

FARMER'S CHOICE REGULATED NON- WDT-SACCO LTD

**36TH ANNUAL GENERAL MEETING HELD ON 2nd MARCH 2024 AT P.C.E.A KAHAWA
FARMERS (MAZIWA) NAIROBI FROM 2PM**

PROGRAMME FOR THE DAY

<i>Registration of Members</i>
<i>Prayers and Introductions</i>
<i>Reading and confirmation of previous meeting minutes</i>
<i>Matters arising from previous year's minutes</i>
<i>The Management Report</i>
<i>The Supervisory Report</i>
<i>Presentation of Audited Accounts and Auditor's Report</i>
<i>Budgetary Review and Proposals</i>
<i>Resolutions</i>
<i>Elections</i>
<i>Any Other Business</i>
<i>Closing remarks and Vote of Thanks</i>

FARMER'S CHOICE REGULATED NON (WDT) SACCO SOCIETY LTD.

MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 1ST April, 2023

MEETING WAS HELD AT P.C.E.A KAHAWA FARMERS (MAZIWA) NRB

BOARD MEMBERS PRESENT

- 1, Samson Mulei - Chairman
- 2, Peter M. Manyi - Vice Chairman
- 3, Caroline Ohaya - Treasurer
- 4, Charles Keya - Secretary
- 5, Edward Muia
- 6, Nicholas Nzuki
- 7, Ronald Khwesa
- 8, Bernard Kiema

ABSENT WITH NO APOLOGY

- 1, Gabriel N'gethe

SUPERVISORY MEMBERS PRESENT

- 1, Ruth agichuki
- 2, Francis Mwaura
- 3, Josephat Masila

MINISTRY OFFICIALS PRESENT

- 1, Evelyne Werunga Presiding Officer
- 2, Shanis Karur Presiding Officer (Assistant)
- 3, Linus Agoro Auditor
- 4, Gregory Maweu Auditor (Assistant)

SACCO STAFF PRESENT

- 1, Eunice Wachichi C.E.O
- 2, Benson Muigai Accountant

Members present were 554 in total.

AGENDA

- 1, Confirmation of last A.G.M's Minutes
- 2, Presentation of Chairman's Report
- 3, Supervisory Board Report
- 4, Presentation of Audit Report for the year 2022 Balance Sheet
- 5, Budget Presentation for the year 2024
- 6, Mode of Dividends Payments
- 7, Election of Officials
- 8, A.O.B

Meeting started with word of prayer led by John Kiangai at exactly 14:15hours.

MIN 1, A.G.M 2023: CONFIRMATION OF LAST A.G.M's MINUTES

Secretary read out the previous minutes after which they were proposed by Geoffrey Gathogo and seconded by Tom Mboya for adoption. There were no matters arising brought forward for discussion after the adoption.

MIN 2, A.G.M 2023: PRESANTATION OF CHAIRMSN's REPORT

The presentation of this report was done by board Chairman himself whereby he started by reminding members that Sacco was holding its 35th A.G.M and that it was registered in the year 1987.

Report did indicate that there were some growth which were achieved during the end of 2022 compared to previous years which were marred by Covid-19 pandemic globally, he

then thanked members on behalf of the board members for their active and enthusiastic participation to make Sacco strong and steady.

On Sacco's key financial performance during the year 2022, report gave figures as listed below:-

YEAR 2021

YEAR 2022

-Share Capital --- Ksh. 4,108,000/- - Ksh. 4,356,000/- = +6%

-Members Deposits – Ksh. 343,700,000/- Ksh. 380,150,000/- = +10.6%

- Total Assets – 397,930,000/- Ksh. 441,300,000/- = +10.8%

- Gross Loan Portfolio- Ksh. 359,140,000/- Ksh. 374,990,000/- = +4.4%

- Interests on members dpts- Ksh. 34,370,000/- Ksh. 38,000,000/- = +10%

- Interests on Loans Ksh. 38,930,000/- Ksh. 42,180,000/- = +8.3%

- Dividends on Co-op Bank shares Ksh. 3,064,000/- Ksh. 2,950,000/- = -3.6%
20,000 @100

-Interests on CIC Money markets Ksh. -- Ksh. 1,400,000/- 0%

- Monthly check off collection Ksh. 16,600,000/- Ksh. 17,800,000/- = 7.2%

- Active Membership -- 2017 ----- 2146 = +6.4%

- Dormant Membership ---- 63 ----- 63 ---

On benevolent fund, report explained that the fund is usually used as an internal insurance cover to cover loan in the event of member's death. The funds account stood at Ksh. 11,500,000/- in the 2022 compared to Ksh. 10,100,000/- in the year 2021. During the year, Ksh. 343,125/- was used to offset loan balances of one member known as Nahashon Kimeli who passed on during the year and also that Ksh. 30,000/- was spent on Millicent Nduta's burial arrangements. In view of the above, members were urged to always periodically be updating their next of kin details in order to avoid any dispute which may arise during payments after the death.

On investments, chairman said that during the year "2022" Sacco embarked on investing in money market fund through C.I.C as a way of generating income on deposits. Report indicated that the fund had made an impact on growth of interests on deposits and that by December 31st 2022 Sacco had already invested Ksh. 50,000,000/- into the fund.

As a Non-withdrawable deposits taking Sacco and fully registered by SASRA, members were reminded that by the law, Sacco was required to comply with all the regulatory requirements. One of the requirements which Sacco had not complied with by that time was that of capital adequacy ratio and report proposed that for Sacco to achieve that ratio, then members were to agree either to reduce dividends pay-out or each and every member to adjust their share capital from Ksh. 2,000/- to Ksh. 20,000/- by end of December 2023. It was then concluded that every member to adjust by either way of toping up by paying cash Ksh. 18,000/- or the board will be left with no option but to transfer from the deposits to share capital. The core capital adequacy ratio ratings was given as shown below:-

<i>Core capital ratio</i>	<i>Standard</i>	<i>2021</i>	<i>2022</i>
Core capital/Total Assets	8%	2%	2%
Core capital/Total Deposits	5%	2%	2%

Report further indicated that Sacco Board led by Chairman was committed to disbursing loans to members promptly when applied for without favour or discrimination in order to uplift the social economic conditions of all members. Chairman urged members to always save and borrow wisely and not to rush to the commercial financial institutions for loans whose interests on loans are higher than the ones offered by the Sacco.

He concluded his report by telling members that honesty and discipline in loan application form should be adhered to by all members and also that Sacco was in the

process of introducing new products and once done members will be notified accordingly. After report presentation, it was proposed by Zackary Waweru and seconded by Elisha Ingosi for confirmation. There was no matter or question raised from the Chairman's report.

MIN 3 A.G.M 2023: SUPERVISORY BOARD REPORT

Ruth Gichuki did the presentation of this report. On their report, the supervisory board started by informing members the role they perform on daily basis, roles which involves monitoring and verifying the operations of the Sacco as required by the cooperative Laws, to coordinate with management board to ensure the smooth running of the Sacco on daily basis and to critically analyse record keeping while properly executing the oversight mandate.

