

FARMER'S CHOICE REGULATED NON- WDT-SACCO LTD

37TH ANNUAL GENERAL MEETING HELD ON 22ND MARCH 2025 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>

**MINUTES OF THE AGM HELD ON 02nd MARCH, 2024 MEETING WAS HELD AT
PCEA KAHAWA FARMERS CHURCH**

BOARD MEMBERS PRESENT

1. Samson Mulei ----- Chairman
2. Peter Manyi ----- V. Chairman
3. Caroline Ohaya ----- Treasurer
4. Charles Keya ----- Secretary
5. Edward Muia ----- Member
6. Nicholas Nzuki ----- Member
7. Bernard Kiema ----- Member
8. Damaris Gathii ----- Member
9. Ronald Khwesa ----- Member

SUPERVISORY MEMBERS PRESENT

1. Ruth Gichuki ----- Chairlady
2. Stephen Mwaura ----- Secretary
3. Josephat Masila ----- Member

SACCO STAFF PRESENT

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

MINISTRY OFFICIALS PRESENT

1. Dolphin Aremo (Director NRB County)
2. Roselyn Nyamache (Presiding Officer)

AUDITORS PRESENT

1. Linus Agoro
2. Gregory Maweu

MEMBERS PRESENT

Total Membership present was ----- 654

AGENDA;

1. Confirmation of last AGM's Minutes
2. Presentation of Chairman's Report
3. Supervisory Board Report
4. Presentation of Audit Report for the year 2023
5. 5, Budget Presentation for the amended 2024 & proposed 2025
6. Resolutions
7. Elections
8. A.O.B

Meeting started with a word of prayers led by Caroline Ohaya at exactly 15:00hours.

MIN 1, AGM 2024: CONFIRMATION OF LAST AGM's MINUTES

Secretary read out the previous minutes which were later on approved by Thomas Mwangi and seconded by Stephen Mugimi for adoption. There were no matters arising brought forward for discussion from the minutes by any member.

MIN 2, A.G.M 2024: PRESENTATION OF CHAIRMAN's REPORT

This report was delivered by board Chairman himself Mr. Samson Mulei. The chairman started by notifying members that Sacco was holding its 36th A.G.M since inception, and also informed members that there were a lot of challenges during the year (2023) especially after the passage of finance bill by parliament of Kenya which resulted into high rate of inflation which had increased by 7%. Report indicated that despite all the challenges members still managed to sail through no matter how difficult the situation was during the year.

On Sacco's financial performance during the year 2023, report gave figures as listed below:-

	YEAR 2022 (KSH)	YEAR 2023 (KSH)	%+/-
Share Capital	4.35M	34.7M	+697.06%
Members deposits	380.1M	491.2M	2.24%
Total Assets	441.2M	491.2M	+11.3%
Gross Loan Portfolio	368.8M	379.4M	2.89%
Benevolent Fund	11.58M	13.18M	+13.72%
Interest on Loans	42.18M	46.88M	+11.14%
Interest on member's deposits	38.0M	37.0M	-2.63%
Dividends on Share Capital	0.5M	3.8M	664%
Dividends on Co-op Bank- Shares (20,000 @ksh.100)	2.95M	4.4M	+49.65%
CIC Money market investment	49.4M	88.2M	+78.62%
Interests on CIC Money Market investment	1.40M	5.84M	+315.27%
Monthly check off collection	17.2M	17.6M	+2.3%
Retained reserves + earnings	4.882M	11.76M	+40.92%

On membership, the report did indicate that active membership which was recorded during the year was **1611** and that **679** non-deposit contributing shareholders were recorded, therefore new membership in total which was recorded during the year was **1611** in the year 2023 up from **1530** in the year 2022 a number which translated to 5.3% and dormant membership shareholders remained at **679**. Mr. Mulei urged members to launch a massive membership recruitment exercise to encourage more members to register their membership with the Sacco and also to those who left Sacco for commercial bank loans to reconsider and to renew their membership.

On Benevolent fund, Chairman said that the fund account balance stood at **ksh. 11.5m** in the year 2022 compared to **ksh. 10.1m** in the year 2021. A total of **ksh. 304,482/-** was spent to offset loan balances and also **ksh. 30,000/-** was paid to each family to support on burial preparations of two members who passed on during the year. The two deceased members' names were given as Millicent Nduta and Nahashon Kimeli (May their souls Continue Resting in Peace)

On statutory ratios Compliance as required by SASRA, the report said that the Kenyan government through the Sacco regulator SASRA has various safeguards enshrined in statutory ratios which our Sacco is supposed to comply with fully. Chairman indicated that our Sacco has largely complied except just for one ratio –

the Retained earnings + reserves/Core capital, and the only way to achieve this was by retaining a certain percentage of interests earned from members deposits and share capital respectively, he however said that the process will translate to lower rebate and dividend pay-out on the year 2023 until Sacco achieves the standard ratio of 50% as required.

The Capital Adequacy Ratios performance figures were given as listed below:-

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

On loans/security and guarantorship, report reminded members that guarantorship is a contract and such has legal implications or consequences and that it should be taken seriously and not just to be seen as merely an act of appending signature. Chairman told members that Co-operative tribunal was very active and helpful when it comes to solving matters pertaining to loan guarantor and loan defaulter stand-off and that the tribunal court is situated at Re-insurance plaza building (11th and 12th floors) respectively (Nairobi CBD). He however said that Sacco was critically analysing the use of Tittle deeds and Motor vehicle log books as collateral for loans in future, though this would be advised once the policy has been revised and put in place. About strategic plan, chairman said that Sacco had put in place a plan for a period of five years starting from year 2024 to year 2028. Detailed policies had also been revised and put in place in order to guide Sacco to be fully compliant with Sacco society's act 2008.

On conclusion, our chairman told members that the board was working very hard to introduce more products to suit them and the Sacco Board of Directors was making every effort to discourage members from rushing to borrow high interests rates commercial Bank Loans. Sacco had also increased the maximum loan repayment period from 48 months to 60 months starting from the year 2024 January. He finally concluded by telling members that starting year 2025 Sacco through its secretariat office will be sending dividends payslips and any other

related slips to members through emails, he therefore urged all members to forward their email addresses to the secretariat office in Kahawa west for ease of facilitation of the process.

