teams. He also leads RK Consulting, a people and leadership consultancy that supports owner-managed and growing organisations to strengthen their HR systems, culture, and performance.

Raphael holds a First-Class Honours degree in Mathematics with Information Technology from Maseno University, a Higher Diploma in Human Resource Management, and executive education qualifications from Strathmore Business School, including the Program for Management Development and the Leadership Excellence Acceleration Program.



Chrispine Oloo | Member, Supervisory Committee

Chrispine is the Librarian at Strathmore School, with over 15 years of experience in library and information service provision. He has worked with different public and private institutions, including local and international organizations. He is an astute freelance LIS trainer and consultant, helping budding professionals keep pace with emerging knowledge and trends in information management. Chrispine holds a BSc in Library and Information Science from the Catholic University for East Africa, a Diploma in Information Studies from the Kenya Polytechnic (now The Technical University of Kenya), and a Diploma in Business Information Technology from Strathmore University. He has served on the Mzima NWDT SACCO SC board since 2020 and benefited from specialized training workshops by KUSCO on *“Oversight of Internal Controls in Saccos”* and *“SACCO Fraud Analytics.”*

SACCO Management Team

Below are the officers of Mzima Springs SACCO, their experience and qualifications.



Justin Ndeti | CEO, Mzima Springs Sacco

Justin Ndeti is a seasoned co-operative professional with over 10 years of senior management experience in Savings and Credit Co-operatives. He excels in growth strategy, business operations, and financial management, driving key corporate strategies by identifying opportunities and enhancing service delivery while upholding co-operative values. With significant real estate expertise, Justin is pursuing an MBA in Strategic Management and holds a B.Com (Finance) from the University of Nairobi. A CPA finalist from Strathmore University, he is passionate about leveraging the co-operative model for transformation and member-focused growth.



Isaac Maingi | Senior Accountant, Mzima Springs Sacco

Isaac is currently a Senior Accountant at Mzima Springs NWD T Sacco Ltd. He is a CPA Finalist. has over 12 years of experience in accounting and general administration, currently pursuing Bachelor of Commerce. He has interests in Credit risk management, Accountancy & Finance.



Faith Kimani | Loans and Risk Officer, Mzima Springs Sacco

Faith is Currently serving as a Loans and Risk Officer at Mzima Springs (NWD T) Sacco Ltd, Faith has over five years' experience working in the SACCCO Industry, holds a Degree in Business Information Technology from the Multimedia University of Kenya and a Diploma in Co-operative Management from Co-operative University of Kenya and currently pursuing Certified Public Accountancy Qualification. areas of interest include Credit Risk Assessment, Management and Mitigation



Belinda Atyang' | Loans Recovery Officer

Belinda is a finance professional with a Bachelor of Commerce (Accounting option) and currently serves as the Loans Recovery Officer at Mzima Springs Sacco. She has over a year of experience in managing loan recovery, member support, and financial management. Belinda is passionate about helping organizations and communities achieve financial stability and growth through effective accounting and responsible lending practices.



Natacha Musholi | Sacco Administrator

Natasha is Currently serving as an Administrative and Operations Officer at Mzima Springs (NWD T) Sacco Ltd. She holds a Diploma in Co-operative Management and is advancing her financial knowledge through ACCA studies. She demonstrates interest in financial management, process improvement and member relations.

Our History

Rooted in Trust, Growing for the Future!



About fifteen employees of Strathmore School registered Mzima Springs SACCO in 1983. When it was registered, it was meant to only serve the subordinate staff. As Strathmore School expanded, more and more members joined in and by 1990 all employees of the School were eligible to join the SACCO.

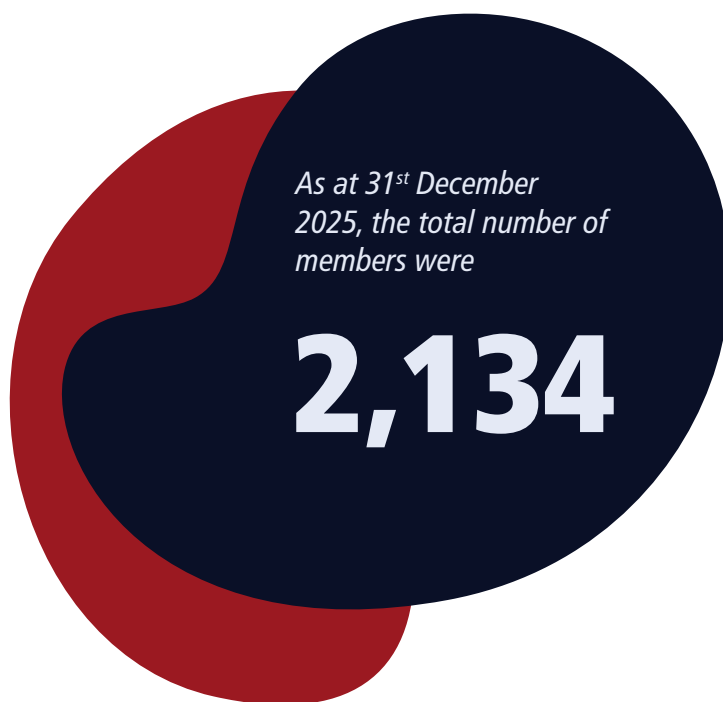
The section of the college was moved over to Madaraka Estate in 1992 and this threatened the continuity of the SACCO. However, it was agreed rather than register a new SACCO, the current members of the college will continue being members of Mzima Springs SACCO with an appropriate management structure put in place to serve the interest of both groups.

This agreement was vital as it led to the growth of the SACCO serving the Strathmore fraternity. This was because any person employed by any of the Strathmore institutions is eligible to be a member of the SACCO. These institutions included Kianda School, El Molo, Kibondeni and Tigoni. In 2021, the Sacco was licensed as Mzima Springs Regulated Non-Withdrawable Deposit-Taking (WDT) Sacco and is currently regulated by SASRA.

Current position

Currently as a result of expansion of the institutions membership the SACCO is comprised of the following Centres:

- | | | |
|----------------------|-------------------------------------|--------------------------------|
| 1. Strathmore Café | 13. Kibondeni | 25. Tigoni |
| 2. Creates | 14. Kimlea | 26. Watani |
| 3. Eastlands College | 15. Quest Works | 27. Strathmore School Catering |
| 4. Elmolo | 16. Strathmore Educational Trustees | 28. Mzima Sacco |
| 5. Ewaso Club | 17. Roshani | 29. Mzima Investment |
| 6. Faida | 18. Samara Centre | 30. Imara Educational Center |
| 7. Fanusi | 19. Satima | 31. Mvule |
| 8. Fontana | 20. Strathmore Business School | 32. Alumni Staff |
| 9. Hodari | 21. SRCC | 33. Mzima Student |
| 10. Karima | 22. Strathmore School | 34. Mzima Junior |
| 11. Kianda Catering | 23. Strathmore University | |
| 12. Kianda School | 24. Thigiri | |



Our Products & Services

Smart Financial Solutions for a Brighter Future!



Below are the loan products offered by the SACCO.

	Loan Product	Purpose	Interest rate	Suggested limit, terms & incentives	Suggested maximum term
1	Normal Loan	Granted as short-term loans for investment purposes and repayment through check off system	1% per month on reducing balance	<ul style="list-style-type: none"> • Maximum of 3 times of member deposits or a limit of Kshs 5,000,000 (subject to 1/3 rule) • Only one normal 1 loan shall be granted at a time • Easy loan top up facility possible 	72 months
2	Normal Loan 2 (Off Payroll)	Loan serviced through bank standing orders, bank debit advice and not through check- off system.	1 % per month on reducing balance. Interest rate for this loan shall be revised by the MC from time to time	<ul style="list-style-type: none"> • Maximum of 3 times of member deposits or a limit of Kshs 3,000,000 • Only one-off payroll loan shall be granted at a time • Easy loan top up facility possible • The minimum number of guarantors shall be four 	60 months
4	Emergency loan	Granted due to unforeseen circumstances	1% p.m. on reducing balance	<ul style="list-style-type: none"> • Maximum of 3 times of member deposits or a limit of Kshs. 500,000 (subject to 1/3 rule) • Only one emergency loan shall be granted at a time • Easy loan top up facility possible 	24 months
5	School fees loan	Granted for educational purposes	1% per month on reducing balance	<ul style="list-style-type: none"> • Maximum of 3 times of member's deposits up to a maximum of Kshs. 150,000 (subject to the 1/3 rule) • Only one school fees loan can be granted at a time • school fees invoice • Easy loan top up facility possible 	12 months
6	Student loan	Targeted to Strathmore students who have borrowed funds to cater for their needs or for investment purposes	1% per month reducing balance	<ul style="list-style-type: none"> • Maximum is equivalent to student member deposit. • The loan should be fully guaranteed (fellow students can guarantee) • Only one student loan can be granted at a time • Easy loan top up facility possible 	24 months
7	Insurance premium finance loan	Advanced to members to pay insurance premiums	1.5% per month on declining balance	<ul style="list-style-type: none"> • Amount shall be equivalent to the actual insurance requirement. The loan should be fully guaranteed 	6 months

8	Salary advance	Shall be granted against a member's salary	<ul style="list-style-type: none"> • A commission will be charged as follows: <ul style="list-style-type: none"> • 5% on the first month • 6% on the second month • 7% on the third month 	<ul style="list-style-type: none"> • One salary advance per month • No guarantors needed 	3 months
9	Refinance Loan (TOP UP)	Loan is issued where a member is unable to finalize a project with the loan earlier taken, and needs a top up to finish his/her project	<ul style="list-style-type: none"> • 1% per month 	<ul style="list-style-type: none"> • New/refinancing loan repayment period is determined by the previous loan repayment period. • 2% of the top up amount processing fees. • Refinancing is possible after servicing the older loan for a period of more than one year 	
10.	Karibu Loan	Granted to new members who have not attained the 6 months' probation period but have been in the SACCO for at least 3 months	<ul style="list-style-type: none"> • 1% per month 	<ul style="list-style-type: none"> • Maximum of 3 times of member's deposits up to a maximum of Kshs. 100,000 (subject to the 1/3 rule) • Only one Karibu loan can be granted at a time • Loan should be fully guaranteed. • Upon attainment of the 6-month period, a member cannot be offered the Karibu loan. 	



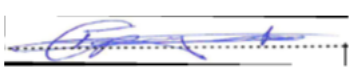

Statistical Information as at 31st December 2025

Strong Finances, Secure Futures!



		2025	2024
Membership	Active	1,654	1,321
	Dormant	480	400
Total		2,134	1,721
Financial		Kshs.	Kshs.
Total assets		542,785,153	480,114,232
Members' deposits		445,268,666	402,824,836
External borrowing		-	-
Loans and advances to members		480,786,630	428,206,881
Investments		35,242,948	21,628,256
Core capital		63,393,823	51,700,139
Share capital		29,100,053	25,766,500
Retained earning & Disclosed reserves		34,293,769	25,933,639
Total revenue (income)		61,993,837	49,753,322
Total interest income		59,515,828	47,919,158
Total expenses		21,102,656	17,885,119
Employees of the Sacco (3 female, 2 male)		5	4
Key ratios:			
Capital Adequacy Ratios	Statutory minimum	2025	2024
Core capital/Total assets	8%	11.68%	10.77%
Core capital/Total deposits	5%	14.24%	12.83%
Retained earnings and disclosed reserves/Core capital	50%	54.10%	50.16%
Liquidity Ratio (15%)			
Liquid assets/Short term liabilities	10%	67%	104%
Operating Efficiency/Loan quality ratios			
Total expenses/Total revenue		35.46%	35.95%
Interest on member deposits/Total revenue		45%	42%
Interest rate on members' deposits		7%	7%
Dividend rate on members share capital		11%	11%

Dividends in K.es		10.78	8.54
	Maximum		
Financial investments/Total deposits	30%	8%	5%
Delinquency ratio		3%	1%
liquid asset / Non withdrawable deposit		13%	9%

1) Chairman:  2) Treasurer:  Secretary 



Chairman's Report Year 2025

Strong Finances, Secure Futures!



Fred Odhiambo,

*Board of directors Mzima Springs NWD
Sacco Ltd*

Fellow Members, Board Members, Supervisory Committee, and Staff,

Welcome to our 2026 Annual General Meeting.

On behalf of the Board of Directors, I am deeply honored to address you today. Your physical and spiritual presence here is a clear demonstration of your continued trust, commitment, and belief in our Sacco. For that, we are truly grateful.

Review of the Year 2025

The year 2025 was a year of consolidation, resilience, and steady progress.

Despite operating in a challenging economic environment marked by inflationary pressures, tight liquidity, and increased regulatory scrutiny, your Sacco remained stable, compliant, and forward-looking. We strengthened our internal systems, enhanced service delivery, and continued to put members' interests at the center of every decision.

Our performance is a testament to prudent financial management, strong governance, and the unwavering support of you our members.

Governance and Integrity

Good governance is the backbone of a strong Sacco.

During the year, we took deliberate steps to strengthen the integrity of our electoral process. We now have an independent Elections and Vetting Committee, whose members are not Sacco members, specifically to eliminate any conflict of interest.

Additionally, the committee introduced:

1. A Certificate of Good Conduct, to promote ethical and issue-based campaigns
2. A Nomination Certificate, issued only after successful vetting

These measures are aimed at safeguarding transparency, accountability, and confidence in Sacco leadership. We believe leadership should be earned through integrity, not influence.

Borrowing Powers

Members will be requested today to approve borrowing powers of up to Kshs. 25 million.

I wish to emphasize that this approval does not mean the Sacco will borrow immediately. Rather, it is a strategic safeguard ensuring that should a need arise, your Sacco has the flexibility to act swiftly and responsibly.

It is also important to note that the Sacco currently has no bank loans, a strong indication of our healthy financial position and prudent management.

Staff Matters

Behind every successful Sacco is a dedicated team.

Allow me to recognize our staff who continue to serve you diligently:

1. Justin Ndetei – Chief Executive Officer
4. Isaac Maingi – Accountant
3. Faith Kimani – Loans Officer
2. Natasha Gathoni – Administrative & Operations Officer
1. Belinda Atyang’

Last year, we also recruited a Loan Recovery Officer, a strategic move that has already strengthened our recovery efforts and protected members’ funds.

To our staff thank you for your professionalism, resilience, and commitment to service excellence.

Interest on Deposits & Dividend Payouts

Fellow members, this is where your patience and loyalty truly pay off.

We are pleased to report that Kshs. 31.1 million has been set aside for the payment of dividends and interest on deposits, up from Kshs. 22 million last years.

