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**THE SACCO SOCIETIES REGULATORY AUTHORITY
(SASRA)**

Our Ref: SASRA/SS/CS.4676/N-WDTS/VOL. 1 (10)

21st March, 2024

**The Chairman, Board of Directors,
Law Society of Kenya Regulated Non-WDT Sacco Society Ltd,
P.O Box 6740-00100,
NAIROBI.**

Dear Sir,

**RE: APPROVAL AND OBSERVATION OF THE AUTHORITY ON THE SACCO'S AUDITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 2023**

Pursuant to provisions of Section 41 of the Saccos Societies Act, 2008 as read with Reg. 56 (1) of the Sacco Societies (Non-Deposit-Taking Sacco Business) Regulations, 2020, the Authority has considered the Sacco's audited financial statements for the year ending 31st December 2023 for approval.

The Board of Directors of the Sacco is responsible for the preparation of the Audited Financial Statements of the Sacco per Section 40 of the said Act and the International Financial Reporting standard (IFRS) and for such internal accounting controls to ensure that the financial statements reflect true and fair state of affairs of the Sacco, free from error and or fraud.

The External Auditor is responsible for auditing the said financial statements of the Sacco in accordance with Section 44 of the said Act as read with Reg. 57 of the aforesaid Regulations, and to give reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue auditor's report thereon.

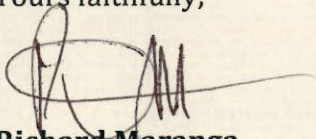
However, the Authority makes the following observations on the said Audited Financial Statements on the basis of the Authority's statutory mandate of on-site and off-site supervision of the Sacco.

1. The audited financial statements fairly comply with Reg. 56 (2) of the said Regulations subject to the External Auditors opinion, in respect of the level of disclosures required.
2. The Authority notes non-compliant with Sacco's capital adequacy ratio especially Retained Earnings & Disclosed Reserves to Core Capital ratio which stood at 39.6% against the regulatory minimum requirement of 50% as prescribed in Regulation 11 (1). The Sacco is advised to enhance its capital build-up strategy to ensure full compliance with the regulatory requirements.

3. As presented, the annual reports and financial statements do not strictly comply with the recommended format by the Institute of Certified Public Accountants (ICPAK) and the international Financial Reporting Standards. Specifically, the Sacco has only provided for Kshs. 80.6 million contrary to the required Kshs. 85.8 million indicated in the Risk Classification of Assets and Provisioning report in note 18 thereby exposing the loan book by Kshs. 5.2 million. The Sacco is advised to ensure adequate provision is made in accordance with Regulation 42.
4. The Authority takes cognizance of the issues raised by the auditor in the management letter especially in regard to; compliance matters especially capital adequacy ratio, credit management and shares revaluation among others. These are pertinent concerns, which require the Sacco's urgent action to mitigate the risks thereof.
5. The Authority notes the high level of membership dormancy standing at 46% of the Sacco's total membership. The Sacco's board and management are advised to institute strategies of reducing the membership dormancy even as it recruits new members.
6. The board of directors shall present to the members the observations made herein accordance with Regulation 56 (4) (b).

Subject to the foregoing observations and the auditor's opinion on the said audited financial statements, the Authority hereby approves the same for publication and presentation to the Sacco's Annual General Meeting.

Yours faithfully,



Richard Maranga
For: Chief Executive Officer

Copy: **1. JM Associates LLP,**
Certified Public Accountants (K),
P.O Box 23598-00625,
NAIROBI.

2. The Chief Executive Officer,
Law society of Kenya Regulated Non-WDT Sacco Society Ltd,
P.O Box 6740-00100,
NAIROBI.

CS NO. 4676

LAW SOCIETY OF KENYA REGULATED NON-WDT SACCO SOCIETY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



CS NO. 4676
LAW SOCIETY OF KENYA REGULATED NON-WDT SOCIETY LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023

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**CS NO. 4676
LAW SOCIETY OF KENYA REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023**

Society information

Registered Office

LSK Sacco Limited
Crawford Business Park, 3rd Floor,
State House Road,
P.O Box 6740-00100
Nairobi, Kenya

Directors

The directors who held office during the year and to the date of this report were:

Board of directors:

Justus M. Munyithya	Chairman
Philbert Caleb Nadebu	Vice Chairman
Lawrence Mugambi Mungania	Treasurer
Kellen Njue	Hon. Secretary
Jackson Awele	Member
Gladys W. Kinyanjui	Member
Samuel Mwaniki	Member
Gad Gathu	Member
Boniface Mutwiri Kinoti	Member

Supervisory committee

Collins Wanderi	Chairperson
Joseph Makumi	Secretary
Salome Muhia	Member

Sacco management

Samuel Ogosi Ogosi	Chief Executive Officer
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Principal Bankers

Co-operative Bank of Kenya Kimathi Street Branch P.O. Box 7512-00200 Nairobi, Kenya	KCB Bank PLC Biashara Street, P.O. Box 45422-00100 Nairobi, Kenya.
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Independent Auditor

JM Associates LLP
Certified Public Accountants
West Park Towers Mpesi lane, 8th Floor
P.O. BOX 23598-00625
Westlands, Nairobi.