After report was read, it was adopted by Elisha Ingosi as a proposer and John Kiangai seconder respectively.

Reactions from the report, a member by the name Linus Wafula proposed that in future and going forward Farmer's Choice Ltd (Human Resources Dep) should always be notifying Sacco's Board of Management in case of any Sacco-member (staff) leaves employment with the company in order to see whether part of the final dues can settle the loan balances. This was in regards to saving the guarantors from more burdens in the event someone defaults paying the loan in full. Chairman told him that it was not possible to attach anyone's final dues when leaving employment because it was against the laws of Kenya. Stephen Mugimi on the issue of guarantorship told members that to always be very careful and to be doing due diligence before guaranteeing one another. A member by the name Peter Njoroge wanted to know more about dormant membership. He was told that dormant membership were members who terminated their membership although Sacco was still holding their share capital and so in this case they only have two options of either disposing or selling off their share capitals to any existing Sacco member. Elisha Ingosi questioned about the usage of newly rented secretariat office, he was answered that the new office was mostly being used by the Internal auditor and again that in the near future the office shall be so useful to the Sacco in case of any expansion. At this juncture, the Nairobi County co-operative director (who came into the meeting a little bit late) Madam D. Aremo was called by the chairman to introduce herself.

MIN 3, AGM 2024: SUPERVISORY BOARD REPORT

This report was presented by Ruth Gichuki. Report started by notifying members that Sacco was holding its 36th A.G.M as indicated above on Chairman's report and that members should be grateful to God for keeping their Sacco alive despite most of the Sacco's closing doors around the country. She explained to members the mandate of the supervisory board and how it executes its duties whereby the

main one being to monitor and verify the operations of the Sacco as required by the Cooperative Laws. Report also did explained to members how supervisory members were elected into office and subsequently constituting the same office.

On education to member, chairlady said that one meeting was scheduled to be held at uplands Rose-mark division during the year but it did not take place due to Biosecurity in the area which prompted the meeting to be cancelled at the very last minute, however she was optimistic that one will be held in the year 2024 if the site management will grant permission to the board. Therefore members were urged to always be attending such meetings when called by the board, because it's the only time when one can get enlightened on matters to do with Sacco/loan management and even how to invest their loans. Report also cautioned members against acquiring bank loans as indicated above on chairman's report. They said that bank loans are always so expensive to repay back as compared to Sacco loan, considering their interest rates which are so exorbitant. She again reminded members that the maximum loan repayment period was increased from 48 months to 60 months beginning January 2024 and that members should take advantage of the period extension and to borrow more money from the Sacco.

On the issue of guarantorship, report proposed use of acceptable collaterals like Title deeds, Log boogs e.t.c to be able to secure loans. She said that most Sacco's have already introduced the system and that it was working very well to them. The system will attract more membership and will also make revenues to grow. She added that, when introduced the system may entice members not to go for bank loans and will again reduce the hustle of going around looking for guarantors. Report informed members that SASRA had already given Sacco's the greenlight to execute the avenue as a way of products diversification so as to make Sacco's 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 member's shares portfolio. On Affordable Housing Development Levy which was introduced by the Government during the year, report did note that it had adversely affected the monthly check-off collection due to most members not able to meet the 50% take home threshold of the basic salary as required by the company's payroll section after all the deductions are done. Nevertheless she was hopeful that the Levy might be discontinued in future

so that members can start saving much more money compared to before. When concluding their report, the committee wished all members good health and success in year 2024 as we aspire to become a Sacco of choice. They wrapped up by telling members that the report was collectively prepared by all the three members of supervisory. After the presentation of the report, Richard Ogire proposed and Erick Wasonga seconded respectively for confirmation.

Reactions from report came from Elisha Ingosi who still proposed as he did the same in the previous A.G.M that members who will be attending education to members meetings should at least always be rewarded with a token of ksh. 1000/- each for motivation. Chairman still stood on his ground and told him that it was not possible because that money has not been factored into the budget. However, Chairman said that Sacco has already started introducing some products like ruffle tickets games as was done during year 2023 education to members meeting and promised that more and more products will be introduced gradually.

MIN. 4, AGM 2024: PRESENTATION OF AUDIT REPORT FOR THE YEAR 2023.

Presentation of this report was done by Linus Agoro, but before he could embark on the delivery of the report he told members to have been very lucky for having Nairobi County Cooperative director to have attended their A.G.M. After reading the audit report, it was proposed by Francis Muiruri and seconded by Charles Suda for confirmation. During question time from the report, Francis Muiruri wanted to know what measures the board has put in place in order to achieve the 50% ratio as required by the regulatory body SASRA. Chairman answered him that the board was determined to do adjustments gradually until the required 50% shall be achieved. At this point madam Aremo was called upon to greet members and possibly give few remarks whereby she started by telling members that their Sacco was among the best managed within Kasarani sub county (Nairobi County) and also that Sacco was doing very well in terms of financial performance, she added that normally when someone sees that the meeting hall is not full to capacity then it was a clear indication that Sacco was being managed well by the Board of Directors. On SASRA issue, Madam Aremo reminded members that the body was introduced by the Government with core mandate of regulating and

supervising Saccos around the country. About dormant membership, she said that the issue should be looked into and to be solved once and for all. She also urged members to be saving good money and continuously thus good savings can save someone's situation at the time of need. Members were also informed that the highest saver in the country comes from Nairobi County with a total of **ksh. 120,000,000/-** savings, she said that her desire was to see many members owning shelters (Homes) both in urban area and Upcountry. Lastly she told members that as per the new election rules; one must undergo process of vetting first before being cleared to contest and to become a board member.

MIN 5, AGM 2024: PRESENTATION OF AMENDED BUDGET 2024 AND PROPOSED YEAR 2025.

Budget reading was done by Caroline Ohaya (Treasurer). After reading the budget, it was adopted by being proposed by Richard Ogire and seconded by Tom Mboya respectively. On budget reaction, Francis Muiruri asked a question concerning depreciation and also as to why there was a very huge variances as per the budget. Eunice answered him that it was because the expenses went a little bit higher during the year 2023. One member by the name John Kibe noticed some typing error on final figure on surplus, an error which was admitted by the Chairman and promised to rectify.