This significant growth reflects:

1. Improved performance
2. Strong recovery measures
3. Disciplined financial management

It demonstrates our commitment to ensuring that members continue to reap tangible benefits from their investment in the Sacco.

Future Outlook

Looking ahead, the future of your Sacco is both promising and exciting.

Key priorities include:

Strengthened Recovery Department

We will continue to reinforce our recovery strategies to further improve loan performance and safeguard members’ savings.

Mobile Loans Launch

This has been long-awaited and rightly so. The mobile loan launch was delayed to ensure:

- a) Full system audit readiness
- b) Regulatory compliance

I am pleased to confirm that the mobile loan product will be launched this year.

Confirmed Partnerships

1. **Hotpoint Appliances** – Household appliances offered to members with *free delivery* and a *10% discount*.
2. **Roto Moulders** – Supply of water tanks at *significantly discounted rates* for members.
3. **MRM** – Provision of *discounted mabati* for construction and home improvement.

Partnerships Under Finalization

1. **Eastlands College of Technology (ECT)** – Motor vehicle body works partnership, currently at the finalization stage.
2. **Chloride Exide** – Partnership for the supply of *affordable solar panels*, with discussions at an advanced stage

Appreciation to Members

Finally, and most importantly, thank you, our members.

Thank you for your trust.

Thank you for your savings.

Thank you for choosing to grow with us.

This Sacco exists because of you and for you. As a Board, we remain committed to prudent leadership, transparency, and sustainable growth.

Together, we will continue to build a Sacco that is strong, member-focused, and future-ready.

Thank you, and I wish you a fruitful 2026 AGM.

Ripoti Ya Mwenyekiti Mwaka Wa 2025

Kukuza Maendeleo, Kuhakikishia Hatma!



Fred Odhiambo,
Mwenyekiti, Mzima Springs NWDT Sacco Ltd

Wanachama Wenzangu, Wajumbe wa Bodi, Kamati ya Usimamizi, Menejimenti na Wafanyakazi,

Karibu sana kwenye Mkutano wetu Mkuu wa Mwaka wa 2026.

Kwa niaba ya Bodi ya Wakurugenzi, ninajivunia na ninahishi heshima kubwa kusimama mbele yenu leo. Uwepo wenu—kimwili na kiroho—ni uthibitisho tosha wa imani yenu, uaminifu wenu, na dhamira yenu ya kuendelea kujenga Sacco yetu. Kwa hilo, tunawashukuru sana.

Mapitio ya Mwaka 2025

Mwaka 2025 ulikuwa mwaka wa kuimarisha misingi, kusta-himili changamoto, na kusonga mbele kwa uthabiti.

Licha ya mazingira magumu ya kiuchumi yaliyojumuisha mfumuko wa bei, uhaba wa ukwasi, na ongezeko la uan-galizi wa kisheria na kikanuni, Sacco yenu iliendelea kuwa imara, ikazingatia kikamilifu kanuni, na ikaendelea kuanga-

lia mbele. Tuliimarisha mifumo yetu ya ndani, tukabore-sha utoaji wa huduma, na tukaendelea kuweka maslahi ya wanachama kuwa kipaumbele chetu kikuu katika kila uamuzi.

Utendaji wetu ni ushahidi wa usimamizi mzuri wa fedha, uongozi thabiti, na msaada usioyumba kutoka kwenu wa-nachama wetu.

Utawala Bora na Uadilifu

Utawala bora ndio msingi wa Sacco imara.

Katika mwaka uliopita, tulichukua hatua madhubuti kuim-arisha uadilifu wa mchakato wetu wa uchaguzi. Sasa tuna Kamati Huru ya Uchaguzi na Uhakiki, ambayo wajumbe wake si wanachama wa Sacco, hatua iliyochukuliwa mah-susi kuondoa mgongano wa maslahi.

Zaidi ya hayo, kamati hiyo ilianzisha:

1. Cheti cha Tabia Njema (Certificate of Good Conduct) ili kuhakikisha kampeni za kimaadili na zinazojikita kwenye hoja
2. Cheti cha Uteuzi (Nomination Certificate) kinachot-olewa tu baada ya mhusika kuhakikiwa kikamilifu

Hatua hizi zinalenga kulinda uwazi, uwajibikaji, na imani ya wanachama katika uongozi wa Sacco. Tunaamini kuwa uongozi unapaswa kupatikana kwa uadilifu, si kwa ush-awishi.

Mamlaka ya Kukopa

Leo, wanachama wataombwa kuidhinisha mamlaka ya kukopa hadi Kshs. milioni 25.

Napenda kusesitiza kuwa idhini hii haimaanishi kwamba Sacco itakopa mara moja. Ni hatua ya kimkakati ya ku-hakikisha kuwa iwapo hitaji litatokea, Sacco yenu itakuwa na uwezo wa kuchukua hatua kwa haraka na kwa uwa-

jibikaji.

Ni muhimu pia kufahamu kuwa kwa sasa Sacco haina mko-po wowote wa benki, jambo linaloonyesha hali yetu nzuri ya kifedha na usimamizi makini.

Masuala ya Wafanyakazi

Nyuma ya kila Sacco inayofanikiwa kuna timu iliyojitolea.

Napenda kuwatambua wafanyakazi wetu wanaoendelea ku-wahudumia kwa bidii:

1. Justin Ndetei – Afisa Mkuu Mtendaji
2. Isaac Maingi – Mhasibu
3. Faith Kimani – Afisa Mikopo
4. Natasha Gathoni – Afisa Utawala na Uendeshaji
5. Belinda Atyang’

Mwaka uliopita pia tuliajiri Afisa Urejeshaji wa Mikopo, hat-ua ya kimkakati ambayo tayari imeimarisha juhudi zetu za urejeshaji na kulinda fedha za wanachama.

Kwa wafanyakazi wetu wote—tunawashukuru kwa taalu-ma yenu, ustahimilivu, na kujitolea kwenu katika utoaji wa huduma bora.

Malipo ya Riba na Gawio

Wanachama wenzangu, hapa ndipo subira na uaminifu wenu vinapozaa matunda.

Tunayo furaha kuripoti kuwa Kshs. milioni 31 zimetengwa kwa ajili ya malipo ya gawio na riba ya akiba, ikilinganishwa na Kshs. milioni 22 mwaka uliopita.

Ongezeko hili kubwa linatokana na:

1. Utendaji ulioboreshwa
2. Hatua madhubuti za urejeshaji wa mikopo
3. Nidhamu katika usimamizi wa fedha

Hili linaonyesha dhamira yetu ya kuhakikisha wanachama wanaendelea kunufaika kwa vitendo kutokana na uwekezaji wao katika Sacco.

Mtazamo wa Baadaye

Tunapotazama mbele, mustakabali wa Sacco yenu ni mzuri na wenye matumaini makubwa.

Vipaumbele vyetu vikuu ni pamoja na:

1. Kuimarisha Idara ya Urejeshaji

Tutaendelea kuimarisha mikakati yetu ya urejeshaji ili kuboresha zaidi utendaji wa mikopo na kulinda akiba za wa-nachama.

2. Uzinduzi wa Mikopo ya Simu

Hili limekuwa likisubiriwa kwa muda mrefu—na kwa sababu nzuri. Uzinduzi hu ulichelewa kwa makusudi ili kuhakikisha:

- a) Ukaguzi kamili wa mifumo
- b) Uzingatiaji wa masharti ya kisheria na kikanuni

Nina furaha kuthibitisha kwamba huduma ya mikopo ya simu itazinduliwa mwaka huu.

Shukrani kwa Wanachama

Mwisho kabisa, na muhimu zaidi, tunawashukuru sana wa-nachama wetu.

Asanteni kwa imani yenu.

Asanteni kwa akiba zenu.

Asanteni kwa kuchagua kukua pamoja nasi.

Sacco hii ipo kwa sababu yenu na kwa ajili yenu. Kama Bodi, tunaendelea kujitolea kwa uongozi makini, uwazi, na ukuaji endelevu.

Kwa pamoja, tutaendelea kujenga Sacco iliyo imara, inayoz-ingatia wanachama, na iliyo tayari kwa siku zijazo.

Asanteni sana, na nawatakia AGM ya 2026 iliyo na mafan-ikio tele.

Supervisory Committee Report

Ensuring Accountability, Strengthening Trust!



Julius Mamicha,
Chairman, Supervisory Committee Mzima Springs SACCO

1. Introduction

The Supervisory Committee is honored to present its report for the year ending December 31, 2025 reflecting our oversight activities, findings, and recommendations aimed at strengthening governance, compliance, and member confidence.

2. Mandate

Our role involves but is not limited to:

- Monitoring internal controls and adherence to applicable SACCO policies.
- Reviewing financial records and audit reports.
- Ensuring transparency and accountability in SACCO operations.
- Reporting findings to members during the AGM.

4. Activities Undertaken

In carrying out the above mandate, the SC team:

- Conducted quarterly reviews of financial statements and loan portfolios.
- Reviewed audit findings.
- Assessed compliance with SASRA and other applicable regulatory regulations.
- Reviewed the prevailing governance and risk mitigation framework.

5. Key Findings

i) Financial Integrity

- Records were generally found to be accurate and the overall financial management sound, especially around loans. More specifically, with regard to loans portfolio, we noted that:
 - » Both issuance and recovery were generally within acceptable thresholds.
 - » With the recent recruitment of a dedicated Loans Recovery Officer, we anticipate improved recovery outcomes in the coming period.
 - » The Loan Insurance Restructuring will reduce SACCO expenses and increase member returns. This new model should yield improved returns since the money previously charged to recurrent SACCO expenses is now available for distribution as interest on deposits and dividend to members.
- However, a few concerns stood out, especially with regard to loans:-
 - » Firstly, there is the need to watch out the fact that our **prevailing total loans-to-total deposits ratio (LDR) has exceeded 100% mark**, suggesting that our lending growth may be outpacing the deposit growth. This LDR trend calls for strengthening our alignment with in-

dustry best practices, to which we **recommend exploring opportunities to bring this ratio to below 100%**, and ensuring that deposits remain the primary funding source for our loans portfolio.

» Secondly, on **Loan Utilization Trends**, we noted interesting survey findings by the Secretariat, which revealed that up to **64% of members do borrow to fund their consumption and social activities while only 14% borrow to invest**. This revelation points to a dire need for more relevant member education initiatives around responsible borrowing and use of Sacco loans.

» Thirdly, is the matter of **unresolved Insurance Rebates**, affecting a few deceased members whose outstanding loans insurance rebates remains unsettled due the fiscal fraud that hit KUSCO, the loan guard insurance provider at the time of these members death.

ii) **Compliance**

» SACCO appreciably adhered to applicable SASRA and other regulatory guidelines in force.

iii) **Member Services**

» Positive feedback received on the rolled-out Co-opMIS but improved digital access remains a growth area.

Governance:

- The implementation of formal policy guidelines on board member nomination, vetting, and election marked a significant step forward in assuring free and fair elections commencing with this 2026 AGM.

iv) **Marketing:**

» Projected recruitment of **664 new members in 2025** netted some **395 new members representing 59.49% success rate**. We look forward to even better improved recruitment in 2026,

especially with a dedicated intern now responsible for the role and a trend-backed-data-driven projection of 600 new members.

6. Recommendations

- Consider implementing digital platforms for member access and loan applications.
- Encourage continuous staff training on compliance and customer service.
- Deepen and inculcate structured joint board and staff interactions, whenever possible and necessary.
- Target to reduce the LDR ratio to below 100% to ensure deposits remain the key funding source for our loan portfolio.
- Education sub-committee to explore more relevant member education drives around responsible borrowing and productive use of Sacco loans to best benefit members in light of survey findings.
- Explore possible options for settling pending refunds to beneficiaries of deceased members affected by the KUSCO fiasco.

7. Conclusion

We applaud the Board, Management, and Staff for their commitment to transparency and service. Above all, we call for continuous collective vigilance and creativity to ensure growth and member trust.

Thank you and God Bless Mzima NWD T SACCO!

Ripoti Ya Kamati Ya Usimamizi Mkutano Mkuu Wa Mwaka (AGM) 2026

Kuhakikisha Uwajibikaji, Kuimarisha Uaminifu!



Julius Mamicha,
*Mwenyekiti, Kamati ya Usimamizi ya Mzima
Springs SACCO*

1. Utangulizi

Kamati ya Usimamizi ina heshima kuwasilisha ripoti yake ya mwaka ulioishia tarehe **31 Desemba 2025**.

2. Wajibu

Kama Kamati ya Usimamizi, wajibu yetu kuu ni pamoja na: kufuatilia mifumo ya uhibitaji wa ndani; kuhakikisha uzingatiaji wa sera na kanuni za SACCO; kupitia taarifa za kifedha na ripoti za ukaguzi, pamoja na kuhakikisha uwazi na uwajibikaji kwa manufaa ya wanachama.

3. Shughuli Zilizotekelezwa

Katika mwaka uliopita, Kamati ilifanya mapitio ya robo mwaka ya taarifa za kifedha na mikopo, ikapitia ripoti za ukaguzi, ikatathmini uzingatiaji wa miongozo ya **SASRA**, na pia ikapitia mifumo ya utawala na usimamizi wa hatari.

4. Matokeo Muhimu

Kwa ujumla, Kamati ilibaini kuwa kumbukumbu za kifedha zilikuwa sahihi na usimamizi wa fedha ulikuwa mzuri, hasa katika eneo la mikopo. Utoaji na urejeshaji wa mikopo ulikuwa katika viwango vinavyokubalika. Kuajiriwa kwa Afisa wa Urejeshaji wa Mikopo kunatarajiwa kuboresha zaidi urejeshaji wa mikopo. Aidha, marekebisho ya bima ya mikopo yatafungua gharama za SACCO na kuongeza faida kwa wanachama kupitia riba ya akiba na gawio.

Hata hivyo, Kamati ilibaini changamoto kadhaa. Kwanza, uwiano wa mikopo kwa amana umevuka asilimia **100%**, jambo linaloashiria kuwa utoaji wa mikopo unaongezeka kwa kasi kuliko ukuaji wa amana. Kamati inapendekeza hatua mahsusi zichukuliwe ili kushusha uwiano huu chini ya asilimia 100.

Pili, utafiti wa Sekretarieti umeonesha kuwa wanachama wengi hukopa kwa matumizi ya kawaida badala ya uwekezaji. Hali hii inaonesha umuhimu wa kuimarisha elimu kwa wanachama kuhusu ukopaji wa uwajibikaji na matumizi yenye tija ya mikopo ya SACCO.