**CS NO. 4676
LAW SOCIETY OF KENYA REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023**

Report of the board of directors

The Board of Directors submit their report together with the audited financial statements for the period ended 31 December 2023

Incorporation

The society is a non-deposit taking Sacco incorporated in Kenya under the Co-operative Societies Act Cap 490 and licensed under the Sacco Societies Act No. 14 of 2008 and is domiciled in Kenya.

Business review

The Society's principal activity is to receive deposits from members and advance loans on interest.

Results

The annual report and financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Kenyan Co-operative Societies Act. The accounting policies have been applied consistently compared to the prior year.

	2023 Kshs	2022 Kshs
Surplus for the year	51,482,883	50,987,089
Tax charge	7,760,926	4,699,476
Surplus after tax	43,721,957	46,287,613
Interest on members' deposits	264,784,700	232,270,753

Dividends and interest

The board of Directors recommends payment of 10.5% dividends on share capital (2022: 10.5%) and 9.2% interest on members' deposit (2022: 9.2%).

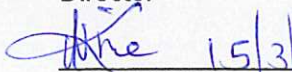
Terms of appointment of auditors

The Sacco's auditors, Messrs. JM Associates LLP CPA (K), have expressed their willingness to continue in office in accordance with section 25(4) of the Co-operative Societies (Amendment) Act No.2 of 2004.

The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By order of the Board

Director

 15/3/2024
SECRETARY.

CS NO. 4676

**LAW SOCIETY OF KENYA REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023**

Statistical information

		2023	2022
Number of members	- Active	5,982	5,096
	- Dormant	5,076	5,290
		11,058	10,386
Employees of the Sacco	- Male	8	8
	- Female	23	23
		Kshs	Kshs
Total assets		3,724,452,956	3,309,723,378
Liquid assets		725,785,466	433,314,430
Loans and advances to members		2,933,791,810	2,809,817,434
Investments		2,357,910	2,357,910
Members' deposits & Savings		3,053,424,664	2,710,558,070
Core capital		330,958,531	296,101,366
Share capital		204,417,288	184,893,450
Retained earnings & Disclosed reserves		126,541,243	113,736,109
Total liabilities		3,393,494,425	3,011,093,819
Total revenue		423,862,479	376,422,671
Total interest income		388,004,683	334,155,636
Interest on member savings		264,784,700	232,270,753
Total expenses		372,379,596	325,435,582
Net surplus before tax		51,482,883	50,987,089
Capital adequacy ratio		STDs	
Core capital/ Total assets	≥8%	8.89%	8.95%
Core capital/Total deposit	≥5%	10.84%	10.92%
Retained earnings & Disclosed reserves/Core capital	≥50%	38.23%	38.35%
Liquidity ratio			
Liquid assets/ Total deposits and short term liability	≥10%	23.77%	16.02%
Total loans/ Total deposits	≤85%	96.08%	103.89%
Operating efficiency ratios			
Total delinquency loan /Gross loan portfolio	≤5%	3.4%	4.7%
Total expenses/Total Revenue		88%	86.45%
Interest on member deposits/ Total revenue		62%	61.70%
Interest rate on member's deposits		9.20%	9.20%
Dividend rate on members share capital		10.50%	10.50%

Key:

STDs - Standard ratio requirement by the regulator

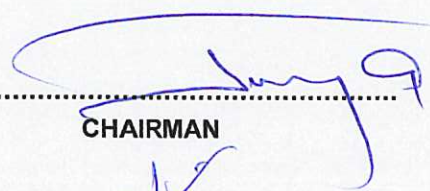
Statement of Directors' responsibilities

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

The Board of Directors accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Co-operatives Societies Act, Cap 490. The Board of Directors is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the society and of its operating results in accordance with the International Financial Reporting Standards (IFRS). The Board of Directors further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Approved by the Board of Directors on.....15/3/.....2024 and signed on its behalf by:


.....
CHAIRMAN


.....
TREASURER


.....
MEMBER

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF LSK REGULATED NON-WDT SACCO SOCIETY LIMITED

Opinion

We have audited the accompanying financial statements of Law Society of Kenya Savings and Credit Cooperative Society Limited (the Company) set out on pages 8 to 28 which comprise the statement of financial position at 31 December 2023 and the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Law Society of Kenya Savings and Credit Cooperative Society Limited as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for SMEs and the requirements of the Kenyan Cooperative Societies Act 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with those charged by governance, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters are designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on the individual matters. There were no key audit matters identified.