On loans disbursement to members, the board reported that members were extremely happy with the way loans were being processed without too much delay, of which the quick disbursement of loans was as a result of members increasing their monthly savings. However, there were some members who were still saving below the minimum required amount of Ksh 1000/- who were urged to increase their savings in order to reach the minimum required amount as indicated above. She told members that there has been complains from members in regards to the three months window period for guarantor ship, it was reported that the three months window period was necessary to avoid over guarantying and to reduce the risk of huge loses in case of loan repayment default.

About education to members meeting, the board was very disappointed with members that their attendance to such meetings when organised are always very low. It was reported that only 41 members attended last education members meeting. Therefore members were urged to come up with ideas which can help sort out the issue of large number of absentee during such meetings. The board then proposed that one education to members meeting

be held in Rose mark Uplands during the year 2023. On strategic plan, the management board was requested to engage experts who can help Sacco to come up with written strategic plan for may be three (3) or four years (4). While winding up report, chairlady told members that as required by law the supervisory board report was prepared by the input of all the three members of that board. She finally winded up by delivering to members a quote by J.F Kennedy which says that:- ***"Efforts and courage are not enough without direction and purpose"***

After reading the report, it was proposed by Tom Mboya and seconded by Damaris Gathii for adoption.

During reaction time on the report, Elisha Ingosi suggested that those members who will be attending education to members meetings in the future should always be paid an allowance of Ksh. 1000/- each for attending the meeting. He continued to tell members that this will be a way of motivating/encouraging members to attend those meetings. After a brief discussion on the suggestion the Chairman told him that the suggestion cannot work since the said money must first be factored into the budget and be passed by the Annual General Meeting, and that even if passed by the A.G.M such budget might contribute into low payment on dividends. The matter was left to rest at that point.

MIN 4 A.G.M 2023: PRESENTATION OF AUDIT REPORT FOR THE YEAR 2022

BALANCE SHEET

This report was delivered by Linus Agoro who is a private Auditor. Before report reading, he first of all introduced himself to members. After report presentation, it was then proposed by Susan Kioko and seconded by Catherine Nyaguthie for confirmation.

After the adoption of the report, David Thiomi asked the Chairman whether it was possible for the Sacco to be sharing copies of the report (on soft copies) may be two weeks earlier prior to the A.G.M date. Chairman responded that the matter will be discussed by board members during their meeting. Linus Wafula noted an error on the report whereby it was erroneously reported that Charles Keya as the treasurer and Caroline Ohaya as the secretary while it was supposed to be vice versa, an error which was regretted by the auditor and apologised to members. A member by the name Zachary Waweru wanted to know more about share capital of Ksh. 20,000/- which one must maintain at all times. This was explained to him by the auditor very clearly that even if a member decides to leave or resign from Sacco, then his/her share capital cannot be refunded back but can only either be sold to another member or transfer the same to another member. If not so, then the shares can still be maintained and will still continue earning dividends yearly. Zackary Waweru again asked whether it was possible for Management Board to be calling SASRA to be sending their representatives during A.G.M, so that members can get opportunity to engage them one on one regarding some regulations which were introduced by the regulatory body. He was told by the Chairman that SASRA cannot be called during the A.G.M and that the body was a regulator. The only meeting which they can be called to attend is may be Education to members meeting.

MIN 5 A.G.M 2023: BUDGET PRESENTATION FOR THE YEAR 2024

The budget reading was done by treasure herself Caroline Ohaya. After presenting the budget, Fredrick Onyango proposed and Francis Muiruri seconded for confirmation. The first member to react on the report was David Thiomi by asking why the budget allocation on office rent was so high. He was told that Sacco had rented a second office within the neighbourhood and that the allocation was justified. He again urged Chairman that it was high time

Sacco should start doing everything digital or rather going paperless on all its operations. Chairman told him that the process has already started by way of paying loans to members through E.F.T and that digital operations will be adopted systematically. Several questions were asked and answered by the Chairman accordingly.

MIN 6 A.G.M 2023: MODE OF DIVIDENDS PAYMENT

This agenda was conducted by Evelyn Werunga. She started by advising members that there was no short cut when it comes to achieving the required share capital of Ksh. 20,000/- and that it was a requirement for it to be done. On digital migration, she advised that it can be done gradually.

The following resolutions were discussed and passed by members unanimously as listed below:-

- Members categorically agreed that whoever would have not reached the share capital of Ksh. 20,000/-by December 31st 2023, then the whole amount will be deducted from one's deposits.
- The declared dividends be paid out as cash to members, Stephen Mugimi proposed and Charles Suda seconded for confirmation.
- Private/External Auditor Linus Agoro to continue auditing Sacco's books of accounts.
- Honorarium to the board members was to be paid as how was declared on the Audit report.

MIN 7 A.G.M 2023: ELECTIONS

Elections was conducted by the returning officer Evelyn Werunga. She first started by reminding members election policies of the sacco and what makes one to qualify to be elected into the management board.

She then called upon all the retiring board members as follows:-

1, Caroline Ohaya

2, Nicholas nzuki

3, Ronald Khwesa

All the retiring board members were elected back unopposed, this was confirmed by being proposed by Tom Mboya and seconded by Edward Mugo respectively. After that was done, it was now time to elect one member to fill the position left vacant by Gabriel Ng'ethe who resigned from the board during the year.

The following members names were proposed to the floor for one to be elected into the board:-

1, Damaris Gathii – proposed by Dorothy Nkirote and seconded by Kenneth Kairu.

2, Zackary Waweru – proposed by Joseph Kabungu and seconded by Nicholas Maina

3, Peter Kimani Mondo – proposed by Gilbert Irungu and seconded by William Gachau

4, Jane Wanjiku – proposed by Stephen Mugimi and seconded by Lydia Muthoni

After nominating the four candidates, there was an attempt by Peter Kimani's supporters to force his way to the voting process after it was confirmed by the C.E.O that his savings did not reach the required threshold of Ksh. 400,000/- as

clearly stipulated on the election policy whereby the election for that position was narrowed down to two nominees only (Damaris Gathii and Jane Wanjiku) after all other nominees were technically knocked out due to various technicalities on election policies.

After elections were conducted, results were as follows:-

1, Damaris Gathii ----- 63 votes

2, Jane Wanjiku ----- 51 votes

Therefore Damaris Gathii was elected with majority votes to join the Management Board.

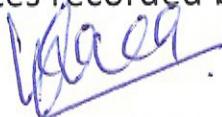
MIN 8, A.G.M 2023; A.O.B

The was no A.O.B discussed.

There being no other A.O.B to be discussed, meeting ended at 17:25hours with a word of prayer led by Kenneth Kairu.

Meeting was chaired by Samson Mulei.