MIN 6, AGM: 2024; RESOLUTIONS

This agenda was conducted by the presiding officer herself. She started by emphasizing to members that everyone should be updating his/her nominee (Beneficiary) form regularly if need be. She encouraged members to be borrowing Sacco loans instead of going for bank loans because at the end, one will get paid dividends earned from the loan interests.

The following resolutions were discussed passed:-

- **Ksh. 37,000,000/- (9.5%)** to be paid out as Interest on members deposits. This proposed by Elijah Muturi and seconded by Mary Molewa for confirmation.
- **Ksh. 3,820,000/- (11%)** interest earned from shares of **ksh. 20,000/-** to be paid out to members. This was adopted by being proposed and seconded by Stephen Mugimi and Joseph Chege respectively.

- **Ksh. 300,000/-** to be paid out to Sacco staff members as bonus (Staff Bonus) Francis Muiruri proposed and Tom Mboya seconded for confirmation.
- **Ksh. 500.000/-** to be paid as honoraria to board members for the good job done through the year. Dorcas Wambui proposed and Josephat Mzungu seconded for adoption.
- External Auditor, Linus Agoro to continue auditing Sacco's books of accounts. This was confirmed by Peter Kinyua as a proposer and Thomas Mwangi seconder.
- Maximum loan repayment period to be increased to 60 months from 48 months period. Elizabeth Awiti proposed this, Elisha Ingosi seconded for confirmation.
- Collaterals such as Land Tittle Deeds, Motor Vehicle log Books can be used as a surety for loans. However, the land to be used as collateral should be within the municipality and valuation of either property must be conducted by registered property valuer. Henry Njoroge proposed and Francis Mande seconded for confirmation.

MIN 7, AGM 2024: ELECTION

The presiding officer took members through the Sacco's election policy as clearly stipulated on the bylaws. She then called upon members who made the applications for the advertised position which were to fall vacant during the A.G.M. Board members retiring names were as given below:-

1. Samson Mulei
2. Peter Manyi
3. Bernard Kiema

Members who forwarded their applications and subsequently faced the vetting panel, and then were cleared to go for elections were as follows:-

1. Samson mulei
2. Peter Manyi
3. Bernard Kiema

There being no other contender, all the applicants were elected into the board team unopposed.

1. Samson Mulei's election was confirmed by Wickliffe Maina as a proposer and Lucy Nungari seconder.
2. Peter Manyi's was proposed by Evanson Mwangi and seconded by Julius Karanja
3. Finally Bernard Kiema's election was adopted after being confirmed by Jeremiah Mutuku as a proposer and Caleb Mwongera seconder respectively.

Thereafter, presiding officer then conducted election on the supervisory committee board whereby there was also only one applicant to that position by the name Stephen Mwaura who also happened to be retiring from the board during that time. Again there being no other contender, he was also elected unopposed. Victor Ogolla and Florence Ireri proposed and seconded this respectively for adoption.

After elections were done, the presiding officer gave a chance to each elected member to say something to members.

- Samson mulei thanked members for re-electing him again into the board. He also reminded members how Sacco's share capital has been steadily growing over the years, which had grown from **ksh. 15,000,000/-** to current figure of **ksh. 300,000,000/-** for almost past over 20 years. He told members that nowadays for one to become a board member is not easy and that the process has become very competitive and it's no longer a joking matter. He finally finished by thanking members for support and trust which they have accorded the board for so many past years.
- Peter Manyi on his part also thanked members very much for giving him another term to serve in the board. He then reminded members to always be attending Education to members meetings whenever one is called by the board.
- Bernard Kiema, just thanked members for re-electing him back to the board again same to Stephen Mwaura.

The certificates of election were then awarded to all the four elected members by the presiding officer.

MIN 8, AGM 2024: AOB

Francis Muiruri notified meeting that most of the members of Farmers Choice Ltd Staff were not even aware of the existence of the Sacco within the institution. He therefore urged fellow members to go out there and launch a massive recruitment drive in order to bring on board those staff members who have not yet registered as Sacco members to register sooner than later.

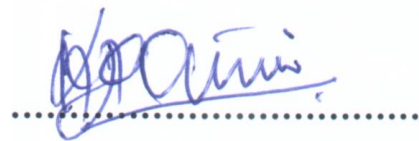
John Kibe wanted to know whether it was possible for a member to adjust his/her share capital from **ksh. 20,000/-** above. He was answered by the chairman that Sacco was still in the process of adjusting capital ratio; nevertheless one can still just go ahead and do a top up.

Tom mboya requested for an education to members meeting to be held in Eldoret later in the year if logistics will allow. He was told that the matter will be discussed during the board meeting which will be held later after the A.G.M.

There being no other business to be discussed, meeting ended at exactly 18:30hours with a word of prayer from Patrick Onyango Ohono.

Meeting was chaired by Samson Mulei

Minutes recorded by Charles Keya,



C. Keya.

(Board Secretary)

ANNUAL GENERAL MEETING HELD 15TH MARCH, 2025

CHAIRMANS REPORT

Dear members, ladies and gentlemen, today our Sacco marks 37th AGM since it was registered on 18th may 1987.

The year ended 31st December, 2024 most members faced significant economic challenges due to mandatory statutory deductions which often left them with a significantly reduced disposable income impacting their ability to borrow. Despite all this the Sacco performed considerably well during the year.

I take this opportunity to thank you for your commitment and dedication to see our Sacco succeed in all endeavors.

MEMBERSHIP

The active members recorded were 1723 and 649 Non deposit contributing shareholders in 2024. The active members increased by 112 up from 1611 in 2023 translating to 6.95% increment. The non-deposits contributing shareholders decreased to 649 in 2024 down from 679 in 2023, translating to 4.4% decrease.

We would like to ask our esteemed members to recruit more members and desist from being lured by commercial banks whose loans have high interest rates.