Tatu, Kamati inatambua uwepo wa marejesho ya bima ya mikopo ambayo bado hayajatatuliwa kwa baadhi ya wanachama waliokuwa wamefariki dunia, kutokana na changamoto zilizolikumba shirika la KUSCO.

Kwa upande wa uzingatiaji wa sheria, SACCO ilifuata kwa kiasi kikubwa miongozo ya **SASRA** na kanuni nyingine husika.

Katika huduma kwa wanachama, Kamati ilipokea mrejesho chanya kuhusu matumizi ya mfumo wa **Co-opMIS**, ingawa upatikanaji wa huduma za kidijitali bado unahitaji kuimarishwa.

Katika eneo la utawala bora, utekelezaji wa sera rasmi za uteuzi, uchunguzi, na uchaguzi wa wajumbe wa Bodi ni hatua muhimu itakayohakikisha uchaguzi huru na wa haki kuanzia AGM ya 2026.

Kwa upande wa masoko, SACCO ilisajili wanachama **395 wapya** kati ya lengo la 664 mwaka 2025. Kamati ina matumaini ya kufanya vizuri zaidi mwaka 2026 kwa msaada wa mipango inayotegemea takwimu na rasilimali watu zilizoongezwa.

5. Mapendekezo

Kwa kuhitimisha, tunapendekeza kuimarishwa kwa majukwaa ya kidijitali; mafunzo endelevu kwa wafanyakazi, ushirikiano wa karibu kati ya Bodi na Menejimenti; uzingatiaji wa juhudi za kuwezesha kupunguza uwiano wa mikopo kwa amana hadi chini ya 100%, na kuendelezwa kwa elimu ya wanachama kuhusu matumizi bora ya mikopo.

Kamati ya Usimamizi inapongeza Bodi, Menejimenti, na Wafanyakazi kwa juhudi zao na inahimiza umoja, umakini, na ubunifu ili kuendelea kujenga SACCO imara na yenye kuaminika.

Asanteni sana, na Mungu aibariki Mzima NWDI SACCO.



Treasurer's Report 2025

Safeguarding Prosperity, Ensuring Growth!



Fredrick Otieno,
Treasurer, Management Committee

Dear Esteemed Members,

It is my pleasure to present the financial performance of Mzima Springs SACCO for the year ended 2025. As your Treasurer, I am proud to share the significant strides the SACCO has made in terms of growth, financial stability, and long-term sustainability. This performance was achieved despite a challenging economic environment, both globally and locally, marked by inflationary pressures and tight monetary conditions. Through prudent financial management, member support, and strategic focus, the SACCO remained resilient and continued to deliver value to its members.

1. Financial Performance

The SACCO recorded a strong financial performance during the year under review. Total revenue increased to **Kshs. 61.99 million** from **K.shs. 49.75 million** in the previous year, representing solid growth driven mainly by interest income from loans, which rose to **Kshs. 59.52 million**. Total expenses increased moderately to **Kshs. 21.10 million** from **Kshs. 17.89 million**, reflecting controlled operational costs despite expanded activities. Overall, the SACCO maintained a healthy surplus position, supporting dividend payments and capital growth.

2. Asset Growth

Total assets grew significantly to **Kshs. 542.79 million**, up from **Kshs. 480.11 million**, marking a major milestone as the SACCO crossed the **Kshs. 500 million asset base**. This growth was supported by increased member deposits, loan portfolio expansion, and higher investments.

3. Core Capital Growth

Core capital rose to **Kshs. 63.39 million** from **Kshs. 51.70 million**, reflecting strong internal capital generation through retained earnings and reserves. This growth enhanced the SACCO's financial resilience and compliance with regulatory capital requirements.

4. Deposits Growth

Members' deposits increased to **Kshs. 445.27 million** from **Kshs. 402.82 million**, demonstrating continued member confidence in the SACCO. Deposit growth remains the backbone of our lending capacity and liquidity strength.

5. Loan Portfolio Growth

Loans and advances to members increased to **Kshs. 480.79 million**, up from **Kshs. 438.25 million**. To enhance financial access, the SACCO now disburses loans **three times a week (Monday, Wednesday, and Friday)**, improving turnaround time and member satisfaction.

6. Membership Growth

Total membership stood at **2,134**, compared to **1,721** in the previous year.

2. Active members increased to **1,654** from **1,321**

7. Share Capital Growth

Share capital increased to **Kshs. 29.10 million** from **Kshs. 25.77 million**, strengthening the SACCO's ownership base and long-term sustainability.

8. Liquidity Position

The SACCO maintained a strong liquidity position. The **liquid assets to short-term liabilities ratio stood at 67%**, well above the statutory minimum of 15%. This ensured the SACCO met all member withdrawal and operational obligations

without strain.

9. Capital, Liquidity, and Operating Efficiency Ratios

The SACCO remained fully compliant with all SASRA requirements:

- a) **Core capital to total assets:** 11.68% (minimum 8%)
- b) **Core capital to total deposits:** 14.24% (minimum 5%)
- c) **Retained earnings to core capital:** 54.10% (minimum 50%)
- d) **Operating efficiency (expenses to revenue):** 35.46%

10. Challenges Facing SACCOs

The SACCO sector continues to face challenges including:

1. Rising regulatory compliance costs
2. Loan recovery pressures due to stricter provisioning requirements
3. Economic uncertainty affecting borrowers' repayment capacity

Despite these challenges, the SACCO remains stable and compliant.

11. Global and Kenyan Inflation – 2025

Global inflationary pressures persisted into 2025, driven by geopolitical tensions, energy price volatility, and supply chain disruptions. In Kenya, inflation moderated but remained sensitive to food and fuel prices, impacting household disposable income and borrowing behaviour.

12. Monetary Policies

Tight monetary policy measures adopted by the Central Bank of Kenya aimed at controlling inflation led to elevated interest rate environments. While this affected borrowing costs, the SACCO successfully balanced affordability for members with sustainability of returns.

13. Strategic Performance Against the Four Pillars of Financial Development

a) Financial Access

Loan disbursement frequency was increased to three times per week, improving access to credit and supporting member economic activities.

b) Financial Stability

The SACCO surpassed the **Kshs. 500 million asset thresholds**, with all SASRA ratios fully met, reinforcing institutional stability.

c) Financial Efficiency – Digital Acceleration

The SACCO enhanced digital services through USSD and the Mzima App, enabling instant payments and postings. Over **60% of members** actively use these channels. Plans are

underway to roll out mobile loans and dividend payments, significantly improving efficiency, transparency, and service delivery.

d) Financial Depth

The SACCO maintained a high non-performing loan ratio. However, heightened regulatory expectations on loan provisioning necessitate stronger recovery efforts to safeguard capital and profitability.

14. Conclusion

In conclusion, the SACCO recorded a strong and resilient performance in 2025, marked by asset growth, improved capital strength, enhanced digital efficiency, and full regulatory compliance. While economic and regulatory challenges persist, the SACCO is well-positioned for sustainable growth. Continued focus on loan quality, member engagement, digital innovation, and prudent financial management will remain key to future success.

Ripoti Ya Mwekahazina, Mwaka 2025

Kulinda Ustawi, Kuhakikisha Ukuaji!



Fredrick Otieno,
Mweka Hazina, Kamati ya Usimamizi

Ndugu Wanachama Waheshimiwa,

Nina furaha kuwasilisha utendaji wa kifedha wa Mzima Springs SACCO kwa mwaka ulioishia 2025. Kama Mhasibu wenu wa Hazina, ninajivunia kushiriki mafanikio makubwa ambayo SACCO imepata katika ukuaji, uthabiti wa kifedha, na uendeleu wa muda mrefu. Mafanikio haya yalipatikana licha ya mazingira magumu ya kiuchumi, kimataifa na kitaifa, yaliyosababishwa na shinikizo la mfumuko wa bei na sera kali za fedha. Kupitia usimamizi madhubuti wa fedha, ushirikiano wa wanachama, na mwelekeo wa kimkakati, SACCO iliendelea kuwa imara na kutoa thamani kwa wanachama wake.

1. Utendaji wa Kifedha

SACCO ilirekodi utendaji mzuri wa kifedha katika mwaka ulioangaziwa. Mapato yote yaliongezeka hadi Kshs. 61.99 milioni kutoka Kshs. 49.75 milioni mwaka uliotangulia, yachangiwa kwa kiasi kikubwa na ongezeko la mapato ya riba kutoka kwa mikopo, ambayo yalifikia Kshs. 59.52 milioni.

Gharama zote ziliongezeka kwa kiwango cha wastani hadi Kshs. 21.10 milioni kutoka Kshs. 17.89 milioni, hali inayonyesha udhibiti mzuri wa gharama za uendeshaji licha ya

kupanuka kwa shughuli. Kwa ujumla, SACCO iliendelea kupata ziada ya mapato, hali iliyowezesha malipo ya gawio na ukuaji wa mtaji.

2. Ukuaji wa Mali (Assets Growth)

Jumla ya mali za SACCO ziliongezeka kwa kiasi kikubwa hadi Kshs. 542.79 milioni, kutoka Kshs. 480.11 milioni, hatua muhimu iliyoifanya SACCO kuvuka kiwango cha Kshs. 500 milioni cha mali. Ukuaji huu uliwezesha na ongezeko la amana za wanachama, upanuzi wa jalada la mikopo, na uwekezaji zaidi.

3. Ukuaji wa Mtaji wa Msingi (Core Capital)

Mtaji wa msingi uliongezeka hadi Kshs. 63.39 milioni kutoka Kshs. 51.70 milioni, matokeo ya ongezeko la mapato yaliyohifadhiwa na akiba. Ukuaji huu ulimarisha uthabiti wa kifedha wa SACCO na kuhakikisha uzingatiaji wa mahitaji ya kisheria ya mtaji.

4. Ukuaji wa Amana

Amana za wanachama ziliongezeka hadi Kshs. 445.27 milioni kutoka Kshs. 402.82 milioni, ishara ya kuendelea kuimarika kwa imani ya wanachama kwa SACCO. Ukuaji wa amana unaendelea kuwa msingi wa uwezo wetu wa kutoa mikopo na kuimarisha ukwasi.

5. Ukuaji wa Jalada la Mikopo

Mikopo na madeni kwa wanachama iliongezeka hadi Kshs. 480.79 milioni, kutoka Kshs. 438.25 milioni. Ili kuongeza upatikanaji wa huduma za kifedha, SACCO sasa inatoa mikopo mara tatu kwa wiki (Jumatatu, Jumatano na Ijumaa), hatua iliyoborresha kasi ya utoaji huduma na kuridhika kwa wanachama.

6. Ukuaji wa Uanachama

Jumla ya wanachama ilifikia 2,134, ikilinganishwa na 1,721 mwaka uliopita.

a) Wanachama hai waliongezeka hadi 1,654 kutoka 1,321.

7. Ukuaji wa Mtaji wa Hisa

Mtaji wa hisa uliongezeka hadi Kshs. 29.10 milioni kutoka Kshs. 25.77 milioni, hatua iliyoongeza umiliki wa wanachama na kuimarisha uendeleu wa muda mrefu wa SACCO.

8. Hali ya Ukwasi (Liquidity Position)

SACCO iliendelea kudumisha hali imara ya ukwasi. Uwiano wa mali za haraka kwa madeni ya muda mfupi ulikuwa 67%, juu sana ya kiwango cha kisheria cha 15%. Hii ilihakikisha

kuwa SACCO iliweza kutimiza mahitaji ya uondoaji wa fedha na majukumu ya uendeshaji bila changamoto.

9. Uwiano wa Mtaji, Ukwasi na Ufanisi wa Uendeshaji

SACCO ilizingatia kikamilifu mahitaji yote ya SASRA kama ifuatavyo:

- a) Mtaji wa msingi kwa jumla ya mali: 11.68% (kiwango cha chini 8%)
- b) Mtaji wa msingi kwa jumla ya amana: 14.24% (kiwango cha chini 5%)
- c) Mapato yaliyohifadhiwa kwa mtaji wa msingi: 54.10% (kiwango cha chini 50%)
- d) Ufanisi wa uendeshaji (gharama kwa mapato): 35.46%

10. Changamoto Zinzokabili Vyama vya Ushirika (SACCOs)

Sekta ya SACCO inaendelea kukabili changamoto zifuatazo:

- a) Kuongezeka kwa gharama za kufuata matakwa ya kisheria
- b) Shinikizo la urejeshaji wa mikopo kutokana na mahitaji makali ya kutenga akiba ya mikopo
- c) Kutokuwa na uhakika wa kiuchumi unaoathiri uwezo wa wakopaji kurejesha mikopo

Licha ya changamoto hizi, SACCO inaendelea kuwa imara na inazingatia kikamilifu matakwa ya kisheria.

11. Mfumuko wa Bei Duniani na Kenya – 2025

Shinikizo la mfumuko wa bei duniani liliendelea hadi mwaka 2025, likichangiwa na migogoro ya kisiasa, mabadiliko ya bei za nishati, na changamoto za minyororo ya usambazaji. Nchini Kenya, mfumuko wa bei ulipungua kwa kiasi fulani lakini uliendelea kuathiriwa na bei za chakula na mafuta, hali iliyoathiri mapato ya kaya na mwenendo wa kukopa.

12. Sera za Fedha (Monetary Policies)

Sera kali za fedha zilizotekelezwa na Benki Kuu ya Kenya ili kudhibiti mfumuko wa bei zilisababisha viwango vya juu vya riba. Ingawa hali hii iliathiri gharama za kukopa, SACCO iliweza kusawazisha upatikanaji nafuu wa mikopo kwa wanachama na uendelevu wa mapato.

13. Utendaji wa Kimkakati Kulingana na Nguzo Nne za Maendeleo ya Kifedha

a) Upatikanaji wa Huduma za Kifedha

Utoaji wa mikopo uliongezwa hadi mara tatu kwa wiki, hatua iliyo boresha upatikanaji wa mikopo na kusaidia shughuli za kiuchumi za wanachama.

b) Uthabiti wa Kifedha

SACCO ilivuka kiwango cha mali cha Kshs. 500 milioni, huku viwango vyote vya SASRA vikitimizwa kikamilifu, hivyo kui-marisha uthabiti wa taasisi.

c) Ufanisi wa Kifedha – Uharakishaji wa Kidijitali

SACCO iliboresha huduma za kidijitali kupitia USSD na Programu ya Mzima, kuwezesha malipo na uwekaji wa miamala papo hapo. Zaidi ya 60% ya wanachama wanatumia huduma hizi kikamilifu. Mipango inaendelea ya kuanzisha mikopo ya simu na malipo ya gawio kupitia mifumo hii, hatua itakayoongeza ufanisi, uwazi na ubora wa huduma.

d) Kina cha Kifedha

SACCO ilidumisha kiwango cha juu cha mikopo chechefu. Hata hivyo, matarajio makubwa ya kisheria kuhusu utengaji wa akiba ya mikopo yanahitaji juhudi zaidi za urejeshaji wa mikopo ili kulinda mtaji na faida.