Minutes recorded by Charles Keya



Charles Keya (Board Secretary)

FARMERS CHOICE SACCO

CHAIRMANS REPORT

Dear members, ladies and gentlemen, today our Sacco marks the 36th AGM since its inception.

The year that ended 31st Dec 2023 had its challenges especially, to members being affected by finance bill 2023 and high inflation greater than 7%. All in all, we sailed through it successfully.

From the board which I have privilege to lead, I take this opportunity to thank you for your unwavering support.

1. SACCO PERFORMANCE

Key financial highlights

	2022	2023	% +/-
Share capital	Ksh.4.35M	Ksh.34.7M	+ 697.06 %
Members deposits	Ksh.380.1M	Ksh. 388.6M	+2.24%
Total assets	Ksh.441.2M	Ksh.491.2M	+11.3%
Gross loan portfolio	Ksh.368.8M	Ksh.379.4M	+2.89%
Benovelenet fund:	Ksh. 11.58M	Ksh.13.18M	+13.72%
Interest on loans	Ksh.42.18M	Ksh.46.88M	+11.14%
Interest on members deposits	Ksh.38.0M	Ksh.37.0M	-2.63%
Dividends on share capital	Ksh.0.5M	Ksh. 3.8M	+664%
Dividends on Co-op bank shares (20,000@ksh.100	Ksh.2.95M	Ksh.4.4M	+49.65%
CIC money market investment	Ksh.49.4M	Ksh.88.2M	+78.62%
Interest on CIC money market investment	Ksh.1.40M	Ksh.5.84M	+315.27%
Monthly check off collection (Average)	Ksh.17.2M	Ksh.17.6M	+2.3%
Retained reserves + earnings	Ksh.4.882M	Ksh.11.76M	+40.92%

2. MEMBERSHIP

The active membership recorded was 1611 and 679 non-deposit contributing shareholders. The active membership increased from 1530 in 2022 to 1611 in 2023 translating to 5.3% increment. The dormant shareholders remained 679.

We would urge members to encourage more new members to join our Sacco and those who have left to take commercial bank loans to reconsider rejoining.

3. BENEVOLENT FUND

This fund stood at Ksh.13.1M in 2023 an increase of 1.6M UP FROM Ksh.11.587M in 2022.

During the year 2023, Ksh. 304,482 was used to offset loans and burial expenses of our two members who passed on (the late Millicent Nduta and the late John Kiago)

STATUTORY RATIOS (COMPLIANCE TO SASRA)

The government through Sacco regulator SASRA has various safeguards enshrined in statutory ratios which we are supposed to comply with. Our Sacco has been largely compliant except now for one ratio – the Retained earnings + reserves/ Core capital. The only way to achieve this is by retaining a certain percentage of interests earned on members deposits and share capital. This will translate to lower rebate and dividend payout from this year until we achieve the standard ratio of 50%.

CAPITAL ADEQUACY RATIOS

RATIO	STANDARD %	2022	2023	YES/NO
Core capital/total assets	8%	2%	9%	YES
Core capital/total deposits	5%	2%	12%	YES
Retained earnings/core capital	50%	53%	25%	NO
Liquidity ratio	10%	16%	23%	YES

4. LOANS SECURITY/ GUARANTORSHIP

We want to advice members that guarantor ship is a contract and as such has legal implications/ consequences and should be taken seriously and not seen as merely an act of appending signature. Currently the Co-operative tribunal is very active and helpful for members with guarantor ship disputes (Re-insurance plaza 11th and 12th floor Nairobi)

the Sacco is looking critically for the use of Tittle Deeds and Log Books (MV) as collateral for Sacco loans. This will be advised once the policy is revised and put in place.

5. STRATEGIC PLAN AND POLICIES

The Sacco has put in place a strategic plan of 5years (2024-2028). This detailed Booklet is available in our offices and will guide our Sacco to greater heights. Detailed policies have also been revised and put in place to guide our Sacco be compliant with Sacco societies act 2008.

6. CONCLUSION

The Sacco is working hard to introduce new products to suit members, as we discourage members to rush to high interest commercial Bank loans. The Sacco has also increased the repayment period of development loans from 48 months to 60 months from this year. We will

be sending dividends and related slips by Email from next year. We therefore ask all members to give their Email addresses to the Sacco office.

It is nice to be important but it is important to be nice.

Thank you

God bless you

S. MULEI

FARMERS CHOICE SACCO
SUPERVISORY COMMITTEE REPORT
FOR YEAR ENDED 31st DECEMBER 2023

The Chairperson, Farmers Choice Sacco,
Co-operative officials,
Committee members
Ladies and gentlemen

Good afternoon,

This is the 36th anniversary of our SACCO. We are grateful to God as He's the one who has sustained us. We are grateful to the Almighty for sustaining us this far. We know of many SACCOs that have gone under, but even in these hard times, we are still standing strong.

OVERVIEW

The supervisory committee is an arm of the Board members whose main duty is to monitor and verify the operations of the SACCO as required by the Cooperatives Laws. It is comprised of three persons duly elected by members to coordinate with the Management committee in running the daily SACCO affairs and interactions with the office. The members expect the committee to critically analyse record keeping while properly executing the oversight mandate.

EDUCATION DAY

This year's education day was planned to be held at Rosemark Division. However, due to Biosecurity this was cancelled. We are hopeful that in 2024, permission will be granted so that we can be able to reach our members in those sites.

Members at Farmers' Choice and Choice meats are urged to take advantage of the education days where important information about the Sacco, and comparative performance with other giant Saccos is given. Members also learn how to invest with the loans they take and the dos and don'ts when investing.

EFFECTS OF BANK LOANS

There are members who are leaving the Sacco to take loans from the banks. It is best for members to note that with this economy, bank loans are very expensive. Many are lured by the longer repayment periods and unsecured loans. Members are reminded that the repayment period for our Sacco was extended from 48 months to 60 months. Members can now afford to take bigger loans with flexible repayments.

SUPERVISORY COMMITTEE REPORT FOR FCL SACCO 36TH AGM

Members are requesting the CMC to consider other forms of acceptable collateral like Title deeds, log books etc to be able to secure loans. A majority of other sacco societies have long adopted this diversity attracting more members and growing revenues. This will save members the hustle of going around looking for guarantors and may entice them not to go for bank loans. Members are willing to meet legal search and power of attorney fees where the collateral is used.

SASRA officials have given the greenlight to execute this avenue as a way of products diversification so as to make SACCOs more competitive by luring members who want to cover their loans with own assets as opposed to guarantors who in some cases have defaulted resulting in painful losses from members shares' portfolios.

EFFECT OF AFFORDABLE HOUSING DEVELOPMENT LEVY

Following the introduction of the AFL, members who could not meet the "50% of basic" rule had their Sacco contribution reduced. This had a negative effect on the monthly EFT done to the Sacco. We are hopeful that this will be discontinued so that members can be able to contribute all they can.