FINANCIAL HIGHLIGHTS

ITEM	2023	2024	+/- %
Share Capital	Ksh 34.7M	Ksh 36.9M	+6.34%
Members Deposits	Ksh 388.6M	Ksh 412.3M	+6.09%
Total Assets	Ksh 491.2M	Ksh 522.07 M	+6.32%
Gross Loan portfolio	Ksh 387.13 M	Ksh 405.7 M	+4.79%
Benevolent Fund	Ksh 13.18 M	Ksh 11.68 M	-11.38%
Interest on Members Deposits	Ksh 37.0 M	Ksh 39.0 M	+5.41%
Dividends on Share Capital	Ksh 3.8 M	Ksh 3.5 M	-7.89 %
Dividends on co-op bank shares	Ksh 4.4 M	Ksh 4.3 M	-2.27%
CIC MMF	Ksh 88.2 M	Ksh 100.2 M	+13.6%
Interest on CIC MMF	Ksh 5.84 M	Ksh 9.28 M	+58.3%
Monthly check off	Ksh 17.23 M	Ksh 17.95 M	+1.98%
Reserves	Ksh 11.76 M	Ksh 14.6 M	+24.1%
Interest on Loans	Ksh 46.88 M	Ksh 45.56 M	-2.82%
Loans Issued	Ksh 221.6 M	Ksh 207.7 M	-6.27%

Loans repaid	Ksh 209.5 M	Ksh 189.1 M	-9.74%
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BENEVOLENT FUND

This fund stood at Ksh 11.68 M in 2024 down from Ksh 13.18 M in 2023. During the year 2024

Ksh 3,324,951 was used for burial and loan offsetting for the following departed members;

1. Joyce Muia Kiilu
2. William Kamau
3. Edward Mugo
4. Moses Kamau(Uplands)
5. Grace Wanjiku
6. John Kiunye

May the good Lord rest their souls in eternal peace

STATUTORY RATIOS (COMPLIANCE)

Our Sacco has been largely compliant except now for one ratio which is the retained earnings and reserves to core capital. This will gradually be achieved by retaining sufficient amounts in our reserves and retained earning every year.

CAPITAL ADEQUACY RATIOS

RATIO	Standards	2022	2023	2024	Yes/No
Core capital/Total assets	8%	2%	9%	10%	Yes
Core capital/Total deposits	5%	2%	12%	12%	Yes
Retained Earnings/Core capital	50%	53%	25%	32%	No
Liquidity Ratio	10%	16%	16%	26%	Yes

LOANS SECURITY/GUARANTORSHIP

The law of contract (amendment) bill of 2019 was a bill that would have protected the guarantors from having their assets auctioned if the borrower defaulted on their loan. The bill would have required lenders to first try to recover the borrower's assets before going after guarantors. This however was not signed into law by the then president His Excellency Uhuru Kenyatta.

It still remains that the guarantors have to understand their roles and consequences of guaranteeing.

The management may decide the type of security acceptable for certain types of loans taking into consideration the product or member risk profile. In these cases a lawyer will be required for verification purposes and the lawyer charges will be borne by the borrower.

CONCLUSION

The Sacco has developed its own website whereby members can access all the information required about the Sacco (farmerschoicesacco.co.ke). Recently we participated in financial wellness at farmers Farmer's Choice north site premises and the response from the entire Farmer's Choice company fraternity was excellent.

I want all our members to know that our Sacco is NOT a member of Kuscco hence we were not under any circumstance affected by the losses of funds through investment with Kuscco

Meanwhile the co-operative bill 2024 is under review in the Senate and if passed it will radicalize how Sacco's operate

I finally leave you with a word of wisdom from One of Buffett's most famous quote, "Do not save what is left after spending; instead spend what is left after saving." This is the key to prioritizing savings. If you save first, then you will be able to eradicate the problem of not having sufficient amount of funds to save at the end of the month.

God bless you

Yours Faithfully

Samson Mulei
Chairman



Samson Mulei
Chairman

FARMERS CHOICE SACCO
SUPERVISORY COMMITTEE REPORT
FOR YEAR ENDED 31ST DECEMBER 2024

The Chairperson, Farmers Choice Sacco,

Co-operative officials,

Committee members

Ladies and gentlemen

Good afternoon,

This is the 37th 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; **evaluate** 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 DAYS

There has been a low turnout for education days. We encourage members to attend the sessions as they are very beneficial and empowering to them. This will minimize the numerous inquisitive questions that come up during the AGM.

Members have been proposing a monetary token to be included in the budget to entice ALL Sacco members to attend. In the last education day, attendees were awarded assorted gifts. The CMC is considering more diverse gratuities to spur future attendances.

COLLATERAL FOR LOANS SECURITY

During the last AGM, members had raised concern about how cumbersome it has become to get guarantor for loans applied and suggested use of other collateral assets as loan security.

CMC, in consultation with experts is looking into this matter considering that such documents need to be kept in a very secure place and bare legal and administrative costs. Some of the issues to be considered before this comes to force include

1. Where and how to securely keep the collaterals' intellectual documents and certificates.

SUPERVISORY COMMITTEE REPORT FOR FCL SACCO 37TH AGM

2. Identifying credible valuers who would not bow to corruption faking up asset values to the detriment of the Saccos' sustainability.

FINAL DUES

The company agreed to pay final dues for people leaving employment directly to the SACCO. Much as it may not settle the total loan, it will reduce the amount to be recovered from the guarantors in case of default.

The company also reverted back to "1/3 gross salary" take home from "50% of the Basic". This leaves more disposal income to members which they can commit to loans' repayments and savings.

WRAP UP

We thank God for the year 2024 and are looking forward to a prosperous 2025. This committee wishes to thank you members for trusting us with this office. We wish to confirm that we are available for any issues pertaining our SACCO.

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 and sustainability of the Sacco.

GOD BLESS YOU!!

Chairperson

Ruth Gichuki - 28/02

Ruth Gichuki

Secretary

Steve Mwaura

Member

Josphat Masila

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

**ANNUAL REPORTS
AND
FINANCIAL STATEMENTS**

FOR YEAR ENDED 31st December, 2024



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, 2024

SOCIETY INFORMATION

1 Board of Directors:

Chairman	Mr. Samson Mulei Mwanja
Vice-Chairman	Mr. Peter Manyi Munge
Treasurer	Ms. Carolyn 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 2024.