14. Hitimisho

Kwa hitimisho, SACCO ilirekodi utendaji thabiti na wenye uimara mwaka 2025, ukiwa na ukuaji wa mali, kuimarika kwa mtaji, ufanisi wa kidijitali, na uzingataji kamili wa matakwa ya kisheria. Ingawa changamoto za kiuchumi na kisheria zinendelea, SACCO iko katika nafasi nzuri ya kukuza ukuaji endelevu. Kuzingatia ubora wa mikopo, ushiriki wa wanachama, ubunifu wa kidijitali, na usimamizi bora wa fedha kutaendelea kuwa nguzo kuu za mafanikio ya baadaye.



Chief Executive Officer Report

Driving Growth, Empowering Members!



Justin Ndeti,
*Chief Executive Officer (CEO),
Mzima Springs NWD T Sacco Ltd*

Chairman, Members of the Board and Supervisory Committee, Distinguished Guests, Fellow Members, and Colleagues,

Good afternoon, and thank you for joining us at the 2026 Annual General Meeting of Mzima Springs Sacco.

It is an honor to address you today as your Chief Executive Officer. I do so with a deep sense of responsibility, knowing that every shilling you save with this Sacco represents trust, sacrifice, and a dream for a better future.

Strategic Direction: 2026–2028

As we look ahead, one thing is clear: sustainable growth must be planned.

I am pleased to inform members that the Sacco will develop a new Strategic Plan for the period 2026–2028. To ensure quality and objectivity, we shall engage a professional vendor to support this process.

The Strategic Plan will be launched during Education Day

and will guide our growth, governance, innovation, and sustainability over the next three years. This plan will be our roadmap to a stronger, more resilient Sacco.

Membership Growth and Recruitment

Fellow members, the strength of a Sacco lies in its membership.

We continue to emphasize membership growth as a key driver of liquidity and long-term stability. I therefore encourage every member to:

- Recruit spouses and children into the Sacco
- Take advantage of the policy that allows family members to act as guarantors
- Continue enjoying the Kshs. 500 referral incentive

When you recruit a member, you strengthen your Sacco—and your own financial future.

Use of Logbook as Security for Loans

To expand access to credit while protecting member funds, the Sacco has structured the use of motor vehicle logbooks as collateral.

In summary:

- Members may apply for loans using a vehicle logbook in their name—or that of a consenting spouse or third party
- Vehicles are valued by an independent, Sacco-appointed valuer
- Loan amounts are capped at 50% of the vehicle's market sale value
- A tracking device is installed, and the vehicle is jointly registered or charged to Mzima Springs Sacco through NTSA TIMS
- The Sacco safely retains the original logbook until the loan is fully repaid

Once the loan is cleared, the charge is released, and the logbook is returned to the member. This approach ensures members access higher-value loans while safeguarding Sacco funds.

Our Commitment to Members

As Secretariat, we remain fully committed to:

- Protecting your savings
- Delivering timely and quality service
- Acting with integrity, professionalism, and accountability

We do not take lightly the trust you place in us. Your Sacco exists to serve you—today and for generations to come.

Closing

In conclusion, I wish to thank:

- Our members, for your continued confidence
- The Board and Supervisory Committee, for oversight and guidance
- Our staff, for their dedication and service

Together, we will continue building a strong, member-focused, and future-ready Mzima Springs Sacco.

Thank you for your attention, and I wish you a successful and fruitful 2026 AGM.



Ripoti ya Afisa Mtendaji Mkuu

Driving Growth, Empowering Members!



Justin Ndeti,
*Chief Executive Officer (CEO),
Mzima Springs NWD T Sacco Ltd*

HOTUBA YA AFISA MKUU MTENDAJI

Mwenyekiti, Wajumbe wa Bodi na Kamati ya Usimamizi, Wageni waalikwa, Wanachama Wenzangu, na Wafanyakazi wenzangu,

Habari za mchana, na asanteni sana kwa kuhudhuria Mkutano Mkuu wa Mwaka wa 2026 wa Mzima Springs Sacco.

Ni heshima kubwa kwangu kuzungumza nanyi leo kama Afisa Mkuu Mtendaji wenu. Nafanya hivyo nikiwa na hisia kubwa ya wajibu, nikitambua kwamba kila shilingi mnayoweka akiba katika Sacco hii ni ishara ya imani, kujinyima, na ndoto ya maisha bora ya baadaye.

Mwelekeo wa Kimkakati: 2026–2028

Tunapotazama mbele, jambo moja liko wazi: ukuaji endelevu haujitokezi kwa bahati—lazima upangwe.

Ninafuraha kuwafahamisha wanachama kwamba Sacco ita-

andaa Mpango Mkakati mpya wa kipindi cha 2026–2028. Ili kuhakikisha ubora na uwazi, tutashirikisha mtoa huduma wa kitaalamu kusaidia mchakato huu.

Mpango Mkakati huu utazinduliwa rasmi wakati wa Siku ya Elimu, na utakuwa dira yetu katika kukuza ukuaji, kuimarisha utawala, kuendeleza ubunifu, na kuhakikisha uendelevu wa Sacco katika kipindi cha miaka mitatu ijayo. Huu ndio ramani yetu ya kujenga Sacco imara na yenye ustahimilivu zaidi.

Ukuaji wa Uanachama na Usajili

Wanachama wenzangu, nguvu ya Sacco iko kwa wanachama wake.

Tunaendelea kusisitiza ukuaji wa uanachama kama nguzo muhimu ya ukwasi na uthabiti wa muda mrefu. Kwa hivyo, nawakaribisha wanachama wote:

- Kuwasajili wake na watoto wao kujiunga na Sacco
- Kunufaika na sera inayoruhusu wanafamilia kuwa wadhamini wa mikopo
- Kuendelea kufurahia motisha ya rufaa ya Kshs. 500

Unapomsajili mwanachama mmoja, unaimarisha Sacco yako - na mustakabali wako wa kifedha.

Matumizi ya Logbook kama Dhamana ya Mkopo

Ili kupanua upatikanaji wa mikopo huku tukilinda fedha za wanachama, Sacco imeandaa utaratibu wa kutumia logbook ya gari kama dhamana ya mkopo.

Kwa ufupi:

- Mwanachama anaweza kuomba mkopo kwa kutumia logbook iliyo kwa jina lake, au ya mwenzi wa ndoa au mtu wa tatu aliyeridhina
- Gari hupimwa thamani na mthamini huru aliyeteuliwa na Sacco

- Kiasi cha mkopo kinazingatia kiwango cha juu cha asilimia 50 ya thamani ya soko ya gari
- Kifaa cha ufuatiliaji huwekwa, na gari husajiliwa kwa pamoja au kutozwa dhamana kwa Mzima Springs Sacco kupitia mfumo wa NTSA TIMS
- Sacco huhifadhi logbook halisi hadi mkopo utakapolipwa kikamilifu

Baada ya mkopo kulipwa, dhamana huondolewa na logbook kurejeshwa kwa mwanachama. Mfumo huu unahakikisha wanachama wanapata mikopo ya kiwango cha juu huku tukilinda fedha za Sacco.

Dhamira Yetu kwa Wanachama

Kama Sekretarieti, tunaendelea kujitolea kikamilifu:

- Kulinda akiba zenu
- Kutoa huduma kwa wakati na kwa ubora
- Kutenda kwa uadilifu, weledi, na uwajibikaji

Hatuichukulii kirahisi imani mnayotupatia. Sacco yenu ipo kuwahudumia leo na kwa vizazi vijavyo.

Hitimisho



Corporate Governance Report

Guided by Integrity, Driven by Accountability.



Previous research has shown that corporate governance in SACCO's in Kenya has not been effectively regulated and supervised. It is important to emphasize that good corporate governance practices in the SACCOs are imperative if the cooperative movement is to effectively play a key role in the overall development in Kenya. The Centre for Corporate Governance and SASRA have recommended good corporate governance principles that the SACCO has tried to adopt and implement. The governance of the Sacco is taken care by the Management Committee and the Supervisory Committee. The roles and functions of the 2 committees are independent of each other, and we usually have quarterly meetings to assess the progress of the Sacco jointly. The board is guided by the Mzima Springs Board Charter and responsible for ensuring

adherence to the code of corporate governance or board charter. At the beginning of each year, the board agrees to a work plan and schedule of meetings and agenda, which is timeously communicated by the hon. Secretary ahead of time. All minutes of the board and supervisory committee meetings are kept. The reports of the supervisory committee are presented to the board for consideration and action. The same reports are presented to the members during the AGM, including actions taken by the board.








Our Corporate Governance Principles

Mzima Springs SACCO lives by the following Cooperative values and principles:

Cooperative values	Cooperative Principles
<ul style="list-style-type: none"> • Self-help • Self-responsibility • Democracy • Equality • Equity • Solidarity 	<ul style="list-style-type: none"> • Voluntary and Open Membership • Democratic Member Control • Member Economic Participation • Autonomy and Independence • Education, Training, and Information • Cooperation among Cooperatives • Concern for Community

Our principles

At Mzima Springs Sacco, we are guided by the 7 global cooperative principles which include:

Voluntary and open membership			
Democratic member control			
Member's economic participation			
Autonomy and independence			
Education, training and information			
Cooperation among cooperatives			
Concern for the community			

Sacco committees and their responsibilities

The roles of the two key committees in a SACCO are outlined below:

Management Committee Responsibilities	Supervisory Committee Responsibilities
<ul style="list-style-type: none"> • Develop, review and uphold the bylaws. • Set and implement a strategic direction for the SACCO. • Ensure SACCO meets legislative requirements. • Develop SACCO policies and procedures and ensure they are documented and in a manual. • Manage SACCO resources, both financial and non-financial. • Manage membership. • Records and document management. • Deliver on delegated tasks and assignments. • Drive the SACCO strategy. 	<ul style="list-style-type: none"> • Counterchecking, the effectiveness of the society's internal control systems through: <ol style="list-style-type: none"> 1. Verification of all transactions of the SACCO society 2. Writing periodic report to be tabled at board meetings 3. Submission of its reports to the regulator 4. Presenting its reports to general meeting. • The supervisory committee shall not perform the duties or exercise any of the powers of the board.

Management sub-committees, composition and their responsibilities

The term of appointment into the board is 3 years after which board members can offer themselves for re-election for other terms. Board members are first nominated using a pre-defined checklist which captures their years as Sacco members, level of savings, default status and shareholding. They are then subjected to the AGM for election by the members. Upon on boarding, the new members are taken through their responsibilities and work closely with other board members who orient them to the job and their responsibilities. Supervisory committee members are also elected on a rotational 2-year period through the AGM. Any resignations and co-opted members are disclosed during the AGM and the vacant positions filled using the criteria discussed above. Board members are subject to annual performance evaluation where the board members and subcommittees get to evaluate their performance individually and jointly as a board. Every year, the board and supervisory committee receives training on corporate governance. Board remuneration is approved by the members during the AGM as indicated on the budget. All board members are required to fill in the fit and proper test form and also provide wealth declaration by filling out the requisite forms. The board is usually committed to compliance with all applicable regulations and keeps updating its register of regulations and guidelines to ensure compliance at all times.

The following table shows the membership in the various sub-committees of the Management Committee.

Sub-committee	Members	Responsibilities
Executive Committee	<ul style="list-style-type: none"> • Fredrick Odhiambo (Chair) • Christine Owande • Were Lwanga • Fredrick Otieno 	<ul style="list-style-type: none"> • This sub-committee is responsible for all administrative, finance, investment and strategic planning matters.
Credit Committee	<ul style="list-style-type: none"> • Noah Otinga (Chair) • John Ouko • Perpetua Muema 	<ul style="list-style-type: none"> • This sub-committee is responsible of reviewing and overseeing the overall lending policy of the SACCO Society
Education and Nomination Committee	<ul style="list-style-type: none"> • Christine Owande (Chair) • Were Lwanga • John Ouko 	<ul style="list-style-type: none"> • This sub-committee is responsible for marketing and providing education and training to the members, delegates, staff, management, and the board as well as ensuring the SACCO is governed in accordance with its code of corporate governance and all other relevant guidelines.

Management Committee Meetings during the year

The following table shows the attendance of the Management Committee to the scheduled meetings during the year ended 31st December 2025.

Name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fredrick Odhiambo	√	√	√	√	√	√	√	√	√	√	√	√
Christine Owande	√	√	√	√	√	√	√	√	√	√	√	√
Were Lwanga	√	√	√	√	√	√	√	√	√	√	√	√
Perpetua Muema	√	√	√	√	√	√	√	√	√	√	√	√
Owino, Fredrick Otieno	√	√	√	√	√	√	√	√	√	√	√	√
Noah Otinga	√	√	√	√	√	√	√	√	√	√	√	√
John Robert	√	√	√	√	√	√	√	√	√	√	√	√

Supervisory Committee Meetings during the year

The following table shows the attendance of the Supervisory Committee members to the scheduled meetings during the year ended 31st December 2025.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Name	Jan. - Mar.	Apr. - Jun.	Jul. - Sept.	Oct. - Dec.
Julius Mamicha	√	√	√	√
Chispine Oloo	√	√	√	√
Rapahel Karanja	X	√	√	√

Sustainability Report and Value Creation for Members

Empowering Members, Sustaining Growth.