WRAP UP

We wish the entire Farmers Choice Sacco fraternity success and good health in 2024 as we aspire to become a Sacco of choice.

This report was prepared by the Farmers Choice Sacco Supervisory Committee to satisfy the requirements of the law, and as members, to offer our input towards the betterment of the Sacco.

We look forward to continuous and harmonious working relationship, for the growth of Farmers Choice Sacco.

Chairperson
Ruthie - 27/02
Ruth Gichuki

Secretary
Steve Mwaura
26/02/24

Member
Josphat Masha.
Mashael



**FARMERS CHOICE REGULATED NON-WDT
SACCO SOCIETY LIMITED. - CS/4877**

**ANNUAL REPORTS
AND
FINANCIAL STATEMENTS**

FOR YEAR ENDED 31ST DECEMBER 2023



Auditors:
Agoro & Associates
Certified Public Accountants of Kenya
P.O. Box 43819 - 00100
NAIROBI
Cell: 0704 021957, 0721 729345

***Farmers Choice Regulated Non-WDT Sacco Society Limited - CS / 4877
Annual report and financial statements***

For the year ended 31st December 2023

SOCIETY INFORMATION

1 Board of Directors:

Chairman	Mr. Samson Mulei Mwania
Vice-Chairman	Mr. Peter Manyi Munge
Treasurer	Ms. Carolyne Anyango Ohaya
Hon. Secretary	Mr. Charles Keya Otieno
Member	Mr. Edward Mbithi Muia
Member	Mr. Nicholas Kiio Nzuki
Member	Mrs. Damaris Wangari Gathii
Member	Mr. Bernard Ndunda Kiema
Member	Mr. Ronard Abakala Khwesa

2 Supervisory Board.

Chairperson	Ms. Ruth Nyaguthii Gichuki
Hon. Secretary	Mr. Stephen Mark Mwaura
Member	Mr. Josephat Nzioki Masila

3 Chief Executive Officer

Ms. Eunice Wachichi Gichohi
P.O. Box 47791 - 00100
NAIROBI.

4 REGISTERED OFFICE

Farmers Choice NW-DT Sacco Society Ltd
Camteck Building - Kahawa West
P.O. Box 47791 - 00100
NAIROBI.

5 BANKERS

Co- operative Bank Of Kenya
Co-op house Branch
NAIROBI.

6 AUDITORS

Agoro and Associates
Certified Public Accountants (K)
P.O. BOX 43819 - 00100
NAIROBI
E-mail: agoroandassociates@yahoo.com

Report of the Management Committee:

The Board of Directors submits their annual report together with the audited financial statements for the year ended 31 December 2023.

1. Incorporation:

The Society is incorporated in Kenya under the Co-operative Societies Act, Cap. 490 and is licenced under Societies Act no.14 of 2008 and is domiciled in Kenya.

2. Principal activity:

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

3. Results:

	2023 Kshs	2022 Kshs
Surplus before tax	12,375,887	1,918,359
Income tax expense	(876,324)	(211,028)
20% Transfer to Statutory Reserve fund	(2,299,913)	(341,466)
Net surplus after tax	9,199,650	1,365,865
Interest on members' deposits	37,000,000	38,000,000

4. Dividend and interest on members deposits:

The Board of Directors recommends payment of Interest on members' deposits at the rate of 9.52%(2022:10%) and dividends on share capital at 11%(2022:11%)

5. Management Committee members :

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

6. Auditors:

The auditors, Agoro and Associates, have indicated their willingness to continue in office and hereby offer themselves for reappointment in accordance with Sacco Societies Act no.14 of 2008

By order of the Board .



Hon. Secretary

Nairobi.

	2023	2022
Membership:		
Active	1,611	1,530
Dormant Share holders	679	679
	<u>2,290</u>	<u>2,209</u>
Staff: Female	2	2
Male	1	1
Financials:	Kshs	Kshs
Total assets	491,223,493	441,238,160
Member's deposits	388,668,615	380,159,732
Loans and Advance to members	379,468,976	368,802,881
Core capital	46,481,502	9,238,000
Share capital	34,720,000	4,356,000
Retained earnings & disclosed reserves	11,761,502	4,882,000
Statutory reserve	5,575,284	3,275,372
Retained Surplus	6,186,218	1,606,628
Cummulative loan impairment	7,664,547	6,188,603
Total revenue	57,260,640	45,291,955
Total expenses	7,884,754	6,780,447
Key ratios:	Min. ratio	
Capital adequacy ratio:		
Core capital/ total assets	8%	9%
Core capital/ total deposits	5%	12%
Retained earnings & disclosed reserves/Core Capital	50%	25%
Liquidity ratio:		
Liquid asset/total deposit and Short term liabilities	10%	25%
Operating efficiency:		
Total expenses/total revenue	14%	15%
Interest on member deposits/total revenue	65%	84%
Interest rate on member deposits	9.52%	10%
Dividends on member Shares	11%	11%
Total non-performing loans/gross loans portfolio	0.5%	0.5%
Total Deliquency Loans/Gross loan portfolio	99.95%	99.95%

Farmers Choice Regulated Non-WDT Sacco Society Ltd - CS/4877

Annual report and financial statements

For the year ended 31st December 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Sacco Societies Act No. 14 of 2008 requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Society at the end of the financial year and its profit and loss for that year. It also requires the directors to ensure that the Society keeps proper accounting records that are sufficient to show and explain the transactions of the society; that disclose, with reasonable accuracy, the financial position of the Society and that enable them to prepare financial statements of the society that comply with the International Financial Reporting Standards and the requirements of the Sacco Societies Act. The directors are also responsible for safeguarding the assets of the society and for taking responsible steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Sacco Societies Act No. 14 of 2008. They also accept responsibility for:

- i) Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) Selecting and applying appropriate accounting policies; and
- iii) Making accounting estimates and judgements that are reasonable in the circumstances

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Society as at 31st December 2023 and the society's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Sacco Societies Act No. 14 of 2008.

In preparing these financial statements the directors have assessed the society's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the society will not remain a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on..... 22/02/2024 and signed on its behalf by:

CHAIRMAN Samuel SECRETARY Yoseph

TREASURER John BOARD MEMBER Reverend Mary

DATE 22/02/2024

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF FARMERS CHOICE REGULATED NON-WDT SACCO SOCIETY LIMITED

Opinion

We have audited the financial statements of Farmers Choice Regulated Non-WDT Sacco Society Limited, set out on page 8 to 21, which comprise the statement of financial position as at 31st December 2023, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Sacco as at 31st December 2023, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the Sacco Societies Act No. 14 of 2008 except for the information as stated in the Key Audit matters and as mentioned in the management letter to the management.

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 Society in accordance with both the ICPAK's Code of Ethics for Professional Accountants (ICEPA) that is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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.

1. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended 31st December 2023. We communicated these matters to the directors, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and informing our opinion thereon, and we do not express a separate opinion on these matters. The key audit matters are summarised below:

i) Fixed Assets register.

As required by the Law, the Sacco is supposed to keep an upto date registers for all its Assets both for tangible and Intangible even though this was not availed during our audit process for verification as required, the purchase receipts were available.

We consider this a key audit matter given that failure to keep the said register may lead to the Sacco loosing control of its assets.

How our audit addressed the key audit matter

Our audit procedures involved the following audit; we confirmed the exixtence of the said assets by checking on the acquisition documents as well as verifying their exixtence through the reports generated.

2. Other Information

The directors are responsible for the other information. The other information comprises the Directors report as required by the Sacco Societies Act No. 14 of 2008. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF FARMERS CHOICE REGULATED NON-WDT SACCO
SOCIETY LIMITED**

In connection with our audit of the financial statements, our responsibility is to review 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 material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard

3. Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and requirements of the Sacco Societies Act No. 14 of 2008 and for such internal control as 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 Sacco'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 Sacco or to cease operations, or have no realistic alternative but to do so.

4. 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and professional scepticism throughout the planning and performance of 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.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF FARMERS CHOICE REGULATED NON-WDT SACCO
SOCIETY LIMITED**

- 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 Sacco's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- 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 Sacco'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 Sacco to cease to continue as a going concern.

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Sacco to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Sacco audit. We remain solely responsible for our audit opinion.

We communicated 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 Legal and Regulatory Requirements.

As required by the Sacco Societies Act No. 14 of 2008, we report to you that the financial statements are in agreement with the books of accounts kept by the society and that, based on our audit, nothing has come to our attention that causes us to believe that the Society's business has not been conducted:

- i) In accordance with the provisions of the Sacco Societies Act No. 14 of 2008
- ii) In accordance with the Co-operative Society's objectives, by-laws and any other resolutions made by the Society at a general meeting.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Linus Otieno Agoro - P/No 2225.



Farmers Choice Regulated Non-WDT Sacco Society Limited - CS /4877
Annual report and financial statements
For the year ended 31st December 2023

Statement of Comprehensive Income:

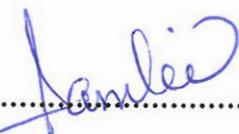
	Notes:	2023 Kshs	2022 Kshs
Revenue			
Interest on loans to members	2	46,883,392	42,185,759
Interest from Investments	3	5,842,160	1,406,851
Interest expenses	9	(37,000,000)	(38,000,000)
Net Interest Income		15,725,552	5,592,609
Other operating income	4	4,535,088	3,106,196
Net Income		20,260,640	8,698,805
Governance expenses	5	1,329,360	1,114,000
Personnel expenses	6	3,415,660	3,176,081
Administrative expenses	7	1,454,342	739,544
Other operating expenses	8	209,447	78,930
Impairment on loans	13(a)	1,475,944	1,671,892
Total Expenses		7,884,754	6,780,447
Net surplus before tax		12,375,887	1,918,358
Income tax expenses	23	(876,324)	(211,028)
Net surplus for the year		11,499,563	1,707,331
20% transfer to statutory reserve		(2,299,913)	(341,466)
Retained surplus for the year		9,199,650	1,365,865

Farmers Choice Regulated Non-WDT Sacco Society Limited - CS /4877
Annual report and financial statements
For the year ended 31st December 2023

Statement of Financial Position

	Notes:	2023 Kshs	2022 Kshs
ASSETS			
Cash and cash equivalents	10	2,179,997	1,797,041
Investments	11	90,249,012	51,406,851
Receivables and prepayments	12	17,371,100	17,758,229
Loans to members	13	379,468,976	368,802,881
Property, plant and equipment	14	1,954,408	1,538,856
TOTAL ASSETS		491,223,493	441,303,858
LIABILITIES			
Members' deposits	15	388,668,615	380,159,732
Interest on members' deposits	16	37,000,000	38,000,000
Payables and accruals	17	391,027	798,399
Sundry Creditors	18	9,407	9,407
Benevolent Fund	19	13,176,617	11,587,292
Tax payable	23	876,324	211,028
TOTAL LIABILITIES		440,121,991	430,765,858
EQUITY			
Share capital	20	34,720,000	4,356,000
Reserves	21	16,381,502	6,182,000
TOTAL EQUITY		51,101,502	10,537,999
TOTAL LIABILITIES & EQUITY		491,223,493	441,303,858

The financial Statements on pages 8 - 21 were approved by the Board of Directors on and signed on its behalf by:-

CHAIRMAN.....  SECRETARY..... 

TREASURER.....  DATE..... 22/04/2024.....

The notes set out on pages 12 to 21 form an integral part of these financial statements.

Statement of Changes in Equity:

	Share capital Kshs	Statutory reserve Kshs	Proposed Dividends, Honoraria and Staff bonus	Retained Surplus Kshs	Total Kshs
Year ended 31 Dec. 2023:					
As at 1.1.2023	4,356,000	3,275,372		1,300,000	1,606,629
Additions	30,364,000	-			30,364,000
Surplus for the year	-	-		12,375,887	12,375,887
Provision for tax	-	-		(876,324)	(876,324)
Transfer to statutory reserve	-	2,299,913		(2,299,913)	-
Dividends, Honoraria and Staff Bonus paid			(1,300,000)		(1,300,000)
Proposed Dividends	-	-	3,820,000	(3,820,000)	-
Proposed Staff Bonus	-	-	300,000	(300,000)	-
Proposed honoraria	-	-	500,000	(500,000)	-
As at 31.12.2023	34,720,000	5,575,284	4,620,000	6,186,218	51,101,563
Year ended 31 Dec. 2022:					
As at 1.1.2022	4,108,000	2,933,906		650,800	1,540,764
Additions	248,000	-			248,000
Surplus for the year	-	-		1,918,359	1,918,359
Provision for tax	-	-		(211,028)	(211,028)
Transfer to statutory reserve	-	341,466		(341,466)	-
Dividends, Honoraria and Staff Bonus paid			(650,800)		(650,800)
Proposed Staff Bonus	-	-	300,000	(300,000)	-
Proposed honoraria	-	-	500,000	(500,000)	(500,000)
Proposed dividends	-	-	500,000	(500,000)	(500,000)
As at 31.12.2022	4,356,000	3,275,372	1,300,000	1,606,629	9,538,000

Farmers Choice Regulated Non-WDT Sacco Society Limited - CS /4877
Annual report and financial statements
For the year ended 31st December 2023

Statement of Cash flows:

	Notes:	2023 Kshs	2022 Kshs
Cash flow from operating activities:			
Interest receipts	2	46,883,392	42,185,761
Other operating receipts	4	114,000	152,000
Interest expenses	9	(38,000,000)	(34,371,208)
Payments to employees and suppliers	22	(6,069,363)	(4,913,626)
		2,928,029	3,052,926
(Increase)/Decrease in operating assets			
Loans to members	13	(12,200,699)	(14,178,872)
Trade receivables and prepayments	12	387,129	(1,242,729)
Increase/(Decrease) in operating liabilities			
Members deposits	15	8,508,883	36,447,650
Benevolent fund	19	1,589,325	1,448,275
Honararia paid	17	(500,000)	(150,000)
Staff bonus paid	17	(300,000)	(90,000)
Trade Payables and accrued expenses	17	(57,399)	(201,970)
		355,268	25,085,280
Income tax paid	23	(211,028)	-
		144,240	23,827,415
Cash flow from investing activities:			
Purchase of Investments	11	(38,842,160)	(49,406,851)
PPE acquisition	14	(625,000)	(310,000)
Interest received CIC Money market fund	3	5,842,160	1,406,851
Dividends from Co-op bank	4	4,421,088	2,954,196
		(29,203,912)	(45,355,804)
Cash flow from financing activities:			
Share capital contributions	20	30,364,000	248,000
Dividebds paid		(921,372)	(410,000)
		29,442,628	(162,000)
Net decrease in cash and cash equivalents		382,956	(21,691,189)
Cash and cash equivalents at the beginning of the year	10	1,797,041	23,488,230
Cash and cash equivalents at the end of the year	10	2,179,997	1,797,041

Notes to the Financial Statements:

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set below:-

(a) Basis of preparation

The financial statements of the society have been prepared in accordance and comply with the International Financial Reporting Standards (IFRS) and the Sacco Societies Act No. 14 of 2008. The financial statements are prepared under the historical cost convention and are expressed in Kenya Shillings.

(b) Going Concern

Based on the financial performance and position of the Sacco and its risk management policy the directors are of the opinion that the Sacco will be in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis

(c) Revenue Recognition

Revenue is derived substantially from Sacco business and related activities and comprises of interest income and non-interest income. Income is recognized on accrual basis in the period in which it is earned.

(i) Interest

Interest income and expense for all interest-bearing instruments are recognized in the profit and loss as it accrues considering the effective interest rate of the asset or any applicable floating rate

The effective interest rate is the rate that discounts the estimated future cash flows through the expected life of financial asset or liability.

(ii) Dividend Income

Dividend income is recognized once the shareholders right to receive payment has been confirmed.

(d) Property, Plant and Equipment:

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Costs includes expenditures that directly attributable to the acquisition of the asset.

Depreciation:

Property, plant and equipment are stated at cost less depreciation.

Depreciation is calculated on a reducing balance basis to write off the assets over their estimated useful lives at the following annual rates:

Software	20%
Furniture, Fitting & Equipment	12.5%
Computer & Accessories	30%

Depreciation methods, useful lives and residual values are reassessed and adjusted, if appropriate at each reporting date.

(ii) Subsequent Costs.

The cost of replacing a component of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Sacco and its cost can be measured reliably.

The costs of the day-to day servicing of property and equipment are recognized in profit or loss as incurred.

Notes to the Financial Statements (Continued)

(e) Intangible Assets -Softwares

Computer software's licenses are stated at cost less accumulated amortization and accumulated impairment losses.

The cost incurred to acquire and bring to use specific computer software licenses are capitalized. The costs are amortized on a straight-line basis over the expected useful lives using annual rate of 20% and are recognized in the profit and loss.

Costs associated with maintaining the software are recognized as an expense as incurred.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed when incurred.

Amortization methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate

(f) Statutory Reserve Fund:

Transfers are made to the statutory reserve fund at the rate of 20% of the net operating surplus after tax in compliance with the provision of section 47(1 &2) of the Co-operative Societies Act, Cap 490. This reserve is not distributable.

(g) Share capital and members' deposits:

The first Kshs 20,000/= is treated as share capital i.e 2000 ordinary shares of Kshs 20/= each. Any other contribution is treated as members' deposits.

(h) Financial Assets and Liabilities

(i) Recognition

The Sacco recognizes the loans, deposits and advances on the date which they originated. All other financial instruments are recognized on the trade date which is the date the Sacco becomes a party to the contractual provisions of the instrument.

All financial Asset or financial liability is measured initially at fair value plus for an item not at fair value through profit and loss transactions that are directly attributable to its acquisition or issue.

(ii) Classification

The Sacco classifies its financial assets into the following categories.

Loans and Receivables

Loans and Receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market.

They arise when the Sacco provides money directly to borrowers (Sacco members). They are recognized at the date the money is disbursed to the borrower.

Amortized cost is calculated using the effective interest rate method. The amortization is included in the interest income.

Notes to the Financial Statements (Continued)

Held - to- Maturity

These are financial assets with fixed or determinable payments and fixed maturities that the Sacco's management has a positive intention and ability to hold to maturity.

The sale of a significant amount of held-to maturity assets would taint the entire category leading to reclassification as available for sale. These assets are held at cost.

Financial Liabilities

The Sacco classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost.

Derecognition

A financial asset is derecognized when the Sacco loses control over the contractual rights that comprise that asset. This occurs when the rights are realized, expire or are surrendered.

A financial liability is derecognized when its contractual obligations are discharged or cancelled or expires.

Held-to-maturity instruments and loans and receivables are derecognized on the day they are repaid in full or when they are transferred by the Sacco to a third party.

Offsetting

Financial assets and liabilities are offset, and the net amount reported on the statement of financial position when there is a legally enforceable right to set-off the recognized amount and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously

(i) Identification and measurement of impairment of financial assets

At each reporting date, the Sacco assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset than can be estimated reliably

The Sacco considers evidence of impairment at both a specific asset and collective level.

All individually significant financial assets are assessed for specific impairment.

All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortized cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Sacco on terms that the Sacco would not otherwise consider, indications that a borrower or issuer will enter Sacco bankruptcy, the disappearance of an active market for a security, would not otherwise consider, indications that a borrower or issuer will enter Sacco bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Notes to the Financial Statements (Continued)

In assessing collective impairment, the Sacco uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling.

Default rate, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Losses are recognized in profit or loss and reflected in an impairment account against loans and advances

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and present value of Interest on the impaired asset continues to be recognized through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss

(j) Income tax expense

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of a previous year.

Deferred tax is recognized on all temporary differences between the carrying amounts of financial assets and financial liabilities for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable profit.

Deferred tax is calculated on the basis of the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a

Notes to the Financial Statements (Continued)

(k) Employee benefits

Employee entitlements to bonuses recognised when they accrue to employees. A bonus payment of 100% of the basic annual salary is paid to employee at the end of each successfully completed year

The Sacco also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to a minimum Kshs. 400 per employee per month

(ii) Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Sacco has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(l) Cash and cash equivalents

For the purpose of presentation of the cash flows in the financial statements the cash and cash equivalents include cash and balances with banks available to finance the Sacco's day-to-day operations 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

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

(m) Provisions for liabilities and other charges

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

The amount recognized of the obligation as a provision is the best estimate consideration required to settle the present obligation as at the reporting date taking into account the risks and uncertainties surrounding the obligation.