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

3. Results:

	2024 Kshs	2023 Kshs
Surplus before tax	10,177,696	12,375,886
Income tax expense	(1,391,860)	(876,324)
20% Tansfer to Statutory Reserve fund	(1,757,167)	(2,299,912)
Net surplus after tax	7,028,669	9,199,650
Interest on members' deposits	39,000,000	37,000,000

4. Dividend and interest on members deposits:

The Board of Directors recommends payment of Interest on members' deposits at the rate of 9.5%(2023:9.52%) and dividends on share capital at 9.5%(2023:11%)

5. Management Committee members :

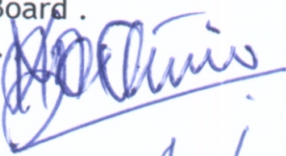
The members of Board of Directors who served during the year and to the date of this report are listed on page 1.

6. Auditors:

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

By order of the Board .

Hon. Secretary
 Nairobi.


 28/02/2025

Farmers Choice Regulated Non-WDT Sacco Society Limited – CS / 4877
Annual report and financial statements
For the year ended 31st December, 2024

	2024	2,023
Membership:		
Active	1,723	1,611
Dormant Share holders	649	679
	2,372	2,290
Staff: Female	2	2
Male	2	2
Financials:	Kshs	Kshs
Total assets	522,070,600	491,223,493
Member's deposits	412,291,709	388,668,615
Loans and Advance to members	396,551,797	379,468,976
Core capital	51,132,569	46,481,502
Share capital	36,985,230	34,720,000
Retained earnings & disclosed reserves	16,147,339	11,761,502
Statutory reserve	7,332,452	5,575,284
Retained Surplus	8,814,887	6,186,218
Cummulative loan impairment	9,191,792	7,664,547
Total revenue	59,273,928	57,260,640
Total expenses	10,096,232	7,884,754
Key ratios:	Min. ratio	
Capital adequacy ratio:		
Core capital/ total assets	8%	10% 9%
Core capital/ total deposits	5%	12% 12%
Retained earnings & disclosed reserves/Core Capital	50%	32% 25%
Liquidity ratio:		
Liquid asset/total deposit and Short term liabilities	10%	26% 25%
Operating efficiency:		
Total expenses/total revenue		17% 14%
Interest on member deposits/total revenue		66% 65%
Interest rate on member deposits		9.5% 9.52%
Dividends on member Shares		9.5% 11%
Total non-performing loans/gross loans portfolio		0.7% 0.5%
Total Delinquency Loans/Gross loan portfolio		4.75% 99.95%

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

Annual report and financial statements

For the year ended 31st December, 2024

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, 2024 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..... and signed on its behalf by:

CHAIRMAN

SECRETARY

TREASURER

BOARD MEMBER

DATE

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, 2024, 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, 2024, 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 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, 2024. 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 losing control of its assets.

How our audit addressed the key audit matter

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

AGORO AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS (K)
P.O BOX 43819 - 00100
NAIROBI

Date:.....



Farmers Choice Regulated Non-WDT Sacco Society Limited - CS /4877
Annual report and financial statements
For the year ended 31st December, 2024

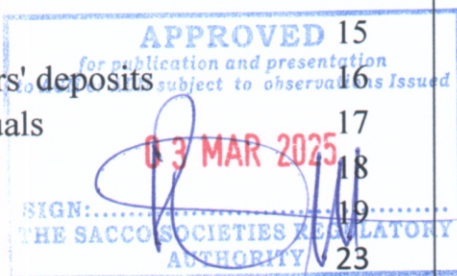
Statement of Comprehensive Income:

	Notes:	2024 Kshs	2023 Kshs
Revenue			
Interest on loans to members	2	45,568,904	46,883,392
Interest from Investments	3	9,279,064	5,842,160
Interest expenses	9	(39,000,000)	(37,000,000)
Net Interest Income		15,847,968	15,725,551
Other operating income	4	4,425,960	4,535,088
Net Income		20,273,928	20,260,639
Governance expenses	5	1,545,468	1,329,360
Personnel expenses	6	4,348,021	3,441,850
Administrative expenses	7	2,187,322	1,428,152
Other operating expenses	8	488,176	209,447
Impairment on loans	13(a)	1,527,245	1,475,944
Total Expenses		10,096,232	7,884,753
Net surplus before tax		10,177,696	12,375,886
Income tax expenses	23	(1,391,860)	(876,324)
Net surplus for the year		8,785,837	11,499,562
20% transfer to statutory reserve		(1,757,167)	(2,299,912)
Retained surplus for the year		7,028,669	9,199,650

Farmers Choice Regulated Non-WDT Sacco Society Limited - CS /4877
Annual report and financial statements
For the year ended 31st December, 2024

Statement of Financial Position

	Notes:	2024 Kshs	2023 Kshs
ASSETS			
Cash and cash equivalents	10	102,058,540	2,179,997
Investments	11	2,000,000	90,249,012
Receivables and prepayments	12	18,043,031	17,371,100
Loans to members	13	396,551,797	379,468,976
Property, plant and equipment	14	3,417,232	1,954,408
TOTAL ASSETS		522,070,600	491,223,493
LIABILITIES			
Members' deposits	15	412,291,709	388,668,615
Interest on members' deposits	16	39,000,000	37,000,000
Payables and accruals	17	162,169	391,027
Sundry Creditors	18	9,407	9,407
Benevolent Fund	19	11,682,886	13,176,617
Tax payable	23	1,391,860	876,324
TOTAL LIABILITIES		464,538,031	440,121,991
EQUITY			
Share capital	20	36,985,230	34,720,000
Reserves	21	20,547,339	16,381,502
TOTAL EQUITY		57,532,569	51,101,501
TOTAL LIABILITIES & EQUITY		522,070,600	491,223,493



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

CHAIRMAN.....*Samueli*.....SECRETARY.....*[Signature]*.....

TREASURER.....*[Signature]*.....DATE.....*25/02/2025*.....