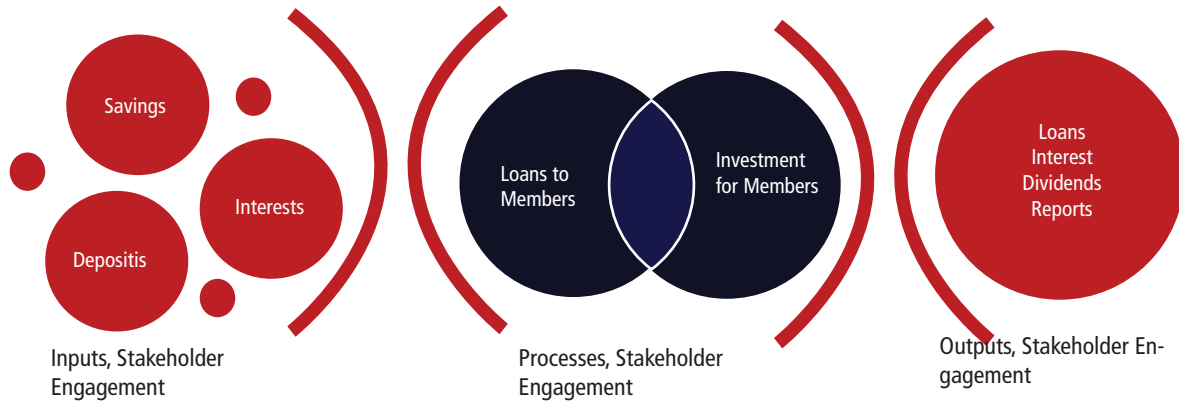


Our business model

Mzima Springs Sacco is a Non-Withdrawable Deposit Taking Sacco that is regulated by SASRA.

It operates as BOSA (Back Office Services Activities) whereby

a member makes a prescribed minimum contribution (non-withdrawable deposits) every month. This money is used as collateral for loans in which you borrow 3 times. The maximum allowable loan a member can take at any given point in time is Kshs. 5 million.



We believe that, to provide value to the member and our stakeholders, we have to constantly engage and find out ways of establishing sustainable relationships to sustain our business model. We also constantly engage our members throughout and using various means of communication such as email, SMS, Education days, or the AGM. At Mzima, we have adopted an "open door" policy where each staff member or members of the Sacco are free to communicate any matter affecting them at all times. Action is usually taken immediately to address the matter, while ensuring that law and human rights and dignity are upheld as far as possible. We also ensure that we communicate the relevant information (financial performance, updates etc.) on our website and also seek member views through the same. With this, we place members and our people at the very core of our operations and ensure that we make the most use of the resources available

to us for improved service to members. The Sacco continues to undertake measures such as:

- Sustained membership drives to boost deposits
- Encouraging members to take loans and faster processing of the same
- Growing the number of centers affiliated to Strathmore and its partners
- Constantly assessing and managing risks in the operating environment
- Revenue diversification through investing excess cash and creation of new products

Our membership in the various centers and collections is depicted in the figure below:

Risks and Risk Management

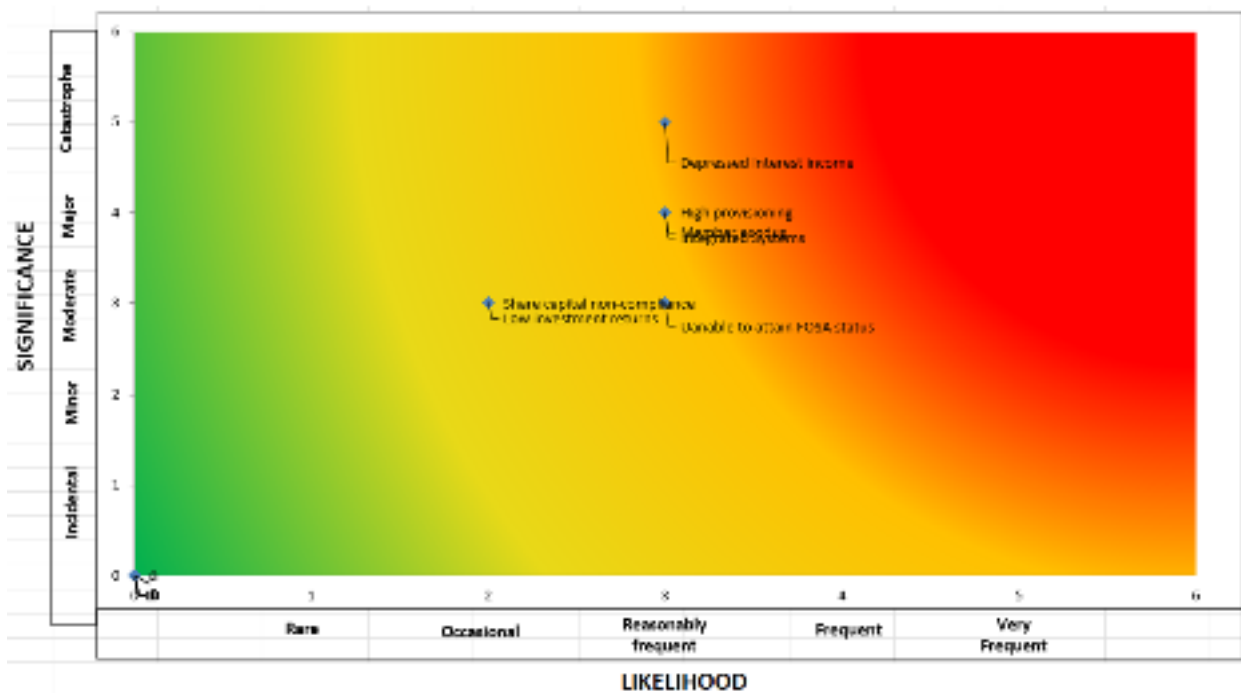
Safeguarding Your Future: Managing Risks, Securing Growth.



The Sacco's management constantly reviews the risks facing the Sacco and has put in place a risk management framework to take care of the risks as assessed. Among the top risks facing the Sacco include:

Risk	How to mitigate
1. Depressed interest income due to increased default rates and amounts.	Follow up with the concerned members to repay, use of debt collectors, credit referencing with bureaus (Metropol), engaging guarantors
2. Depressed interest income due to high provisioning.	Gradual provisioning of NPLs, use of debt collectors, credit referencing with bureaus (Metropol), engaging guarantors
3. Low returns from other investment vehicles.	Selection of investment vehicles with reasonably higher returns, diversification of investments
4. Member exodus to other competitive Sacco's.	Doing exit surveys, customer satisfaction surveys, striving to higher returns and higher maximum loan amount
5. Noncompliance with regulatory requirements on shareholding	Engaging the regulator closely to understand requirements, educating members on the need to increase shareholding for stability and returns, reviewing regulatory pieces periodically
6. Inability to attain the FOSA status due to dismal/underperformance	Encouraging members to help in recruitment, meeting SASRA threshold requirements, compliance with requirements

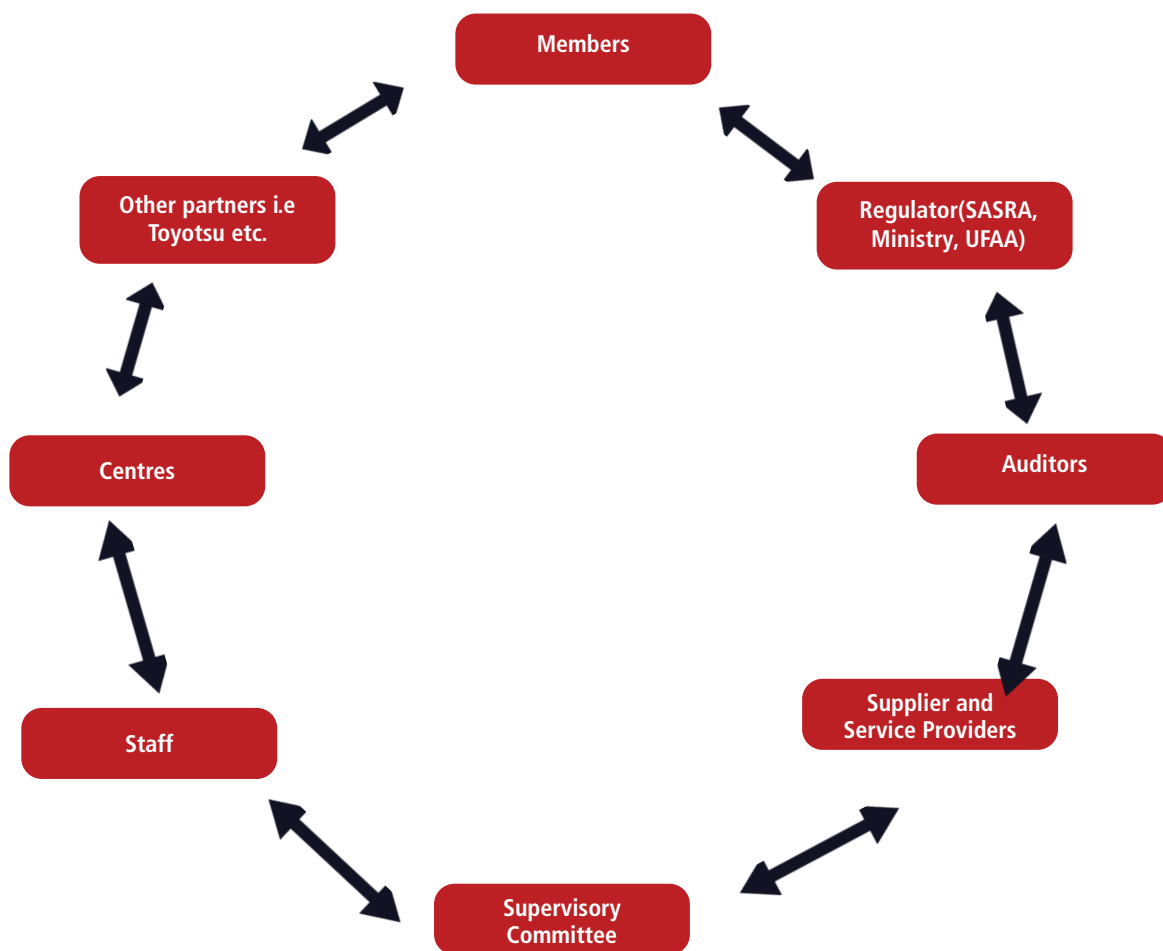
A risk heat map with top risks assessed is depicted below:



The Sacco continuously reviews its risk register and assesses the various risks affecting it while suggesting measures to deal with the risks.

Sustaining our business model

At Mzima Springs Sacco, sustainability is very core as we execute our business model. We are committed to a sustainable enterprise, sustainable societies and people. To this end, the Sacco pays special attention to societal needs as well as those of its members, staff and other stakeholders. The figure below depicts the stakeholders the Sacco engages in its day-to-day operations:



Report of the Board of Directors

Guiding Growth, Securing Futures!



The members of the Board of Directors submit their annual report together with the audited financial statements for the year ended 31st December 2025.

Incorporation

The society is incorporated in Kenya under the Cooperative Societies Act, Cap 490 and licensed under the Sacco Societies Act No. 14 of 2008 and is domiciled in Kenya.

Principal Activity

The principal activity of society continued to be receiving savings from and provision of loans to its members.

Results


	2025	2024
	Kshs.	Kshs.
Surplus (deficit) before tax	12,846,928	10,868,203
Income Tax expense		
Net surplus (deficit) after tax (but before donations)	12,846,928	10,868,203
Donations		
Retained surplus for the year	5,790,744	5,494,563
Interest on members' deposit	28,044,253	21,000,000
Dividend on members' shares	3,136,799	2,200,000

Dividend/Interest on members' deposits

The Board of Directors recommends payment of first and final dividends of K. Shs. 10.78 per share (2024, K.sh 8.50

per share) on time-weighted shares as of 31st December 2025. They also recommend interest in members' deposits of 7.00% (2024, 7.00%) on time-weighted deposits as of 31st December 2025

By order of the Board

Signature: 
Secretary

Date: 05/02/2026

1) Chairman: 

2) Treasurer: 

Secretary 

Statement of The Board of Directors' Responsibilities

The SACCOs Act, no 14 of 2008 requires the Board of Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the society as at the end of the financial year and of its operating results for that year in accordance with IFRS. It also requires the Board of Directors to ensure that the society keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the society. They are also responsible for safeguarding the assets of society and ensuring that the business of the society has been conducted in accordance with its objectives, by-laws and any other resolutions made at the society's general meeting. The Board of Directors accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International

Financial Reporting Standards and in the manner required by the SACCO Societies Act No. 14 of 2008.

The Board of Directors is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of society and of its operating results in accordance with the IFRS. The Board of Directors further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

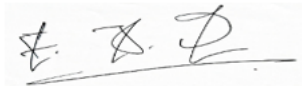
Nothing has come to the attention of the Board of Directors to indicate that the society will not remain a going concern for at least twelve months from the date of this statement.

Approved by the Board of Directors on 05/02/2026 and signed on its behalf by:



Signature

Chairman



Signature

Treasurer



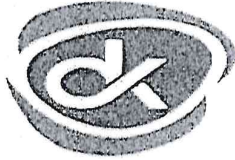
Signature

Board Member

Report of the Independent Auditor to the members of Mzima Springs Sacco Limited

Guiding Growth, Securing Futures!





D.K Wambua & Associates
Certified Public Accountants.

• Audit • Risk Assurance • Accountancy • Taxation • Consultancy

CS NO. 3981

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
MZIMA SPRINGS REGULATED NON-WDT-SOCCO SOCIETY LTD
FOR THE YEAR ENDED 31ST DECEMBER 2025**

Opinion

We have audited the accompanying financial statements of Mzima Springs Regulated Non-WDT Sacco Society Limited which comprise the Society's statement of financial position as at 31st December 2025 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

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

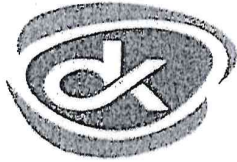
Basis for our Opinion

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 financial statements section of our report. We are independent of the Society in accordance with the IESBA code together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters during the year

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

Description of the Key Audit Matter	How Our Audit Addressed the Matter:
<p>(1) Taxation and E-Tims Our audit noted that Sacco needs to ensure full compliance with Requirements of Income Tax Act as regards the returns. Also noted is the requirement to comply with e-Tims Regulations as issued by the Kenya Revenue Authority.</p>	<p>We discussed with Sacco Management the importance of Complying with Requirements of the Income Tax Act and they have assured us that this will be done with the help of sourcing a tax consultant to review and appraise Sacco on taxation matters and close any gaps.</p> <p>On e-Tims we checked and confirmed that despite the payments not been supported by e-Tims compliant invoices, they all had valid Sacco expenses, and they had all other necessary support and approvals to qualify as deductible expenses against the taxable incomes.</p> <p>We advised Sacco Management to ensure that in future all expenses are supported by e-Tims compliant invoices.</p>



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(2) Internal Audit Function

We noted that the Sacco does not have a functional Internal Audit Department or an Internal Audit Officer as per Section (43(1) of the *SACCO SOCIETIES ACT of 2008*.

Note this is a very important internal controls mechanism and should always be closely available.