Going Concern

The financial statements of the Society have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the society or to cease operations, or has no realistic alternative but do so. As part of our audit of the financial statements we have concluded that management's use of the going concern basis of accounting in the preparation of the Society's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the Society's ability to continue as a going concern, and accordingly none is disclosed in the financial statements of the society. The auditor cannot guarantee the Society's ability to continue as a going concern.

ADVISORY | INNOVATION | TRANSFORMATION

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAW SOCIETY OF KENYA SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. 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, other than that prescribed by the Kenyan Companies Act, 2015, as set out below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards for SMEs and the requirements of the Kenyan Companies Act 2015, 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 directors are responsible for assessing the Company'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.

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAW SOCIETY OF KENYA SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED (CONTINUED)

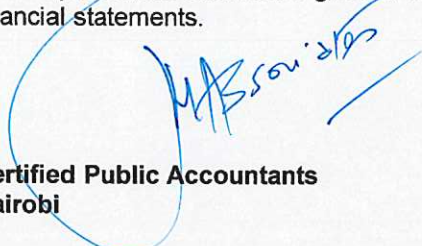
Auditor's responsibilities for the audit of the financial statements (continued)

- 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 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; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other matters prescribed by the Kenyan Companies Act, 2015

In our opinion, the information given in the report of the directors on page 2 is consistent with the financial statements.

Certified Public Accountants
Nairobi



----- 19/3/2024 -----

The signing partner responsible for the independent audit is CPA John Mwangi, P/ No.2092.

JM ASSOCIATES LIMITED LIABILITY PARTNERSHIP
WEST PARK TOWERS, 8th floor
P. O Box 23598 - 00625, NAIROBI
TEL:0733 818 835

**CS NO. 2559
LAW SOCIETY OF KENYA REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023**

Statement of profit or loss

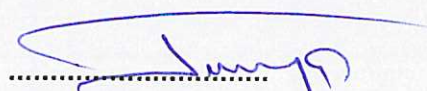
	Notes	2023 Kshs	2022 Kshs
Revenue			
Interest on loans and advances	4	347,278,848	312,672,837
Other interest income	5	53,015,098	22,153,924
Total interest income		400,293,946	334,826,761
Interest expense	6	(264,784,700)	(232,270,753)
Net interest income		135,509,246	102,556,008
Other operating Income	7	23,568,533	41,595,910
		159,077,780	144,151,918
Expenditure			
Administrative expenses	8	(35,429,779)	(26,385,878)
Personnel expenses	9	(36,418,167)	(34,511,248)
Financial expenses	10	(21,343,881)	(21,319,821)
Governance expenses	11	(7,393,321)	(4,949,460)
Marketing expenses	12	(4,349,896)	(3,173,767)
Other operating expenses	13	(2,659,853)	(2,824,655)
Surplus for the year		51,482,883	50,987,089
Tax charge	14	(7,760,926)	(4,699,476)
Net surplus for the year		43,721,957	46,287,613

**CS NO. 2559
LAW SOCIETY OF KENYA REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023**

Statement of financial position

	Notes	2023 Kshs	2022 Kshs
ASSETS			
Cash and cash equivalents	15	725,785,466	433,314,430
Trade and other receivables	16	23,791,623	3,956,742
Receivable from related party	17	634,369	134,001
Loans to members	18	2,853,171,588	2,749,352,268
Financial assets	19	2,357,910	2,357,910
Intangible assets	21	1,695,486	2,119,357
Property and equipment	20	116,464,166	117,936,322
Corporate tax recoverable	22	552,348	552,348
TOTAL ASSETS		3,724,452,956	3,309,723,378
LIABILITIES			
Corporate tax payable	22	3,061,450	721,876
Members' deposits	23	3,053,424,664	2,710,558,070
Trade and other payables	24	41,314,671	38,917,370
Payment to members and staff	25	295,693,640	260,896,503
TOTAL LIABILITIES		3,393,494,425	3,011,093,819
FINANCED BY			
Share capital	26	204,417,288	184,893,450
Reserves	27	126,541,243	113,736,109
		330,958,531	298,629,559
TOTAL CAPITAL AND LIABILITIES		3,724,452,956	3,309,723,378

The financial statements were approved and authorized for issue by the Board of Directors on (5/3) 2024 and signed on its behalf by:


.....
CHAIRMAN


.....
TREASURER


.....
MEMBER



**CS NO. 2559
LAW SOCIETY OF KENYA REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023**

Statement of changes in Equity

	Share Capital Kshs	Retained Earnings Kshs	Statutory reserve Kshs	Revaluation reserve Kshs	Total Kshs
Balance as at 01.01.2022	164,617,027	68,565,610	29,562,724	-	262,745,361
Surplus for the year	-	46,287,613	-	-	46,287,613
Transfer to statutory reserves	-	(9,257,523)	9,257,523	-	-
Share capital paid during the period	20,276,423	-	-	-	20,276,423
Revaluation of quoted investments	-	-	-	170,283	170,283
Prior year adjustment (Note 28)	-	(2,938,573)	-	-	(2,938,573)
Proposed honoraria	-	(5,665,157)	-	-	(5,665,157)
Proposed dividends	-	(19,413,812)	-	-	(19,413,812)
Proposed staff bonus	-	(2,832,579)	-	-	(2,832,579)
Balance as at 31.12.2022	184,893,450	74,745,579	38,820,247	170,283	298,629,559
Balance as at 01.01.2023	184,893,450	74,745,579	38,820,247	170,283	298,629,559
Surplus for the year	-	43,721,957	-	-	43,721,957
Transfer to statutory reserves	-	(8,744,391)	8,744,391	-	-
Share capital paid during the period	19,523,838	-	-	-	19,523,838
Prior year adjustment	-	35,019	-	-	35,019
Proposed honoraria	-	(6,325,352)	-	-	(6,325,352)
Proposed dividends	-	(21,463,814)	-	-	(22,485,902)
Proposed staff bonus	-	(3,162,676)	-	-	(3,162,676)
Balance as at 31.12.2023	204,417,288	78,806,322	47,564,638	170,283	329,936,444

**CS NO. 2559
LAW SOCIETY OF KENYA REGULATED NON-WDT SACCO SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023**

Statement of Cashflows

	Notes	2023 Kshs	2022 Kshs
Cashflow from operating activities			
Interest receipts	2,3	400,293,946	334,826,761
Other operating income	7	23,568,533	41,595,910
Interest expense	6	(232,284,001)	(198,978,003)
Payment to employees and suppliers		<u>(84,636,483)</u>	<u>(70,185,118)</u>
		106,941,996	107,259,550
Working capital changes			
Loans to members	18	(123,974,376)	(275,015,255)
Trade and other receivables	16	(19,834,881)	(149,112)
Receivable from related party	17	(500,368)	12,475,698
Deposits from members	23	342,866,594	329,517,026
Trade and other payables	24	<u>2,397,301</u>	<u>2,347,328</u>
Net Cash from operating activities before tax		307,896,267	172,312,713
Income tax paid		<u>(5,386,333)</u>	<u>(3,977,600)</u>
Net cash generated from operations		302,509,934	168,335,113
Cash flow from investing activities			
Purchase of property and equipment	21	(907,330)	(285,001)
Purchase of intangible assets	20	-	(642,730)
Net cash used in investing activities		(907,330)	(927,731)
Cash flow from financing activities			
Share capital contribution movement		19,523,838	20,276,423
Dividends and honorarium paid		<u>(28,655,405)</u>	<u>(22,973,961)</u>
Net cash used in financing activities		(9,131,567)	(2,697,538)
Cash and cash equivalents at the start of the year		433,314,430	268,604,586
Net cash increase during the year		<u>292,471,036</u>	<u>164,709,844</u>
Cash and Cash equivalents at the end of the year	15	725,785,466	433,314,430

Notes to the financial statements

1. Summary of significant accounting policies

(a) General information

LSK Sacco Society Limited is domiciled in Kenya where it is incorporated under the Kenyan Cooperative Societies Act, Cap 490 as a savings and credit cooperative society. The address of its registered office and principal place of business are set out on Page 1.

(b) Basis of preparation

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard issued by the International Accounting Standards Board. The financial statements are presented in Kenya Shillings (Kshs). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the society's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings ("Kshs") which is the Society's Functional Currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income or expenses'.

(d) Revenue recognition

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

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

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

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

iv) Miscellaneous income is recognized upon performance of the services agreed on.

v) Interest income is recognized on an accrual's basis in the profit or loss for the year using the effective yield on the asset. Interest income includes income from loans and advances. When financial assets become impaired, interest income is thereafter not recognized until such time that recoverability is assured.

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(e) Property and equipment

All property and equipment are stated at cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on assets is calculated using the reducing balance method to allocate their cost to their residual values over their estimated useful lives, as follows:

Furniture, office equipment & partitions	– 12.5%
Office space	- 2.5%
Computer equipment	- 30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Property and equipment are revalued regularly whenever events or changes in circumstances indicate that the carrying amount differs materially from its fair value at the balance sheet date. The increase in value is recognized under revaluation surplus in the statement of changes in equity.

Gains and losses on disposal are determined by reference to their carrying amounts and are included in profit or loss.

(f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the society. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the society at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss.

Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

The Society did not recognise rights of use of assets and lease liabilities for the leases as there were no registered leases during the period.

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(g) Trade receivables

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method.

(h) 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.

(i) Share capital

Ordinary shares are classified as 'share capital' in equity.

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Society has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(k) Income tax

a) Current income tax

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

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(l) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value.