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

Farmers Choice Regulated Non-WDT Sacco Society Limited - CS /4877
Annual report and financial statements
For the year ended 31st December, 2024

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. 2024:					
As at 1.1.2024	34,720,000	5,575,284	4,620,000	6,186,218	51,101,502
Additions	2,265,230	-		-	2,265,230
Surplus for the year	-	-		10,177,696	10,177,696
Provision for tax	-	-		(1,391,860)	(1,391,860)
Transfer to statutory reserve	-	1,757,167		(1,757,167)	-
Dividends, Honoraria and Staff Bonus paid			(4,620,000)		(4,620,000)
Proposed Dividends	-	-	3,500,000	(3,500,000)	-
Proposed Staff Bonus	-	-	350,000	(350,000)	-
Proposed honoraria	-	-	550,000	(550,000)	-
As at 31.12.2024	36,985,230	7,332,452	4,400,000	8,814,887	57,532,568
Year ended 31 Dec. 2023:					
As at 1.1.2023	4,356,000	3,275,372	1,300,000	1,606,629	10,538,001
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	-	2,299,912		(2,299,912)	-
Dividends, Honoraria and Staff Bonus paid			(1,300,000)		(1,300,000)
Proposed Staff Bonus	-	-	300,000	(300,000)	-
Proposed honoraria	-	-	500,000	(500,000)	-
Proposed dividends	-	-	3,820,000	(3,820,000)	-
As at 31.12.2023	34,720,000	5,575,284	4,620,000	6,186,218	51,101,563

Farmers Choice Regulated Non-WDT Sacco Society Limited - CS /4877
Annual report and financial statements
For the year ended 31st December, 2024

Statement of Cash flows:

	Notes:	2024 Kshs	2023 Kshs
Cash flow from operating activities:			
Interest receipts	2	45,568,904	46,883,392
Other operating receipts	4	147,000	114,000
Interest expenses	9	(37,000,000)	(38,000,000)
Payments to employees and suppliers	22	(7,940,812)	(6,069,363)
		775,092	2,928,029
(Increase)/Decrease in operating assets			
Loans to members	13	(18,610,066)	(12,200,699)
Trade receivables and prepayments	12	(671,931)	387,129
Increase/(Decrease) in operating liabilities			
Members deposits	15	23,623,094	8,508,883
Benevolent fund	19	(1,493,731)	1,589,325
Honararia paid	17	(500,000)	(500,000)
Unpaid dividends		45,993	
Staff bonus paid	17	(300,000)	(300,000)
Trade Payables and accrued expenses	17	(414,850)	(57,399)
Net cash from operating activities before tax		2,453,601	355,268
Income tax paid	23	(876,324)	(211,028)
Net cash from operating activities after tax		1,577,277	144,240
Cash flow from investing activities:			
Purchase of Investments	11	88,249,012	(38,842,160)
PPE acquisition	14	(1,951,000)	(625,000)
Interest received CIC Money market fund	3	9,279,064	5,842,160
Dividends from Co-op bank	4	4,278,960	4,421,088
Net cash from investing activities		99,856,036	(29,203,912)
Cash flow from financing activities:			
Share capital contributions	20	2,265,230	30,364,000
Dividebds paid		(3,820,000)	(921,372)
Net cash from financing activities		(1,554,770)	29,442,628
Net decrease in cash and cash equivalents		99,878,543	382,956
Cash and cash equivalents at the beginning of the year	10	2,179,997	1,797,041
Cash and cash equivalents at the end of the year	10	102,058,540	2,179,997

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.

	2024 Kshs	2023 Kshs
2. Interest on loans to members		
Interest on loans to members	45,568,904	46,883,392
	45,568,904	46,883,392
3 Interest from Investments		
Interest from CIC money market	9,279,064	5,842,160
	9,279,064	5,842,160
4. Other operating income:		
Entrance fees	147,000	114,000
Dividends from Co-op Bank Shares	4,278,960	4,421,088
Total	4,425,960	4,535,088

Farmers Choice Regulated Non-WDT Sacco Society Limited - CS /4877
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Notes to the Financial Statements (Continued)

	2024 Kshs	2023 Kshs
5 Governance expenses		
Committee allowances	599,988	539,635
Committee training	318,240	243,000
Members education	286,740	256,725
AGM expenses	340,500	290,000
	1,545,468	1,329,360
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 Mwanja	Chairman	64,163
2 Mr. Peter Manyi Munge	Vice - Chair	57,755
3 Mrs. Carolyn Anyango Ohaya	Treasurer	57,755
4 Mr. Charles Keya Otieno	Secretary	57,755
5 Mr.Edward Mbithi Muia	Member	46,525
6 Mr. Nicholas Kio Nzuki	Member	44,920
7 Ms. Damaris Wangari Gathii	Member	44,920
8 Mr. Bernard Ndunda Kiema	Member	44,920
9 Mr. Ronald Abakala Khwesa	Member	44,920
1 Supervisory Committee Members:		
2 Ms. Ruth Nyaguthii Gichuki	Chairperson	46,525
3 Mr. Stephen Mark Mwaura	Secretary	44,920
4 Mr. Josephat Nzioki Masila	Member	44,920
		599,999
This payments were made based on attendance register for the meetings as per the minutes.		
6 Personnel expenses		
Salaries and wages	4,290,085	3,340,000
Housing Levy	57,936	26,190
Other cost		75,660
Total	4,348,021	3,441,850
7 Administrative expenses		
Printing and stationery	101,230	65,650
Staff transport & travel expenses	68,080	76,000
Sasra annual expenses	30,000	30,000
Sasra Levy	388,669	
Data protection certificate	25,000	
Bank charges	65,005	80,002
Telephone & postage	54,000	52,000
Licences & permits	36,500	45,000
Consultancy expenses	146,000	320,000
Internal Audit	297,000	232,000
Income tax	311,157	
Board vetting	52,000	
Ushirika day expenses	-	20,000
Utility expenses (Electricity)	36,000	36,000
Audit fees	140,000	130,000
Office rent	288,000	276,000
Repairs & maintainance	57,240	15,000
Office expenses	91,441	50,500
Total	2,187,322	1,428,152

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Notes to the Financial Statements (Continued)