We confirmed that despite the Sacco not having a working Internal Audit Function, the Supervisory committee was the one doing the work of the Internal Audit Department and reporting to the Board and this Committee was Checking the Sacco's Internal Control environment and the Execution of Internal Control Activities within the Sacco. We have advised the Sacco Management to consider hiring an Internal Audit Officer or outsource this function, externally.

Other Information

The Board of directors is responsible for the other information. The other information comprises the information included in the annual report but 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 any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for The Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Society's Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. The board of directors are also, responsible for overseeing the society's financial reporting process.

Auditor's Responsibility for the Audit of Financial Statements

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

1. 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.



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2. 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 company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
4. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
5. 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.
6. We communicate with Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Directors with a statement that we have complied with the relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report On Other Legal Requirements

As required by the Sacco Societies Act No 14 of 2008, we report to you based on our audit evidence provided that: -

1. 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.
2. We have obtained reasonable assurance that society is solvent and have not identified any significant concerns with respect to the financial condition of the society's business.
3. We are not aware of any violation of prudential standards or conditions of the license.
4. In our opinion, the Society's management practices and procedures are sufficient to safeguard member's assets.

As required by the Co-operative Society's Act No. 12 of 1997, we report to you based on our audit that, in our opinion, the Society's business has been conducted:

1. in accordance with the provision of this Act and, the books of accounts kept by the Society are in agreement therewith and give a true and fair view of the state of the affairs of the Society; and
2. In accordance with the Society's objectives and by-laws.

The Engagement partner responsible for the audit resulting in this independent auditor's report is
CPA, Dennis W. Kifanji - P/No.1675

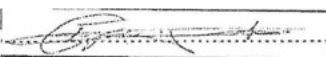
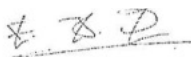
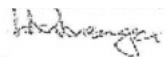
D.K Wambua & Associates
D.K WAMBUA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
NAIROBI, KENYA

D. K. WAMBUA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
P. O. Box 5957 - 00100
NAIROBI

Dated... 27/09/2006

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2025	2024
		Kshs.	Kshs.
Revenue			
Interest on loans and advances	3	59,515,828	47,919,158
Other interest income			
Total interest income		59,515,828	47,919,158
Interest expenses	4	(28,044,253)	(21,000,000)
Net interest income		31,471,575	26,919,158
Other operating income	5	2,478,009	1,834,165
Financial Expense	6a	(4,600,631)	(3,158,500)
Personnel Expenses	b	(7,010,355)	(5,915,516)
Administration expenses	c	(3,612,320)	(3,224,957)
Governance expenses (member related costs)	d	(4,764,340)	(4,836,804)
Depreciation/Amortisation	6e	(716,060)	(691,012)
Marketing expenses	6f	(398,950)	(58,330)
		(18,624,647)	(16,050,954)
Net operating surplus/(deficit) before income tax		12,846,928	10,868,203
Net surplus/(deficit) for the year		12,846,928	10,868,203
Total comprehensive income before tax		12,846,928	10,868,203
Statutory reserve - (20% of the reported current year Surplus).		(2,569,386)	(2,173,641)
Dividends	17	(3,136,799)	(2,200,000)
Honorarium	17	(800,000)	(650,000)
Staff bonus	17	(550,000)	(350,000)
Net surplus for the year		5,790,744	5,494,563

Chairman:  2) Treasurer:  Secretary: 




Statement of Financial Position as at 31st December 2025

	Notes	2025	2024
		Kshs.	Kshs.
Assets			
Cash and cash equivalents	8	22,735,803	4,904,570
Prepayments and sundry receivables	9	1,663,979	8,832,380
Loans to members - net	10	467,739,395	428,206,881
Unreconciled loans - net	21	13,489,717	14,839,717
Other financial assets (short-term)	11	35,242,948	21,628,256
Intangible assets - software	12	1,337,331	1,527,973
Property, plant and equipment	13	575,982	174,456
Total Assets		542,785,153	480,114,232
Liabilities			
Members' deposits	14	445,268,666	402,824,836
Dividends payable	14	3,136,799	2,200,000
Provision for interest on members' deposits	22	28,044,253	21,000,000
Trade payables and accrued expenses	15(a)	1,984,837	1,432,482
Sundry creditors	15(a)	956,775	956,775
Total liabilities		479,391,330	428,414,092
Equity			
Share capital	16	29,100,053	25,766,500
Reserves	17	34,293,769	25,933,639
Total equity		63,393,823	51,700,139
Total Liabilities and Equity		542,785,153	480,114,232

1) Chairman: 

2) Treasurer: 

Secretary 




Statement of Changes in Equity for the Year Ended 31st December 2025

	Notes	Share capital	Statutory reserve	Retained earnings	Total
		Kshs.	Kshs.	Kshs.	Kshs.
As of 1st January 2024,					-
As previously reported		18,258,100	8,502,255	9,763,181	36,523,536
Prior period adjustments		-	-	-	-
As restated		18,258,100	8,502,255	9,763,181	36,523,536
Change in equity in 2024					
Profit/(loss) for the year				10,932,203	10,932,203
Deferred income tax relating to components of other comprehensive income		-	-	-	-
Prior period adjustments				-	-
Total comprehensive income for the year		-	-	10,932,203	10,932,203
Statutory reserve fund			2,186,441	(2,186,441)	-
Transactions with owners:					-
Additional shares	16	4,736,100			4,736,100
Transfer from deposits	14	2,772,300			2,772,300
Dividends:					
Proposed for 2024				(2,200,000)	(2,200,000)
Honoraria				(650,000)	(650,000)
Staff bonus				(350,000)	(350,000)
Transfer of excess depreciation					-
As at 31st December 2024		25,766,500	10,688,695	15,308,944	51,764,139
		25,766,500	10,675,895	15,308,944	51,700,139
As at 1st January 2025					
As previously reported		25,766,500	10,675,895	15,308,944	51,700,139
Prior period adjustments				(51,199)	(51,199)
As restated		25,766,500	10,675,895	15,257,745	51,700,140
Change in equity in 2025					
Profit/(loss) for the year		-	-	12,846,927.87	12,846,927.87
Surplus/(deficit) on revaluation of property, plant and equipment					
Total comprehensive income for the year		-	-	12,846,927.87	12,846,927.87
Statutory reserve fund			2,569,386	(2,569,386)	-
Transactions with owners:					

Additional shares	16	1,305,078			1,305,078
Transfer from deposits	14	2,028,475			2,028,475
Dividends:					
Proposed for 2025				(3,136,799)	(3,136,799)
Honoraria				(800,000)	(800,000)
Staff bonus				(550,000)	(550,000)
As at 31st December 2025		29,100,053	13,245,281	21,048,488	63,393,823

A disclosure on prior year adjustment of an amount of K.es 51,199 relates to shares held with KUSCCO by close of year 2024 which was written against the profit and loss through the advice of the regulator and the adjustment was not made on retained earnings.

1) Chairman:  2) Treasurer:  Secretary   



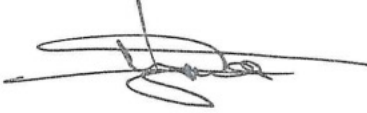

Statement of Cash Flows for the year ended 31st December 2025

	Notes	2025	2024
		Kshs.	Kshs.
Cash flows from operating activities			
Interest receipts	3	59,515,828	47,919,158
Other operating income	5	2,478,009	1,834,165
Interest payments	4	(21,000,000)	(21,039,381)
Payments to employees and suppliers	6	(17,810,420)	(15,507,925)
		23,183,416	13,206,017
(Increase)/decrease in operating assets			
Net Loans to members	10	(42,537,183)	(57,253,287)
Trade and other receivables	9	7,168,401	9,269,811
Short term investments	11	(13,614,691)	(9,883,706)
Increase / (decrease) in operating liabilities			
Deposits from members	14	42,443,830	40,671,376
Trade and accrued expenses	15(b)	552,356	119,904
Net cash from operating activities before income taxes		17,196,129	(3,869,885)
Income tax paid			
Net cash from operating activities		17,196,129	(3,869,885)
Cash flow from investing activities			
Purchase of property and equipment	13	(518,000)	(2,167,500)
Proceeds on disposal of chairs	13	19,550.00	-
Net cash from investing activities		(498,450)	(2,167,500)
Cash flow from financing activities			
Share capital contributions	16	3,333,553	7,508,400
Proceeds from long-term borrowings			
Dividends paid	23	(2,200,000)	(1,803,023)
Net cash from financing activities		1,133,553	5,705,377
Net (decrease)/increase in cash and cash equivalents		17,831,232	(332,008)
Cash and cash equivalent at the beginning of the year	8	4,904,570	5,236,578
Cash and cash equivalents at the end of the year	8	22,735,803	4,904,570
		22,735,803	4,904,570

Chairman: 

2) Treasurer: 

Secretary 

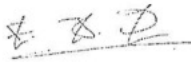
1. A disclosure on note. 6. payments to suppliers, the following expenses were accrued at the start of the year and at the end of the year also, we considered their movements to get the actual cash paid. The table below provides the movement and the actual cash expense.

	2025	2024		
Description	Kshs.	Kshs.	Amount charged @ Profit or Loss.	Actual cash Paid
Accrued rent and service charge	9,086.79	9,481.00	273,861.16	274,255.37
Accrued PAYE	169,610.22	151,137.70		
Accrued NHIF	11,648.00	13,025.00		
Accrued NSSF	10,800.00	10,740.00		
Internal audit	115,000.00	15,000.00	200,000.00	100,000.00
Accrued board allowance		-		
Accrued AHL - (Affordable housing levy)	20,330.00	-	7,010,355.18	6,972,869.66
Accrued staff bonus	500,000.00	350,000.00	550,000.00	400,000.00
Provision for audit fees	195,000.00	100,000.00	195,000.00	100,000.00
Provision for honoraria	750,000.00	650,000.00	800,000.00	700,000.00
Accrued Supervisory committee allowance	-	69,030.00	4,764,340.00	4,833,370.00
Payables to related parties (Overpayments by stations)	25,504.16	25,459.86		44.30
Accrued marketing expense	39,250.00	-	398,950.00	359,700.00
Total from suppliers who had accrued amounts.				13,740,239

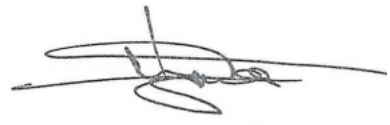

2. A disclosure on note no.13. the proceeds from disposal of chairs and tables see the of movement below for reference.

Description	Chairs (KES)	Tables (KES)	Total (KES)
Historical Cost	56,000.00	56,600.00	112,600.00
Accumulated Depreciation	(40,184)	(32,858)	(73,042)
Net Book Value (NBV)	15,816.05	23,741.86	39,557.91
Disposal Proceeds and Result			
Description	KES		
Net Book Value of Assets Disposed	39,557.91		
Cash Received on Disposal	(19,550)		
Loss on Disposal (Transferred to P&L)	20,007.91		

Chairman: 

2) Treasurer: 

Secretary 

Notes to the Financial Statements

1. Summary of Significant Accounting Policies.

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

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

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRSs) & IAS. These financial statements are presented in the functional currency, Kenya shillings (KShs) rounded to the nearest thousand (000) and prepared under the historical cost convention, except as specified below under fair value measurement in accordance with applicable IFRSs.

b) **Revenue recognition**

Interest on loans to members is calculated on a reducing balance method. Interest income is recognized on a time proportion basis by reference to the principal outstanding and the effective interest rate applicable.

c) **Property, plant and equipment**

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

Increases in carrying value arising on revaluations are credited to other comprehensive income and accumulated in revaluation reserves in equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve. All other decreases are charged against the profit or loss. Each year, the difference between the depreciation based on the revalued carrying amount of the asset (the depreciation charged to the income statement) and depreciation based on the assets original cost is transferred to retained earnings.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates in use are:

Asset	Rate (%)
Freehold land and buildings	2%
Plant and machinery	20%
Motor vehicles	25%
Furniture, fittings and equipment	10%
Computers, photocopiers, and other accessories	25%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

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

Derecognition

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

- a) on disposal; or
- b) when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the recognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised (unless IFRS 16 requires otherwise on a sale and leaseback). Gains shall not be classified as revenue

d) **Leases**

Finance and operating leases recognized as assets by lessee shall be disclosed as required in IFRS 16, *Leases*:

i) **Finance lease**

Leases of property, plant and equipment where the society assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets acquired under finance leases are capitalized at the inception of the lease at the lower of their fair values and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rentals obligations, net of finance charges are included in non-current liabilities while the interest element of the finance charge is charged to the profit or loss account over the lease period.

ii) **Operating leases**

Leases of assets where a significant proportion of the risks and rewards are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the lease period. Prepaid operating lease rentals are recognized as assets and are subsequently amortized over the lease period. Under the new IFRS 16, *Leases*, operating leases shall be reported as right of use assets on the statement of financial position and depreciated accordingly.

e) **Financial Instruments**

The Sacco classifies its financial instruments into the following categories:

- i) **Financial assets and financial liabilities at fair value through profit or loss**, which comprise financial assets and financial liabilities acquired or incurred principally for

- the purpose of selling or repurchasing in the near term or to generate short-term profit-taking; AND/OR
- ii) *Financial assets and financial liabilities at fair value through profit or loss*, which comprise financial assets or financial liabilities designated by the company at fair value through profit or loss and which are managed and their performance evaluated on a fair value basis in accordance with the company's investment strategy.
 - iii) *Held-to-maturity investments*, which comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has a positive intention and ability to hold to maturity.
 - iv) *Loans and receivables*, which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and excludes assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss or as available-for-sale financial assets.
 - v) *Available-for-sale financial assets*, which comprise non-derivative financial assets that are designated as available-for-sale financial assets, and not classified under any of the other categories of financial assets.

Financial assets

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale. Financial assets carried at fair value through profit or loss are initially recognised at fair value and the transaction costs are expensed in the profit and loss account. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

Subsequently, held-to-maturity investments and loans and receivables are carried at amortised cost using the effective interest method, while all other financial assets are carried at their fair values, without deduction for transaction costs that may be incurred on sale.

Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable

willing parties in an arm's length transaction. The fair value for quoted shares is determined using the quoted bid price at the reporting date while that of non-quoted shares is determined using valuation techniques **AND/OR** Investment in equity shares classified as available-for-sale assets for which there is no active market and whose fair value cannot be reliably measured are carried at cost.

Impairment of Financial Assets

The entity assesses at each reporting date whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. In the case of held-to-maturity investments and loans and receivables, the recoverable amount is the present value of the expected future cash flows, discounted using the asset's effective interest rate.