(m) Employee benefits

(i) Retirement benefit obligations

The Society and all its employees contribute to the National Social Security Fund, which is a defined contribution schemes. 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 periods. The society did not engage any employees on a permanent basis during the period hence no such remittances were made.

(ii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual. There were no such liabilities during the period.

(n) Intangible assets

Intangible assets relate to computer software.

Intangible assets are initially recorded at cost and thereafter stated at historical cost less amortisation. Amortisation is calculated on a straight-line basis to write down the cost of each asset to its residual value over the estimated useful life (or lease period in the case of goodwill) using the following rates:

Computer software	30%
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(o) Statutory reserves

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

Notes to the financial statements (continued)

2 a) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Income taxes

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

Useful lives of property, equipment and software

The Society's management determines the estimated useful lives and related depreciation charges for its property and equipment. The rates used are set out in Note 1 (e).

Notes to the financial statements (continued)

2 b) Financial risk management objectives and policies

The Society's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk and price risk), credit risk and liquidity risk. The society's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the society does not hedge any risks.

Financial risk management is carried out by the Board of Directors. The board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Market risk

(i) Foreign exchange risk

The society is not exposed to foreign exchange risks.

(ii) Price risk

The society holds any financial instruments subject to price risk including financial investments which are reported at fair value.

(iii) Interest rate risk

The society has long term advances from the Kenya Mortgage Refinance Company and the Women Enterprise Fund which are not subject to interest rate risk.

Credit risk

Credit risk arises from cash and cash equivalents as well as advances to members, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Society.

Credit risk arises from loan to members, cash at bank and short term deposits with banks, as well as trade and other receivables. A provision for doubtful loans is made to reduce the credit risk- Note 17.

	2023	2022
	Kshs	Kshs
Loan to members (Note 18)	2,853,171,588	2,749,352,268
Trade and other receivables (Note 16)	23,791,623	3,956,742
Cash at bank (Note 15)	725,785,466	433,314,430
	<u>3,602,748,677</u>	<u>3,186,623,440</u>

The Society hold collateral for loans and advances to members. A provision has been made non-performing loans as per the regulations. All other receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

Notes to the financial statements (continued)

2 b) Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management performs cash flow forecasting and monitors rolling forecasts of the Society's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

The table below analyses the Society's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	2023	2022
	Kshs	Kshs
Trade and other payables (note 24)	41,314,671	38,917,370
Members' deposits (note 23)	3,053,424,664	2,710,558,070
	<u>3,094,739,335</u>	<u>2,749,475,440</u>

Capital management

The Society's objectives when managing capital are to safeguard the its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Fair value estimation

The society does not hold any major financial instruments subject to fair value estimation.

3 New Standards and Interpretations

Standards and interpretations not yet effective

The society has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the society's accounting periods beginning on or after January 1, 2023 or later periods.

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the annual report and financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after January 1, 2023.

It is unlikely that the amendment will have a material impact on the society's annual report and financial statements.

Standards and interpretations not yet effective (continued)

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in annual report and financial statements that are subject to measurement uncertainty."

The effective date of the amendment is for years beginning on or after January 1, 2023.

It is unlikely that the amendment will have a material impact on the society's annual report and financial statements.

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after January 1, 2023. It is unlikely that the amendment will have a material impact on the society's annual report and financial statements.

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Notes to the financial statements (continued)

	2023	2022
	Kshs	Kshs
4 Interest Income		
Interest on loans to members	347,278,848	312,672,837
	347,278,848	312,672,837
5 Other interest income		
CIC Money market	35,416,760	16,608,882
Dividend income	1,087,230	671,125
Interest from KUSCCO savings	4,702,347	4,873,917
Interest on bank fixed deposits	10,207,357	
LSK Housing	1,601,404	-
	53,015,098	22,153,924
6 Interest Expense		
Interest on Members Deposit & Dividends	264,784,700	232,270,753
	264,784,700	232,270,753
7 Other Operating Income		
Loan insurance	22,442,711	21,070,934
Entrance fees	787,000	668,000
Share transfer fees	6,600	13,000
Deposit refund processing fees	120,000	120,000
Sundry income	46,000	4,122,522
Lumpsum deposits	66,222	839,614
Loan clearance fees	-	7,436,574
Loan offsetting charges	-	6,625,488
Loan restructuring fees	-	286,137
Loan rescheduling fees	-	313,641
Law Society of Kenya Housing hosting charges	100,000	100,000
	23,568,533	41,595,910

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Notes to the financial statements (continued)