		2024 Kshs	2023 Kshs
8 Other operating expenses:			
Depreciation		488,176	209,447
Total		488,176	209,447
9 Interest expenses:			
Interest on members deposits		39,000,000	37,000,000
		39,000,000	37,000,000
10 Cash and cash equivalents:			
Co-op bank current account		854,766	1,603,411
Co-op bank savings account		63,781	64,981
Co-op bank - BBF account		46,982	61,382
Cash in hand		1,414	1,414
Paybill account		863,521	448,809
Deposits			
CIC Money market		100,228,076	88,249,012
Total		102,058,540	90,429,009
11 Investments			
20,000 Shares in Co-op Bank @ 100/= each		2,000,000	2,000,000
		2,000,000	2,000,000
12 Receivables and Prepayments			
Employer - Farmers Choice		17,949,635	17,277,704
Ex-member - Joshua Mwangi Nganga		54,396	54,396
Rental deposits		36,000	36,000
Electricity deposit		3,000	3,000
		18,043,031	17,371,100
13 Loans to Members			
Balance b/f		387,133,523	374,991,484
Add: Issued during the year		207,691,632	221,595,866
Deposits Offsets		(23,129,991)	(9,102,973)
Less: Repayments during the year	75,430.07	(165,951,575)	(200,350,854)
Gross total loans	405,668,159	405,743,589	387,133,523
Less: provision for loan impairment		(9,191,792)	(7,664,547)
Net loans		396,551,797	379,468,976
a) Movement in loan impairment provision			
At start of the year		7,664,547	6,188,603
Impairment provision for the year		1,527,245	1,475,944
At end of the year		9,191,792	7,664,547

Farmers Choice Regulated Non-WDT Sacco Society Limited - CS /4877
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Notes to the Financial Statements (Continued)

		Kshs	Kshs
	no.of accnts	Rate	Loan balance
YEAR 2024			
Ageing of loans and advances			Provision
Performing loans	1870	1%	389,092,511
Watch loans (1-30 days in arrears)	58	5%	7,068,818
Substandard loans (31-180 days in arrears)	47	25%	4,911,256
Doubtful loans (181-360 days in arrears)	4	50%	1,902,784
Loss (over 360 in arrears)	23	100%	2,768,220
Total	2002		405,743,589
YEAR 2023:			
Performing loans	1846	1%	370,864,124
Watch loans (1-30 days in arrears)	46	5%	8,718,654
Substandard loans (31-180 days in arrears)	33	25%	4,843,243
Doubtful loans (181-360 days in arrears)	2	50%	796,678
Loss (over 360 in arrears)	22	100%	1,910,824
	-		387,133,523
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.			
		2024 Kshs	2023 Kshs
14 Property, plant and equipment : - Pg 20 (a & b)		3,417,232	1,954,408
15 Members' deposits			
Opening balance		388,668,615	380,159,732
Add: Contributions during the year		61,176,540	58,693,547
Transfer to share capital			(30,344,000)
Offsets to loans		(23,129,991)	(9,102,973)
Less: Refunds		(14,423,455)	(10,737,691)
Closing balance		412,291,709	388,668,615
16 Interest on members' deposits and savings			
Opening balance		37,000,000	38,000,000
Add: Provision for the year		39,000,000	37,000,000
Less: Payments during the year		(37,000,000)	(38,000,000)
Total payable		39,000,000	37,000,000
17 Payables and accruals:			
Audit fees and related charges		140,000	130,000
Unclaimed dividends		22,169	261,027
Total		162,169	391,027

14 a) Property, Plant & Equipment Schedule

	Office Equipment Kshs	Office Furniture Kshs	Office Cabinet Kshs	Computer & Accessories Kshs	b) Software Kshs	Mobile Phone Kshs	Power Backup Kshs	Totals Kshs.
COST								
YEAR 2024								
As at 1st January	702,342	274,954	55,500	1,002,841	1,076,120	10,000	40,000	3,161,757
Additions	30,000	500,000		85,000	1,336,000	-	-	1,951,000
	732,342	774,954	55,500	1,087,841	2,412,120	10,000	40,000	5,112,757
Depreciation	12.5%	12.5%	12.5%	30.0%	30.0%	30.0%	30.0%	
Accumulated 1st January	311,975	129,518	6,938	723,816		8,823	26,280	1,207,349
Charge for the year	52,545.93	80,679.55	6,070.31	45,503.11	301,515.00	147.12	1,715	488,176
Accumulated 31st December	364,521	210,197	13,008	769,319	301,515	8,970	27,995	1,695,525
NBV as at 30th June, 2024	367,821	564,757	42,492	318,522	2,110,605	1,030	12,005	3,417,232
NBV as at 31st December 2023	390,367	145,436	48,563	279,025		1,177	13,720	878,288
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	-	1,002,841		10,000	40,000	2,085,637
Depreciation	12.5%	12.5%	12.5%	30.0%		30.0%	30.0%	
Accumulated 1st January	256,208	108,741		604,234		8,319	20,400	997,901
Charge for the year	55,767	20,777	6,938	119,582		504	5,880	209,447
Accumulated 31st March	311,975	129,518	6,938	723,816		8,823	26,280	1,207,349
NBV as at 31st December 2023	390,367	145,436	-	279,025		1,177	13,720	878,288
NBV as at 31st December 2022	347,634	70,213	-	23,607		1,681	19,600	462,736

b) Software	2024	2023
Cost		1,076,120

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

Farmers Choice Regulated Non-WDT Sacco Society Limited - CS /4877
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Notes to the Financial Statements (Continued)		2024 Kshs	2023 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 Benovelent fund:			
Balance b/f	13,176,617	11,587,292	
Receipts	1,831,320	1,893,807	
Payments	(3,325,051)	(304,482)	
Balance c/f	11,682,886	13,176,617	
20 Share Capital:			
Opening balance	34,720,000	4,356,000	
Add: Contributions during the year		20,000	
Transfer from deposits	2,265,230	30,344,000	
Closing balance	36,985,230	34,720,000	
21 Reserves:			
Statutory reserve	7,332,452	5,575,285	
Proposed honoraria	550,000.00	500,000	
Proposed Staff Bonus	350,000.00	300,000	
Proposed dividends on share capital	3,500,000.00	3,820,000	
Retained Surplus	8,814,887	6,186,218	
Total	20,547,339	16,381,502	
22 Payments to employees and suppliers:			
Total expenses for the year	10,096,232	7,884,754	
Less: Provisions			
Audit fees and related charges	(140,000)	(130,000)	
Loan loss provision	(1,527,245)	(1,475,944)	
Depreciation	(488,176)	(209,447)	
Actual payments during the year	7,940,812	6,069,363	
23 Tax Computation			
Taxable income			
Interest from CIC Money Market Fund	9,279,064	5,842,160	
Taxable interest income @ 50%	4,639,532.07	2,921,080	
Tax thereon @ 30%	1,391,860	876,324	
Balance b/f	876,324	211,027.65	
Less: Tax paid	(876,324)	(211,027.65)	
Net Tax payable	1,391,860	876,324	