Changes in fair value of financial assets at fair value through profit or loss are recognised in the profit or loss account.

Changes in fair value for available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss), which are recognised in the profit and loss account. In the year of sale, the cumulative gain or loss recognised in other comprehensive income is recognised in the profit or loss account as a reclassification adjustment.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the company has transferred substantially all risks and rewards of ownership.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest rate. A provision for impairment is recognised in the profit or loss in the year when the recovery of the amount due as per the original terms is doubtful. The provision is based on the difference between the carrying amount and the present value of the expected cash flows, discounted at the effective interest rate.

Receivables not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the profit or loss in the year of recovery

Financial liabilities and equity instruments issued by the Sacco

Classification as debt or equity

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

Equity instruments

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

Financial guarantee contract liabilities

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

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

Financial liabilities

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

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried

at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the statement of comprehensive income.

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

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

Derecognition of Financial Liabilities

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

Provision for liabilities and charges

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Other financial liabilities

All other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

f) **Investment property**

An investment property comprises a building or part of a building and land held for long term yields and /or capital appreciation and which are not occupied by the society and is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is carried at fair value representing market value determined annually by external independent valuers. Changes in fair values are recognised in the income statement.

On disposal of an investment property, the difference between the net disposals proceeds and the carrying amount is charged or credited to the profit or loss.

g) **Intangible assets**

Software license costs are stated at historical cost less estimated accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to write down the cost of the software to its residual value over the estimated useful life using an annual rate of 30%

h) **Impairment of non-financial assets**

The carrying amounts of the society's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such condition exists, the recoverable amount of the asset is estimated to determine the extent of impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount impairment loss is recognized immediately, unless the relevant asset is carried at revalued amount in which case the impairment loss is treated as a decrease in revaluation reserve. The respective asset is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss had been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in revaluation reserve.

i) **Employee entitlements**

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

j) **Retirement benefit obligations**

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

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

or loss in the year to which they relate.

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

k) **Tax**

Current tax is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation. Note that for Saccos, dividend and/or interest expense is deducted before computing/charging tax.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability. Currently enacted tax rates are used to determine deferred income tax.

Deferred income tax assets are recognized only to the extent that it is probable that the future taxable profits will be available against which temporary differences can be utilized.

l) **Statutory reserves**

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

m) **Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Kenya shillings at rates ruling at the transaction dates. Assets and liabilities which are expressed in foreign currencies are translated into Kenya shillings at the exchange rates ruling at the reporting sheet date. The resulting differences from translation are dealt with in the profit or loss in the year in which they arise.

n) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value net of bank overdrafts.

o) **Provisions for liabilities and other charges**

Provisions are recognized when the Sacco has a present obligation (legal or constructive) as a result of a past event, it is probable that the Sacco will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best

estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

p) **Non-Current Assets Held for Sale or Discontinued Operations**

i) *Non-current assets held for sale*

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

For assets to be classified as held for sale the asset(s) (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

ii) *Non-current assets that are to be abandoned*

The Sacco does not classify as held for sale a non-current asset (or disposal group) that is to be abandoned. This is because its carrying amount will be recovered principally through continuing use. However, if the disposal group to be abandoned meets the criteria in paragraph 32(a)–(c), the entity shall present the results and cash flows of the disposal group as discontinued operations in accordance with paragraphs 33 and 34 at the date on which it ceases to be used. Non-current assets (or disposal groups) to be abandoned include non-current assets (or disposal groups) that are to be used to the end of their economic life and non-current assets (or disposal groups) that are to be closed rather than sold.

iii) *The Sacco discloses:*

- (a) a single amount in the statement of comprehensive income comprising the total of:
- (1) the post-tax profit or loss of discontinued operations and
 - (2) the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

iv) *The Sacco presents non-current asset(s) classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the state-*

ment of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position.

No depreciation (or amortization) of a non-current asset takes place while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognized

q) **Collateral**

The Sacco discloses:

- (a) the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with IFRS 9, *Financial Instruments*; and
- (b) the terms and conditions relating to its pledge.

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

- (a) the fair value of the collateral held;
- (b) the fair value of any such collateral sold or repledged, and whether the entity has an obligation to return it; and
- (c) the terms and conditions associated with its use of collateral.

r) **Adoption of new and revised standards**

In the current year, the Society has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2009. These are:

Application of new and revised International Financial Reporting Standards (IFRSs)

- (i) *Relevant new standards and amendments to published standards effective for the year ended 31st December 2021.*

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the entity has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The entity has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

The standard amends the classification and measurement models for financial assets as set out below:

a) **Classification and measurement of financial assets**

The entity has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 July 2018 have not been restated where appropriate in accordance with the transition provisions of the standard.

The Entity's statement of financial position contains the following financial assets:

- 1) Trade and other receivables
- 2) Bank balances

There have been changes in the measurement criteria for some of the entity's financial assets on adoption of IFRS 9 after the consideration of the business model and cash flow characteristics. Specifically, the other receivables typically held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost and are subject to impairment. See (b) below.

b) **Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39.

Specifically, IFRS 9 requires the entity to recognize a loss allowance for expected credit losses on its financial assets as listed in (a) above. The Entity measured the loss allowance for other receivables at an amount equal to lifetime expected credit loss (ECL).

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the relat-

ed interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

The Management of the entity anticipate that the application of IFRS 16 in the future will not have a significant impact on amounts reported in respect of the Entity's financial assets and financial liabilities.

The Management of the entity do not anticipate that the application of the amendments in the future will have an impact on the entity's financial statements.

Annual Improvements to IFRS Standards 2015-2022 Cycle

The Annual Improvements to IFRS Standards 2015-2022 cycle makes amendments to the following standards:

- IFRS 3 and IFRS 11 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 - The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in of income and expenditure, regardless of how the tax arises.
- IAS 23 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.
- IFRS 16: Leases – entails the need to recognize right of use assets on the statement of financial position.

The Management do not anticipate that the application of the amendments in the future will have an impact on the entity's financial statements.

(iii) *Early adoption of standard*

The entity did not early-adopt any new or amended standards in the period.

s) ***New and revised standards and interpretations which have been issued but are not effective***

The following revised standards and interpretations have been published and was effective for the first time in the year ending 31st December 2021. The company has not early adopted any of these amendments or interpretations.

a) IFRS 17: Insurance Contracts

The Directors have assessed the potential impact of the above and expect that they will not have a significant impact on the company's financial statements for 2025.

1. In the absence of recently observed market prices, future oriented estimates are necessary to measure the recoverable amounts of classes of property, plant and equipment.
2. The effect of technological obsolescence on inventories
3. Provisions subject to future outcome of litigation in progress
4. In determining the liability for long-service payments (explained in note 20), management must make an estimate of salary increases over the following five years, the discount rate for the next five years to use in the present value calculation, and the number of employees expected to leave before they receive the benefits

(b) ***Significant judgment(s) in applying the Society's accounting policies***

Disclosure is made of significant judgements (apart from those involving estimations) made in applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements. Examples of judgments:

1. When substantially all the significant risks and rewards of ownership of financial assets are transferred to other entities
2. Whether in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue
3. Whether the relationship with a special purpose entity indicates control of the Special Entity

2. Estimation uncertainty and significant judgments

(a) ***Key source of estimation uncertainty***

These are assumptions applied in estimating the carrying amounts and the underlying estimation uncertainty may lead to those amounts changing materially in the next 12 months. Examples of situations involving estimation uncertainty:

3. Society income

	2025 Kshs.	2024 Kshs.
BOSA Loans	59,515,828	47,919,158
Total	59,515,828	47,919,158

4. Interest expense

	2025 Kshs.	2024 Kshs.
Member's deposits (BOSA or Non withdrawable)	28,044,253	21,000,000
Total	28,044,253	21,000,000

5. Other operating income

	2025 Kshs.	2024 Kshs.
Entrance fee	245,605	115,000
Income from short term investments (money market)	2,232,404	1,719,165
Total	2,478,009	1,834,165

6 Operating expenses

	2025 Kshs.	2024 Kshs.
a Financial Expense		
Other Expense (bank charges)	245,961	408,318
Net Provision for Loan Losses	3,004,670	1,336,182
Provision on unreconciled loan item	1,350,000	1,350,000
Provision on KUSCCO shares	-	64,000
b Personnel Expenses		
Salaries and wages	5,321,608	4,814,452
Staff benefits – (Medical insurance covers and staff pension)	1,100,017	657,064
Staff training	255,000	87,500
Lunch allowance	333,730	356,500
Total	7,010,355	5,915,516
c Administration expenses		
Travelling and subsistence	41,150	3,800
Printing and stationery	15,690	7,510
Ushirika day celebrations	-	-
Insurance for loans	1,500,000	833,333
Website maintenance	6,844	91,534

Supervision fees to SASRA	589,672	370,453
Auditors' remuneration	195,000	130,000
Donations	120,000	34,810
Electricity	23,128	17,037
Rent	273,861	361,624
Telephone and postage	101,963	86,000
Repairs	12,150	41,700
Internet charges	19,750	13,000
SMS charges	13,500	6,910
Sundry/office administration	319,298	55,600
Professional fees	79,000	-
Internal audit - (Systems Audit)	200,000	-
Disposal loss	20,008	-
Interest on deposits over-applied	81,306	1,171,646
Internal audit expense		-
	3,612,320	3,224,957

The interest on deposits over-applied relates to a member who had retired from the Sacco and his account was inactive at the point of pulling interest on deposit schedule from system. The member claimed the interest on deposits later and we had to pay him for we had his deposits to the close of the financial year 2024

d Governance expenses (Member related costs)

Board meetings	25,000	29,500
Sitting allowance - Supervisory Committee	276,120	276,120
Sitting allowance - Board	2,223,000	2,260,494
Training - Board Members	177,678	33,000
AGM expenses	2,062,542	2,187,690
Auditorium charges	-	50,000
Total	4,764,340	4,836,804

List of Board of Directors year 2025 and Gross Allowance Drawn.

Fredrick Odhiambo (Chairman)	369,000	369,000
Loice Orege(Vice Chair) - (Retired March 2024)	-	86,994
Christine Owande - (Vice Chair)	297,000	247,500
Were Lwanga (Secretary)	297,000	297,000
Dr. David Mathuva (Treasurer) - (Retired March 2024)	-	61,500
John Robert (Credit Committee)	297,000	297,000

Fredrick Otieno Treasurer	369,000	357,000
Noah Keya (Chair, Credit Committee)	297,000	247,500
Muema, Perpetua (Credit Committee)	297,000	297,000
Sub total	2,223,000	2,260,494

List of supervisory Committee members year 2023 & Allowance drawn

Julius Mamicha (Chairman)	92,040	92,040
Chrispin Oloo (Secretary)	92,040	92,040
Emily Cheronu (Committee Member)	92,040	92,040
Sub total	276,120	276,120

6e. Depreciation/Amortisation		
Depreciation - Computer Equipment	118,380	25,173
Depreciation - Furniture	24,538	10,993
Amortisation - Sacco Software	573,142	654,846
Total	716,060	691,012

6f. Marketing expenses		
Public relations and advertisements	398,950	58,330
	398,950	58,330
Total	21,102,656	17,885,119

	2025	2024
	KShs.	KShs.
7 a) Depreciation and amortisation		
Depreciation of property, plant and equipment	142,918	36,166
Amortization of intangible assets	573,142	654,846
Total	716,060	691,012
b) Employee benefits expense		
Salaries and wages	5,321,608	4,814,452
Total	5,321,608	4,814,452

8. Cash and Cash Equivalents

	2025	2024
	KShs.	KShs.
Cash and cash equivalents at the end of the year comprise:		
Cash in hand (verified)	10,116	11,066
Cash at bank - Co-operative Bank (Current Account)	19,809,163	4,808,099
Cash at bank - Co-operative Bank (Savings Account)	85,405	85,405
C2B PAYBILL	2,831,119	-
Total	22,735,803	4,904,570

The bank accounts are domiciled at Co-operative Bank of Kenya Ltd where we have two accounts with following account numbers:

- Current account number - 01120040136300
- Savings account number - 01100040136300

The year-end cash and cash equivalents comprised cash in hand and deposits held at the bank.

9. Prepayments and sundry receivables.

	2025	2024
	KShs.	KShs.
Prepayments - rent	95,669	95,669
Prepayments - insurance	1,344,875	1,166,667
Deductions due from employers-net of provisions	63,529	7,410,139
Staff insurance medical fund		-
Prepaid withholding tax	148,318	148,318
Other, sundry receivables Rent – (Mzima Investment Ltd.)	11,587	11,587
Total	1,663,979	8,832,380

10. Loans to members

	2025	2024
	KShs.	KShs.
At the start of the year	438,249,446	380,996,160
Granted during the year	326,964,705	300,457,577
Repayment during the year	(284,427,522)	(243,204,290)
Sub total	480,786,630	438,249,446
Provisions	(13,047,235)	(10,042,565)
At year end	467,739,395	428,206,881

Loans in year 2024 were reported net of provision in opening balances and we have been advised to report them on Gross in year 2025.