(n) Comparatives

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

	2023 Kshs	2022 Kshs
2. Interest on loans to members		
Interest on loans to members	46,883,392	42,185,759
	46,883,392	42,185,759
3 Interest from Investments		
Interest from CIC money market	5,842,160	1,406,851
	5,842,160	1,406,851
4. Other operating income:		
Entrance fees	114,000	152,000
Dividends from Co-op Bank	4,421,088	2,954,196
Total	4,535,088	3,106,196

Notes to the Financial Statements (Continued)

	2023 Kshs	2022 Kshs
5 Governance expenses		
Committee allowances	539,635	510,000
Committee training	243,000	178,000
Members education	256,725	152,000
AGM expenses	290,000	274,000
	1,329,360	1,114,000

The auditable part of Directors Committee allowances during the year, as paid out were as per below

Schedule based on the meetings attended.

Board Members:

	Position	Kshs
1 Mr. Samson Mulei Mwania	Chairman	58,667
2 Mr. Peter Manyi Munge	Vice - Chair	52,800
3 Mrs. Carolyne Anyango Ohaya	Treasurer	52,800
4 Mr. Charles Keya Otieno	Secretary	52,800
5 Mr. Edward Mbithi Muia	Member	42,534
6 Mr. Nicholas Kiiro Nzuki	Member	41,067
7 Ms. Damaris Wangari Gathii	Member	30,697
8 Mr. Bernard Ndunda Kiema	Member	41,067
9 Mr. Ronald Abakala Khwesa	Member	41,067
1 Supervisory Committee Members:		
2 Ms. Ruth Nyaguthii Gichuki	Chairperson	42,534
3 Mr. Stephen Mark Mwaura	Secretary	42,534
4 Mr. Josephat Nzioki Masila	Member	41,067
		539,635

This payments were made based on attendance register for the meetings as per the minutes.

6 Personnel expenses

Salaries and wages	3,340,000	3,176,081
Other cost	75,660	
Total	3,415,660	3,176,081

7 Administrative expenses

Printing and stationery	65,650	77,110
Staff transport & travel expenses	76,000	69,500
Sasra annual expenses	30,000	30,000
Bank charges	80,002	70,794
Telephone & postage	52,000	46,500
Licences & permits	45,000	45,000
Consultancy expenses	320,000	25,000
Internal Audit	232,000	
Ushirika day expenses	20,000	20,000
Housing Levy	26,190	
Utility expenses (Electricity)	36,000	18,600
Audit fees	130,000	116,000
Office rent	276,000	144,000
Repairs & maintenance	15,000	-
Office expenses	50,500	77,040
Total	1,454,342	739,544

Notes to the Financial Statements (Continued)

	2023 Kshs	2022 Kshs
8 Other operating expenses:		
Depreciation	209,447	78,930
Total	209,447	78,930
9 Interest expenses:		
Interest on members deposits	37,000,000	38,000,000
	37,000,000	38,000,000
10 Cash and cash equivalents:		
Co-op bank current account	1,603,411	1,584,363
Co-op bank savings account	64,981	78,181
Co-op bank - BBF account	61,382	56,882
Cash in hand	1,414	2,914
Paybill account	448,809	74,700
Total	2,179,997	1,797,041
11 Investments		
CIC Money market	88,249,012	49,406,851
20,000 Shares in Co-op Bank @ 100/= each	2,000,000	2,000,000
	90,249,012	51,406,851
12 Receivables and Prepayments		
Employer - Farmers Choice	17,277,704	17,676,833
Ex-member - Joshua Mwangi Nganga	54,396	54,396
Rental deposits	36,000	24,000
Electricity deposit	3,000	3,000
	17,371,100	17,758,229
13 Loans to Members		
Balance b/f	374,991,484	359,140,720
Add: Issued during the year	221,595,866	195,045,639
Deposits Offsets	(9,102,973)	(179,194,875)
Less: Repayments during the year	(200,350,854)	(6,188,603)
Gross total loans	387,133,523	374,991,484
Less: provision for loan impairment	(7,664,547)	(6,188,603)
Net loans	379,468,976	368,802,881
a) Movement in loan impairment provision		
At start of the year	6,188,603	4,516,711
Impairment provision for the year	1,475,944	1,671,892
At end of the year	7,664,547	6,188,603

Notes to the Financial Statements (Continued)

YEAR 2023

Ageing of loans and advances

Performing loans

Watch loans (1-30 days in arrears)

Substandard loans (31-180 days in arrears)

Doubtful loans (181-360 days in arrears)

Loss (over 360 in arrears)

Total

YEAR 2022:

Performing loans

Watch loans (1-30 days in arrears)

Substandard loans (31-180 days in arrears)

Doubtful loans (181-360 days in arrears)

Loss (over 360 in arrears)

no.of accents	Rate	Kshs	
		Loan balance	Provision
1870	1%	370,864,124	3,708,641
58	5%	8,718,654	435,933
47	25%	4,843,243	1,210,811
4	50%	796,678	398,339
23	100%	1,910,824	1,910,824
2002		387,133,523	7,664,548
-		374,991,484	6,107,221

These loans have been secured by members' deposits hence reducing the credit risk exposure. The security provided is adequate to recover all the loans issued.

14 Property, plant and equipment : - Pg 20 (a & b)

15 Members' deposits

Opening balance

Add: Contributions during the year

Transfer to share capital

Offsets to loans

Less: Refunds

Closing balance

16 Interest on members' deposits and savings

Opening balance

Add: Provision for the year

Less: Payments during the year

Total payable

17 Payables and accruals:

Audit fees and related charges

Unclaimed dividends

Total

	2023 Kshs	2022 Kshs
	1,954,408	1,538,856
	380,159,732	343,712,082
Add: Contributions during the year	58,693,547	55,365,180
Transfer to share capital	(30,344,000)	
Offsets to loans	(9,102,973)	
Less: Refunds	(10,737,691)	(18,917,530)
Closing balance	388,668,615	380,159,732
	38,000,000	34,371,208
Add: Provision for the year	37,000,000	38,000,000
Less: Payments during the year	(38,000,000)	(34,371,208)
Total payable	37,000,000	38,000,000
	130,000	116,000
	261,027	682,399
Total	391,027	798,399