8 Administrative expenses	2023	2022
Audit fees	280,200	280,200
Printing & stationery	466,443	488,276
Subscription and licensing fee	187,200	142,360
Legal fees	236,911	35,531
Consultancy and valuation fees	423,750	37,000
General office expenses	619,614	613,396
Telephone and internet	2,079,158	2,531,717
System annual support	1,369,160	823,600
Back up & data replication services/IT expenses	136,506	665,236
Loan guard insurance	19,162,468	18,275,328
IT security expenses	308,471	167,805
Website	24,940	22,040
Water & electricity	664,779	606,380
CRB reports	60,552	43,616
General repairs & maintenance	83,865	137,253
Service charge	808,392	808,392
Insurance all risks	641,309	632,580
File storage charges	75,168	75,168
Donations	90,000	-
Loss on disposal	100,004	-
Cleaning and sanitation	470,744	-
Benevolent fund insurance	7,140,144	-
	35,429,779	26,385,878
9 Personnel Expenses		
Salaries and wages	20,976,546	20,092,942
House allowance	3,936,000	3,899,000
Staff medical expense	3,722,138	3,817,480
Debt collection	2,354,465	2,214,121
Staff travelling & subsistence	549,464	544,584
Staff Education	439,610	384,713
Staff welfare	730,290	564,300
Team building	335,920	292,088
NSSF & Pension fund	1,396,512	1,040,185
Fuel allowance	870,412	761,460
Responsibility allowance	435,204	500,736
Staff leave allowances	444,930	399,639
Housing levy	223,576	-
Nita levy	3,100	-
	36,418,167	34,511,248

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023**

Notes to the financial statements(Continued)

	2023	2022
	Kshs	Kshs
10 Financial expenses		
Provision for non-performing loans	20,155,056	20,155,056
Bank charges	1,188,825	1,164,765
	21,343,881	21,319,821
11 Governance expenses		
Committee sitting allowance	4,213,169	3,742,900
Committee travelling & subsistence	655,703	233,782
Committee GPA cover	304,098	304,138
Committee education	794,552	289,360
Strategic plan	-	80,500
Members education expenses	1,101,280	26,953
AGM expenses	324,519	271,827
	7,393,321	4,949,460
Committee sitting allowance- breakdown		
Justus Munyithya: Chairman	277,112	221,431
Lawrence Mugambi: Treasurer	290,684	271,432
Philbert K. Nadebu: Vice Chairman	390,197	350,004
Kellen Njue: Hon. Secretary	248,128	278,575
Gladys Wamaitha: Secretary Credit Committee	486,832	442,857
Boniface Mutwiri: Member Credit Committee	565,325	500,004
Samuel Mwaniki: Chairman Credit Committee	602,990	592,862
Jackson Awele: Member Education Committee	262,963	157,146
Gad Gathu Kiragu: Member Education Committee	287,084	242,860
Collins Wanderi: Chairman Supervisory Committee	277,304	214,290
Joseph Makumi: Member Supervisory Committee	277,304	228,576
Salome Beacco: Secretary Supervisory Committee	247,248	242,863
	4,213,169	3,742,900
12 Marketing expenses		
Marketing and publicity	3,486,844	2,905,948
Corporate and social responsibility	100,000	135,000
Bulk SMS	705,802	91,069
Recruitment commission	57,250	41,750
	4,349,896	3,173,767

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Notes to the financial statements (Continued)

	2023	2022
	Kshs	Kshs
13 Other Operating Expenses		
Depreciation	2,235,982	2,294,816
Amortization	423,871	529,839
	<u>2,659,853</u>	<u>2,824,655</u>

14 Tax charge

Current tax	7,760,926	4,699,476
	<u>7,760,926</u>	<u>4,699,476</u>

The tax on the society's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

15 Cash and Cash Equivalents

CIC Money market	221,859,980	277,817,314
KUSCCO fixed deposits	18,172,700	55,659,657
Co-operative bank -savings account	59,037,659	53,275,955
Co-operative bank-current account	7,827,671	10,322,355
KUSCCO central finance	1,039,235	913,115
Housing finance Co	17,583	17,583
Petty cash	39,535	29,169
KCB savings account	6,791,103	35,279,282
KCB fixed deposits	100,000,000	-
CIC Wealth fund	200,000,000	-
Co-operative bank fixed deposits	100,000,000	-
LSK Housing investment	11,000,000	-
	<u>725,785,466</u>	<u>433,314,430</u>

16 Trade and other receivables

Prepaid expenses	7,780	30,000
Interest receivables from loans	2,431,701	2,399,546
Prepaid medical insurance	3,665,971	1,527,196
Interest receivables from bank fixed deposits	17,686,171	-
	<u>23,791,623</u>	<u>3,956,742</u>

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Notes to the financial statements (Continued)