Loans aging

		2025	2024
	No. of Accounts	KShs.	KShs.
0 days (Performing- 1% Provision)	1,072.00	463,573,982	390,955,687
1-30 days (Watch- 5%)	11.00	3,849,556	38,781,381
31- 180 days (Substandard-25%)	26.00	3,587,073	4,823,636
181- 360 days (Doubtful- 50%)	25.00	4,907,539	1,401,425
>360 days or 12 Instalments overdue (Loss Account-100%)	22.00	4,868,480	2,287,318
Loan Balances as per MPA	1,156.00	480,786,630	438,249,446
Loan Balances as per GL		480,786,630	438,249,446.46

Ageing of past due impaired

	2025	2024
	KShs.	KShs.
0 days (Performing- 1% Provision)	4,635,739.82	3,909,557
1-30 days (Watch- 5%)	192,477.79	1,939,069
31- 180 days (Substandard-25%)	896,768.31	1,205,909
181- 360 days (Doubtful- 50%)	2,453,769.51	700,713
>360 days or 12 Instalments overdue (Loss Account-100%)	4,868,479.55	2,287,318
Total	13,047,235	10,042,565

Movement in the allowance for doubtful debts

	2025	2024
	KShs.	KShs.
Balance at beginning of the year	10,042,565	8,706,384
Provision for the year	3,004,670	1,336,182
Balance at end of the year	13,047,235	10,042,565

11. Other Financial assets.

	2025	2024
	KShs.	KShs.
CIC Investment Managers Ltd		-
Madson Asset Managers Ltd	35,242,948	18,528,462
Nabo Capital	-	3,099,794
Total	35,242,948	21,628,256

12. Intangible assets; computerization and software

	2025	2024
	KShs.	KShs.
At start of year	3,015,000	465,000
Additions	-	2,167,500
Amortization charge	(1,677,669)	(1,104,528)
At end of year	1,337,330.75	1,527,972.50

13. Property, plant and equipment

	Furniture & fittings	Computer, computer accessories, copier & faxes	Total
Cost or valuation	KShs.	KShs.	KShs.
Balance as at 1 January 2025	319,893	871,041	1,124,934
Additions	186,000	332,000	518,000
Disposal	(112,600)	-	(112,600)
Balance at 31 December 2025	393,293	1,203,041	1,530,334
Accumulated depreciation & impairment			
Balance at 1 January 2025	220,957	729,519	950,476
Accumu. Depreciation at Disposal	(73,042)	-	(73,042)
	147,915	729,519	877,434
Depreciation charge	24,538	118,380	142,918
Balance at 31 December 2025	172,453	847,899	1,020,352
Carrying amount			
As at 31 December 2024	98,936	75,519	174,455
As at 31 December 2025	220,840	355,141	575,981

14. Members' deposits

	2025	2024
	KShs.	KShs.
Savings deposits (special savings)		
At the start of the year	2,029,986	1,311,433
Deposits during the year	35,165,998	4,668,064
Withdrawals/Refunds during the year	(33,623,153)	(3,949,511)
Sub Total	3,572,831	2,029,986
Short term deposits		
Non-Withdrawable Deposits		
At the start of the year	402,824,836	362,153,460
Contribution during the year	71,557,309	46,067,137
Deposits chargeable to member statements (reconcilable)	3,922,568	3,959,705
Refunds during the year	(34,580,402)	(8,613,152)
Transfer to share capital	(2,028,475)	(2,772,300)
Sub Total	441,695,835	400,794,850
Total	445,268,666	402,824,836

Deposits chargeable to member statements relates to cash deposits made to our current account which do not have a narration to whom they belong we are awaiting on members to present deposits slips for them to be allocated appropriately.

15(a) Trade and other payables

	2025	2024
	KShs.	KShs.
Trade payables (sundry)	956,775	956,775
Sub total	956,775	956,775

This balance has no movement in the books of account is a lumpsum figure which do not have a breakdown of to whom the SACCO owes money - the SACCO does not owe anybody money as per the records we have maintained.

15(b) Payables to related parties

	2025	2024
	KShs.	KShs.
Due to Mzima Investment Ltd.	38,608	38,608
Accrued rent and service charge	9,087	9,481
Rent overpaid by Mzima Investment Ltd.		-
Accrued internal audit fees	115,000	15,000
Accrued PAYE	169,610	151,138
Accrued NHIF	11,648	13,025
Accrued NSSF	10,800	10,740
Accrued AHL - (Affordable housing levy)	20,330	-
Accrued staff bonus	550,000	350,000
Provision for audit fees	195,000	100,000
Provision for honoraria	800,000	650,000
Accrued Supervisory committee allowance	-	69,030
Payables to related parties (Overpayments by stations)	25,504	25,460
Accrued marketing expense	39,250	
Total	1,984,837.17	1,432,482

16. Share capital

	2025	2024
	KShs.	KShs.
Balance brought forward (50 number of shares @ KShs 100)	25,766,500	18,258,100
Contributions for the year	1,305,078	4,736,100
Transfer from member deposits	2,028,475	2,772,300
Total	29,100,053	25,766,500

Share capital		
At 1st January 2025	25,766,500	18,258,100
Additional shares	3,333,553	7,508,400
At 31st December 2025	29,100,053	25,766,500
Additional shares	3,333,553	7,508,400
At 31st December 2025	29,100,053	25,766,500

The total number of authorized ordinary shares is 291,000 (2025: 257,665) with a par value of Shs. 100 each. No share premium arose during the year.

17. Reserves

	2025	2024
	KShs.	KShs.
Prior year's retained earnings	15,257,745	9,763,181
Current year's surplus before tax and appropriation - net of 20% statutory reserve	10,277,542	8,694,563
Statutory reserve	13,245,281	10,675,895
Other reserves		
Proposed dividends	(3,136,799)	(2,200,000)
Honoraria	(800,000)	(650,000)
Provision for staff bonus	(550,000)	(350,000)
Total	34,293,769	25,933,639

1) Chairman:  2) Treasurer:  Secretary   

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

The properties revaluation reserve arises on the revaluation of land and buildings. Where revalued land or Buildings are sold, the portion of the properties revaluation reserve that relates to that asset, and is effectively realized, is transferred directly to retained profits. This reserve is not available for distribution.

The investments revaluation reserve arises on the revaluation

of available-for-sale financial assets. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realized, is removed from other comprehensive income and recognized in profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognized in profit or loss.

Gains and losses transferred from equity into profit or loss during the period are included in other gains and losses. The following should be included in the computation of reserves:

	2025	2024
	KShs.	KShs.
Prior year's retained earnings	15,257,745	9,763,181
Current year's surplus before tax and appropriation - net of 20% statutory reserve	10,277,542	8,694,563
Statutory reserve	13,245,281	10,675,895
Other reserves		
Proposed dividends	(3,136,799)	(2,200,000)
Honoraria	(800,000)	(650,000)
Provision for staff bonus	(550,000)	(350,000)
Total	34,293,769	25,933,639

18. Related party transactions

- Key management/supervisory committee remuneration

	2025	2024
	KShs.	KShs.
Short term employment benefits		
Honorarium/allowances	800,000.00	800,000.00
Total	800,000.00	800,000.00

1) Chairman:  2) Treasurer:  Secretary:   

b) Loans to the Board of Directors, Supervisory Committee and Staff

	2025	2024
	KShs.	KShs.
At the start of the year	6,810,888	10,449,289
Granted during the period	368,000	1,295,000
Interest charged	734,692	866,279.60
Repayment	(1,853,462)	(4,933,401)
Total	6,060,117	6,810,888

c. Loans to the Supervisory Committee members

	2025	2024
	KShs.	KShs.
At the start of the year	924,461	1,034,158
Granted during the period	150,000	445,288
Interest charged	142,986	126,756
Repayment	(392,558)	(554,985)
Total	824,889	924,461

d. Loans to Staff Members

	2025	2024
	KShs.	KShs.
At the start of the year	2,192,087	1,537,408
Granted during the period	2,609,000	1,340,000
Interest charged	277,414	176,232
Repayment	(2,256,990)	(861,553)
Total	2,821,511	2,192,087

1) Chairman:  2) Treasurer:  Secretary:   

All the loans to the Board, Supervisory Committee and Staff are issued at arm's length and are performing. The society has no commitments under non-cancellable leases.

19. Capital Risk management

The Sacco manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to members through the optimization of the debt and equity balance.

The capital structure of the Sacco consists of net debt calculated as total debt (as shown in the statement of

financial position) less cash and cash equivalents and equity (comprising issued capital, reserves and retained earnings). The Board of Directors reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Sacco has a target gearing ratio of x % determined as the proportion of net debt to equity. In order to maintain or adjust the capital structure, the Sacco may adjust the amounts of dividends paid to members or sell assets to reduce debt.

The Sacco's overall strategy remains unchanged from 2009. The debt-to-capital ratios at

19. Capital Risk Management

	2025	2024
	KShs.	KShs.
Total borrowings	-	-
Less cash and cash equivalents	-	-
Net debt	-	-
Total equity	63,250,697	51,700,139

Sacco's debt adjusted capital ratio has been 0% since incorporation.

20. Financial risk management objectives

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

Risk management is carried out by the risk sub-committee under policies approved by the Board of Directors. The risk sub-committee identifies, evaluates and manage financial risks in close co-operation with various departmental heads. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

The sub-committee reports quarterly to the Board of Directors on all aspects of risks including nature of risks, measures instituted to mitigate risk exposures etc

(a) Interest rate risk management

The Sacco is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed through maintaining an appropriate mix between fixed and floating rate borrowings. The Sacco's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

If interest rates had been 3% lower and all other variables were held constant, the post tax profit would have been approximately KShs. 815,969 (2020-KShs. 635,887) lower, arising mainly as a result of lower interest charge on borrowings.

If interest rates had been 3% higher and all other variables were held constant, the post-tax profit would have been KShs. 454,256 (2020 - KShs 365,176) higher, arising mainly as a result of higher interest charge on borrowings.

The Sacco's sensitivity to interest rates has remained relatively constant owing to the fixed interest rate

on most of the loans offered by the Sacco.

(a) **Other price risks**

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

Equity price sensitivity analysis

The Sacco's sensitivity to equity prices has not changed significantly from the prior year.

(b) **Credit risk management**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Sacco and arises principally from the Sacco's loans and advances to its members. The amounts presented in the statement of financial position are net of impairment for doubtful debts, estimated by the committee based on prior experience and assessment of the current economic environment. The Sacco has adopted a policy (as contained in its by-laws) of only dealing with creditworthy counterparties and obtaining sufficient collateral, guarantors where appropriate, as a means of mitigating the risk of financial loss from defaults. The Sacco also structures the level of credit risk it undertakes by placing limits on amount of risk accepted in relation to one borrower or group of borrowers.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Sacco does not have any significant credit risk exposure to any single counterparty or any Sacco of Counterparties having similar characteristics.

(c) **Liquidity risk management**

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

Liquidity and interest risk tables

The following tables detail the Sacco's remaining contractual maturity for its financial liabilities. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Sacco can be required to pay. The table includes both interest and principal

cash flows.

At the year-end it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the amount included above is nil.

The following table details the Sacco's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period:

The Sacco has access to financing facilities, the total unused amount which is KShs.10 million at the reporting date. The Sacco expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The Sacco expects to maintain current debt to equity ratio, within 0% limits increasing it to 0%. This will be achieved through the issue of new debt and the increased use of secured bank loan facilities.

(d) **Fair value of financial instruments**

A The Sacco classifies fair value measurements using a fair value hierarchy that reflects the Significance of the inputs used in making the measurements. The fair value hierarchy has the following levels,

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices (Level 2): and
- c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)



21. Unreconciled loans

	2025	2024
	KShs.	KShs.
Unreconciled loans - gross at the beginning	14,839,717	16,189,717
Provisioning	(1,350,000)	(1,350,000)
Unreconciled loans - net	13,489,717	14,839,717

The unreconciled loan item was reported in our audited books year 2021 and we were advised by the regulator SASRA to start provisioning it for a period of 15 years.

	2025	2024
	KShs.	KShs.
Provisioning for the unreconciled loans	5,400,000	4,050,000
Provision for the year 2025	1,350,000	1,350,000
Provisioning (lumpsum)	6,750,000	5,400,000

22. Interest on member deposits

	2025	2024
	KShs.	KShs.
At the start of the year	21,000,000	21,039,381
Payments during the year	(21,000,000)	(21,039,381)
At the close of the year	-	-
Proposed for the year 2025	28,044,253	21,000,000
At the close of the year	28,044,253	21,000,000

23 Dividends on shares

	2025	2024
	KShs.	KShs.
At the start of the year	2,200,000	1,803,023
Payments during the year	(2,200,000)	(1,803,023)
At the close of the year	-	-
Proposed for the year 2025	3,136,799	2,200,000
At the close of the year	3,136,799	2,200,000

24.

	2024	2023
	KShs.	KShs.
Non current - KUSCCO shares @ 100 par value	-	64,000
Provisioning	-	(64,000)
	-	-

1) Chairman:  2) Treasurer:  Secretary   



Comparison between Actual and Budget year 2025

Description	Budget	Actual	% Variance
	Budget	Actual expenditure	
Incomes	A	B	
Interest Income	45,309,011.29	59,515,828.07	31%
Other Incomes			
Member entrance fee	500,000.00	245,605.00	-51%
Investment income	2,500,000.00	2,232,403.55	-11%
Total Income	48,309,011.29	61,993,836.62	28%
Expenditure			
Management Committee Expenses			
Management Committee Expenses: total	2,295,000.00	2,223,000.00	3%
Administration and other office expenses	3,133,000.00	1,989,426.06	37%
Supervisory Committee Sitting Allowances	276,120.00	276,120.00	0%
Donations to charity	150,000.00	120,000.00	20%
Annual General Meeting Expenses	3,488,200.00	2,265,220.00	35%
Employees Salaries (including interns)	7,144,220.00	7,010,355.18	2%
Audit Fees	400,000.00	395,000.00	1%
Insurance	1,500,000.00	1,500,000.00	0%
Software and website Maintenance	1,960,000.00	6,844.00	100%
Bank charges	480,000.00	245,961.01	49%
Office Computers	340,000.00	332,000.00	2%
Total Expenses	(21,166,540)	(16,363,926)	23%

Budget 2027

	MZIMA SPRINGS SACCO SOCIETY BUDGET FOR YEAR 1st JANUARY - 31 DECEMBER	2026	2027	% change
1	Interest Income	54,370,813.55	77,750,000.00	43%
2	Other Incomes			
a	Member entrance fee	500,000.00	600,000.00	20%
b	Investment income	2,500,000.00	2,500,000.00	0%
	Total Income	57,370,813.55	80,850,000.00	41%
	Expenditure			
3	Management Committee Expenses: total			
a	Attending meetings	2,205,000.00	2,205,000.00	0%
b	Sub-committee duties	504,000.00	504,000.00	0%
c	Day to day management	216,000.00	216,000.00	0%
	Total MC expenses	2,925,000.00	2,925,000.00	0%
4	Administration and other office expenses	3,126,920.84	4,180,096.00	34%
5	Supervisory Committee Sitting Allowances	306,120.00	306,120.00	0%
6	Donations to charity	150,000.00	200,000.00	33%
7	Annual General Meeting Expenses	1,618,200.00	3,158,000.00	95%
8	Education and training Expenses	975,000.00	2,074,000.00	113%
9	Employees Salaries (including interns)	9,873,072.00	11,759,525.60	19%
10	Audit Fees	400,000.00	650,000.00	63%
11	Insurance	1,900,000.00	-	-100%
12	Revision of by laws			
13	Office furniture and refurbishment			
14	Software and website Maintenance	460,000.00	460,000.00	0%
15	Bank charges	480,000.00	480,000.00	0%
16	Office Computers	-		
17	Members ledger files	-		
	Total Expenses	(22,214,312.84)	(26,192,741.60)	-218%
	Estimated Surplus for Interest on Deposits	35,156,500.71	54,657,258.40	55%





MZIMA SPRINGS
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Together, We Grow