14 a) Property, Plant & Equipment Schedule

COST	Office Equipment Kshs	Office Furniture Kshs	Office Cabinet Kshs	Computer & Accessories Kshs	Mobile Phone Kshs	Power Backup Kshs	Totals Kshs.
YEAR 2023							
As at 1st January	603,842	178,954		627,841	10,000	40,000	1,460,637
Additions	98,500	96,000	55,500	375,000	-	-	625,000
	702,342	274,954	55,500	1,002,841	10,000	40,000	2,085,637
Depreciation							
Accumulated 1st January	12.5%	12.5%	12.5%	30.0%	30.0%	30.0%	30.0%
Charge for the year	256,208	108,741		604,234	8,319	20,400	997,901
Accumulated 31st December	55,767	20,777	6,938	119,582	504	5,880	209,447
NBV as at 31st December 2023	311,975	129,518	6,938	723,816	8,823	26,280	1,207,349
NBV as at 31st December 2022	390,367	145,436	48,563	279,025	1,177	13,720	878,288
	347,634	70,213		23,607	1,681	19,600	462,736
YEAR 2022							
As at 1st January	293,842	178,954	-	627,841	10,000	40,000	1,150,637
Additions	310,000	-	-	-	-	-	310,000
	603,842	178,954	-	627,841	10,000	40,000	1,460,637
Depreciation							
Accumulated 1st January	12.5%	12.5%	12.5%	30.0%	30.0%	30.0%	30.0%
Charge for the year	206,546	98,710	-	594,116	7,599	12,000	918,970
Accumulated 31st December	49,662	10,031	-	10,118	720	8,400	78,931
NBV as at 31st December 2022	256,208	108,741		604,234	8,319	20,400	997,901
NBV as at 31st December 2021	347,634	70,213		23,607	1,681	19,600	462,736
	87,296	80,244	-	33,725	2,401	28,000	231,666

b) Software

Cost

	2023		2022
	1,076,120		1,076,120

The Software is yet to be programmed and put to use by the Society thus not amortised.

Notes to the Financial Statements (Continued)

	2023 Kshs	2022 Kshs
18 Sundry Creditors		
David Kibet Langat	3,500	3,500
Ben Thuku Gatiaga	907	907
John Ngigi Mbuthia	5,000	5,000
	9,407	9,407
19 Benovelen fund:		
Balance b/f	11,587,292	10,139,017
Receipts	1,893,807	1,821,500
Payments	(304,482)	(373,225)
Balance c/f	13,176,617	11,587,292
20 Share Capital:		
Opening balance	4,356,000	4,108,000
Add: Contributions during the year	20,000	248,000
Transfer from deposits	30,344,000	
Closing balance	34,720,000	4,356,000
21 Reserves:		
Statutory reserve	5,575,284	3,275,372
Proposed honoraria	500,000.00	500,000
Proposed Staff Bonus	300,000.00	300,000
Proposed dividends on share capital	3,820,000.00	500,000
Retained Surplus	6,186,218	1,606,628
Total	16,381,502	6,182,000
22 Payments to employees and suppliers:		
Total expenses for the year	7,884,754	
Less: Provisions		
Audit fees and related charges	(130,000)	
Loan loss provision	(1,475,944)	
Depreciation	(209,447)	
Actual payments during the year	6,069,363	
23 Tax Computation		
Taxable income		
Interest from CIC Money Market Fund	5,842,160	1,406,851
Taxable interest income @ 50%	2,921,080	703,426
Tax thereon @ 30%	876,324	211,028
Balance b/f	211,028	-
Less: Tax paid	(211,028)	-
Net Tax payable	876,324	211,028

Notes to the Financial Statements (Continued)

	2023 Kshs
24 Insider dealings	
Board Loans	
As at Start of the year	6,467,298
Loan granted	1,340,000
Repayment	(1,427,721)
As at end of the year	6,379,577
Staff Loans	
As at Start of the year	1,890,958
Loan granted	2,150,000
Repayment	(1,297,752)
As at end of the year	2,743,206
Loan to board and members of staff was granted at armslength and is well repaid as per the credit policy	
Other disclosure	
Board Honoraria	500,000.00
Committee expenses	539,635.00
Staff bonus	300,000.00
Staff salaries	3,415,660
	4,755,295

**FARMERS CHOICE REGULATED NON-WDT
SACCO SOCIETY LIMITED.
BUDGET FOR YEAR 2024**

	APPROVED BUDGET 2023 KSHS	ACTUALS YEAR 2023 KSHS	APPROVED BUDGET 2024 KSHS	AMENDED BUDGET 2024 KSHS	PROPOSED BUDGET 2025 KSHS
INCOME (A)					
INTEREST INCOME					
Interest from loans	45,000,000.00	46,327,319.36	45,000,000.00	50,960,000.00	53,360,000.00
Interest from household loans	600,000.00	556,073.00	600,000.00	600,000.00	660,000.00
TOTAL	45,600,000.00	46,883,392.36	45,600,000.00	51,560,000.00	54,020,000.00
OTHER OPERATING INCOME					
Entrance Fees	180,000.00	114,000.00	180,000.00	180,000.00	180,000.00
Dividend(Bank Shares)	3,600,000.00	4,421,088.00	3,600,000.00	5,200,000.00	5,500,000.00
Income from CIC money market	2,000,000.00	5,842,160.00	3,000,000.00	6,700,000.00	7,370,000.00
TOTAL	5,780,000.00	10,377,248.00	6,780,000.00	12,080,000.00	13,050,000.00
TOTAL INCOME(A)	51,380,000.00	57,260,640.36	52,380,000.00	63,640,000.00	67,070,000.00
EXPENDITURE (B)					
PERSONNEL EXPENSES					
Salaries	3,400,000.00	3,426,190.00	3,800,000.00	4,796,690.00	5,040,750.00
Provision for Staff Bonus	300,000.00	300,000.00	350,000.00	350,000.00	385,000.00
TOTAL	3,700,000.00	3,726,190.00	4,150,000.00	5,146,690.00	5,425,750.00
ADMINISTRATION EXPENSES					
Printing & Stationery	100,000.00	65,650.00	100,000.00	100,000.00	110,000.00
External Audit Fees	150,000.00	130,000.00	200,000.00	200,000.00	220,000.00
Legal & Professional fees	150,000.00		150,000.00	150,000.00	165,000.00
Travelling & Subsistence	100,000.00	76,000.00	100,000.00	100,000.00	110,000.00
Electricity Charges	30,000.00	36,000.00	40,000.00	45,000.00	49,500.00
Office Rent	180,000.00	276,000.00	360,000.00	360,000.00	396,000.00
Telephone & Internet services	100,000.00	52,000.00	100,000.00	100,000.00	110,000.00
Office Expences	100,000.00	50,500.00	100,000.00	100,000.00	110,000.00
Internal Audit Fees	250,000.00	232,000.00	280,000.00		
Consultancy expenses		320,000.00		350,000.00	385,000.00
Sasra renewal	30,000.00	30,000.00	60,000.00	60,000.00	66,000.00
Ushirika Day Celebrations	30,000.00	20,000.00	30,000.00	30,000.00	33,000.00
Nairobi City Council	70,000.00	45,000.00	70,000.00	70,000.00	77,000.00
TOTAL	1,290,000.00	1,333,150.00	1,590,000.00	1,665,000.00	1,831,500.00