	2023	2022		
	Kshs	Kshs		
17 Receivable from related party				
Balance at start of the year	134,001	15,548,272		
LSK Hosting charges	100,000	100,000		
LSK Housing Committee sitting allowances (To Sacco loan repayment)	515,368	-		
Prior year adjustment	-	(2,938,573)		
Receipts from LSK Housing	(115,000)	(12,575,698)		
Balance at end of the year	634,369	134,001		
18 Loans to Members				
Balance at start of the year	2,809,817,434	2,534,802,179		
Disbursements during the year	1,583,348,146	1,438,717,869		
Repayment from CIC for deceased members	(1,780,172)	(8,924,124)		
Dividends & Interest 2022	(93,480,936)	(67,192,089)		
Offset from deposits	(95,902,877)	(70,571,077)		
Repayments during the year	(1,268,209,785)	(1,017,015,324)		
Gross loan balance	2,933,791,810	2,809,817,434		
Provision for loan loss	(80,620,222)	(60,465,166)		
Balance at end of the year	2,853,171,588	2,749,352,28		
Loan listing has a difference of 295				
Ageing analysis	No. of Loans	Portfolio	Provision	Provision
Performing 1% provision	1,645	2,629,202,147	26,292,021	25,014,064
Watch 5% provision	147	199,131,666	9,956,583	8,776,044
Substandard 25% provision	30	51,552,742	12,888,186	26,757,098
Doubtful 50% provision	9	34,339,174	17,169,587	4,755,026
Loss 100% provision	37	19,566,375	19,566,375	16,351,674
Expected provision	1,868	2,933,792,105	85,872,752	81,653,906
Provision for impairment				
At start of the year			60,465,166	40,310,110
Charge to profit or loss account			20,155,056	20,155,056
At end of the year			80,620,222	60,465,166

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Balance in expected provision for impairment	5,252,530	21,188,740
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Notes to the financial statements(Continued)

		2023	2022
19 Financial Assets	No. of shares	Kshs	Kshs
Quoted:			
KCB Group Plc	5,119	197,337	197,337
Stanbic bank Uganda Ltd	32,000	22,720	22,720
Safaricom Plc	26,900	567,590	567,590
Nation Media Group Plc	1,100	16,500	16,500
East African Breweries Limited	1,100	187,000	187,000
Equity bank Plc	10,000	462,000	462,000
Kenya Electricity Generating Co. Plc	5,000	15,550	15,550
Housing Finance Group Plc	5,500	29,810	29,810
Scan Group Plc	2,000	6,260	6,260
Kenya Re-Insurance Co	2,579	4,642	4,642
Access Kenya Ltd	900	8,640	8,640
		1,518,049	1,518,049
Unquoted:			
Co-op bank (K) Ltd	420,000	420,000	420,000
CIC Insurance Co. Ltd	13,800	312,801	312,801
KUSCCO Ltd	571	57,060	57,060
LSK Housing	50	50,000	50,000
		839,861	839,861
		2,357,910	2,357,910

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**Notes to the financial statements (continued)
20 Property and Equipment (Kshs)**

	Land	Furniture & fittings	Office equipment	Office space	Office partitions	Computers & accessories	Total
Cost or Valuation							
As at 1 January 2022	65,200,000	4,364,028	671,628	56,238,572	3,452,396	8,188,298	138,114,922
Additions	-	-	83,520	-	-	201,481	285,001
As at 31 December 2022	65,200,000	4,364,028	755,148	56,238,572	3,452,396	8,389,779	138,399,923
Depreciation							
As at 1 January 2022	-	2,182,610	99,504	7,629,950	1,591,265	6,665,456	18,168,785
Charge for the year	-	272,677	81,922	1,215,216	232,636	492,365	2,294,816
As at 31 December 2022	-	2,455,287	181,426	8,845,166	1,823,901	7,157,821	20,463,601
Net book value							
As at 31 December 2022	65,200,000	1,908,741	573,722	47,393,406	1,628,495	1,231,958	117,936,322
Cost or Valuation							
As at 1 January 2023	65,200,000	4,364,028	755,148	56,238,572	3,452,396	8,389,779	138,399,923
Additions	-	496,244	41,528	-	-	369,558	907,330
Disposal	-	(387,880)	-	-	-	(84,980)	(472,860)
As at 31 December 2023	65,200,000	4,472,392	796,676	56,238,572	3,452,396	8,674,357	139,307,253
Depreciation							
As at 1 January 2023	-	2,455,287	181,426	8,845,166	1,823,901	7,157,821	20,463,601
Charge for the year	-	286,843	76,906	1,184,835	203,562	483,836	2,235,982
Disposal	-	(283,055)	-	-	-	(46,300)	(329,356)
As at 31 December 2023	-	2,459,075	258,332	10,030,001	2,027,463	7,595,357	22,370,227
Net book value							
As at 31 December 2023	65,200,000	2,013,317	538,344	46,208,571	1,424,933	1,079,000	116,464,166

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Notes to the financial statements (continued)

21 Intangible Assets	2023	2022
a) Computer software	Kshs	Kshs
Cost:		
At start of the year	6,402,651	5,759,921
Additions	-	642,730
At end of the year	<u>6,402,651</u>	<u>6,402,651</u>
Amortization:		
At start of the year	4,283,294	3,753,455
Amortization charge for the year	423,871	529,839
At end of the year	<u>4,707,165</u>	<u>4,283,294</u>
Net book value	<u>1,695,486</u>	<u>2,119,357</u>
22 Taxation		
Balance b/f	(552,348)	(552,348)
Taxes Paid	-	-
Tax recoverable	<u>(552,348)</u>	<u>(552,348)</u>
At start of year	721,876	-
Withholding tax	-	(35,019)
Instalment tax paid	(4,699,476)	(3,942,581)
Tax charge	7,760,926	4,699,476
Tax paid	(721,876)	-
Tax payable	<u>3,061,450</u>	<u>721,876</u>
23 Members' Deposits		
At start of the year	2,704,498,598	2,374,981,572
Contribution during the year	407,068,627	381,312,256
Deposits received from CIC for deceased members	3,045,330	14,427,588
2020 Interest on deposits	99,943,595	111,427,085
Transfer shares	(15,144,288)	(16,377,683)
Loan offsets	(98,940,894)	(75,706,553)
Deducted to benevolent fund	(9,618,600)	(7,579,800)
Paid to beneficiaries (Deceased members)	(819,911)	(18,489,676)
Transfer to payable accounts (Deceased members)	(10,865,576)	(33,833,888)
Withdrawals during the year	<u>(34,265,691)</u>	<u>(25,631,303)</u>
At end of the year	<u>3,044,901,189</u>	<u>2,704,498,598</u>
Junior savings	6,123,034	5,159,220
Holiday savings	<u>2,400,442</u>	<u>900,252</u>
	<u>8,523,476</u>	<u>6,059,472</u>
	<u>3,053,424,664</u>	<u>2,710,558,070</u>

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LAW SOCIETY OF KENYA REGULATED NON-DT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023

Notes to the financial statements

	2023	2022
	Kshs	Kshs
24 Trade and other payables		
Deceased members accounts	33,257,121	31,115,070
Unidentified bank deposits	6,633,044	5,933,722
Benevolent funds contribution	-	569,067
Statutory deductions	698,806	738,032
Audit fees	180,200	139,200
Other accrued expenses	510,701	287,479
Kenya School of Law	-	100,000
Contingent liabilities	34,800	34,800
	41,314,671	38,917,370
<p>The amount of Kes 6,663,044 under unidentified deposits relates to deposits made by members to the bank with insufficient or no details for allocation to the members' personal account.</p>		
25 Payments to members, committee & staff		
At start of the year	260,896,503	222,666,166
Payments during the year	(260,926,158)	(221,928,792)
Proposed interest on members' deposits	264,771,452	232,247,581
Proposed dividend on share capital	21,463,815	19,413,812
Proposed honoraria	6,325,352	5,665,157
Proposed staff bonus	3,162,676	2,832,579
	295,693,640	260,896,503
26 Share capital		
At start of the year	184,893,450	164,617,027
Issued during the year	19,523,838	20,276,423
At end of the year	204,417,288	184,893,450
27 Reserves		
Retained earnings	78,806,322	74,745,579
Statutory reserves	47,564,638	38,820,247
Revaluation reserves	170,283	170,283
	126,541,243	113,736,109

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023

28 Related party/ insider transactions

a) Management salaries	<u>36,418,167</u>	<u>34,511,248</u>
b) Board of directors Honoraria & sitting allowance		
Justus Munyithya: Chairman	778,147	620,911
Lawrence Mugambi: Treasurer	792,433	670,912
Philbert K. Nadebu: Vice Chairman	901,227	749,484
Kellen Njue: Hon. Secretary	740,234	678,055
Gladys Wamaita: Sec. Credit Committee	1,010,020	842,337
Boniface Mutwiri: Mbr. Credit Committee	1,099,585	899,484
Samuel Mwaniki: Chair. Credit Committee	1,134,750	992,341
Jackson Awele: Sec. Education Committee	762,213	556,625
Gad Gathu Kiragu: Mbr. Education Committee	791,334	642,340
Collins Wanderi: Chair. Supervisory	778,696	613,770
Joseph Makumi: Mbr. Supervisory	778,696	628,056
Salome Beacco: Sec. Supervisory	747,926	642,342
	<u>10,315,261</u>	<u>8,536,657</u>
c) Loans to staff		
As at start of the year	14,542,237	12,211,663
Disbursements during the year	16,765,191	16,919,304
Repayments during the year	<u>(14,037,482)</u>	<u>(14,588,730)</u>
As at the end of the year	<u>17,269,946</u>	<u>14,542,237</u>
d) Loans to board members		
As at start of the year	81,559,225	105,140,007
Disbursements during the year	68,330,479	19,494,000
Repayments during the year	<u>(49,112,194)</u>	<u>(43,074,782)</u>
As at the end of the year	<u>100,777,510</u>	<u>81,559,225</u>

28 Comparative figures

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

29 Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of the Directors' Report.

30 Contingencies

There were no contingencies during the period ended December 31, 2023 (2022: Nil)