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Notes to the Financial Statements (Continued)		2024 Kshs	2023 Kshs
24 Insider dealings			
Board Loans			
As at Start of the year		15,152,620	6,467,298
Loan granted		8,140,205	1,340,000
Repayment		(4,803,165)	(1,427,721)
As at end of the year		18,489,660	6,379,577
Board Deposits			
As at Start of the year		5,892,533	5,164,033
Contributions during the year		809,817	728,500
As at end of the year		6,702,350	5,892,533
Staff Loans			
As at Start of the year		2,743,206	1,890,958
Loan granted		10,000	2,150,000
Repayment		(984,520)	(1,297,752)
As at end of the year		1,768,686	2,743,206
Staff Deposits			
As at Start of the year		1,576,200	1,396,200
Contributions during the year		180,000	180,000
As at end of the year		1,756,200	1,576,200
Loan to board and members of staff was granted at armslength and is well repaid as per the credit policy			
Other disclosure			
Board Honoraria		550,000.00	500,000.00
Committee expenses		599,988.00	539,635.00
Staff bonus		350,000.00	300,000.00
Staff salaries		4,348,021	3,415,660
		5,848,009	4,755,295

FARMERS CHOICE REGULATED NON-WDT
SACCO SOCIETY LIMITED.
BUDGET FOR YEAR 2025-2026

	AMENDED BUDGET 2024 KSHS	ACTUALS YEAR 2024 KSHS	APPROVED BUDGET 2025 KSHS	AMENDED BUDGET 2025 KSHS	PROPOSED BUDGET 2026 KSHS
INCOME (A)					
INTEREST INCOME					
Interest from loans	50,960,000.00	45,262,526.00	53,360,000.00	48,500,000.00	50,000,000.00
Interest from household loans	600,000.00	306,378.00	660,000.00	450,000.00	500,000.00
TOTAL	51,560,000.00	45,568,904.00	54,020,000.00	48,950,000.00	50,500,000.00
OTHER OPERATING INCOME					
Entrance Fees	180,000.00	147,000.00	180,000.00	180,000.00	190,000.00
Dividend(Bank Shares)	5,200,000.00	4,278,960.00	5,500,000.00	5,000,000.00	5,500,000.00
Income from CIC money market	6,700,000.00	9,279,064.13	7,370,000.00	11,500,000.00	13,000,000.00
TOTAL	12,080,000.00	13,705,024.13	13,050,000.00	16,680,000.00	18,690,000.00
TOTAL INCOME(A)	63,640,000.00	59,273,928.13	67,070,000.00	65,630,000.00	69,190,000.00
EXPENDITURE (B)					
PERSONNEL EXPENSES					
Salaries	4,796,690.00	4,290,085.00	5,040,750.00	5,040,750.00	5,500,000.00
TOTAL	4,796,690.00	4,290,085.00	5,040,750.00	5,040,750.00	5,500,000.00
ADMINISTRASTION EXPENSES					
Printing & Stationery	100,000.00	101,230.00	110,000.00	130,000.00	140,000.00
External Audit Fees	200,000.00	140,000.00	220,000.00	150,000.00	170,000.00
Legal & Professional fees	150,000.00		165,000.00	200,000.00	250,000.00
Bank charges	150,000.00	65,005.00	150,000.00	150,000.00	150,000.00
Travelling & Subsistence	100,000.00	68,080.00	110,000.00	110,000.00	120,000.00
Electricity Charges	45,000.00	36,000.00	49,500.00	49,500.00	50,000.00
Income tax		876,324.00		1,391,859.00	1,725,000.00
Office Rent	360,000.00	288,000.00	396,000.00	350,000.00	396,000.00
Telephone & Internet services	100,000.00	54,000.00	110,000.00	110,000.00	110,000.00
Office Expences	100,000.00	91,441.00	110,000.00	110,000.00	120,000.00
Consultancy expenses	350,000.00	146,000.00	385,000.00	385,000.00	385,000.00
Repair & Maintenance	100,000.00	57,240.00	110,000.00	110,000.00	120,000.00
Software maintenance				300,000.00	300,000.00
Vetting allowances		52,000.00		120,000.00	140,000.00
Sasra renewal	60,000.00	30,000.00	66,000.00	40,000.00	40,000.00
Sasra Deposits Levy		388,669.00		412,291.00	455,000.00
Data protection charges		25,000.00		50,000.00	55,000.00
Ushirika Day Celebrations	30,000.00		33,000.00	30,000.00	30,000.00
Nairobi City Council	70,000.00	36,500.00	77,000.00	45,000.00	50,000.00
TOTAL	1,915,000.00	2,455,489.00	2,091,500.00	4,243,650.00	4,806,000.00
GOVERNANCE EXPENSES					
Committee Allowance	600,000.00	599,988.00	660,000.00	680,000.00	720,000.00
Annual General Meeting	350,000.00	340,500.00	385,000.00	500,000.00	600,000.00
Committee Education	400,000.00	318,240.00	440,000.00	440,000.00	480,000.00
Education to Members	350,000.00	286,740.00	385,000.00	385,000.00	400,000.00
TOTAL	1,700,000.00	1,545,468.00	1,870,000.00	2,005,000.00	2,200,000.00
FINANCIAL EXPENSES					
Depreciation	129,440.18	488,176.02	116,496.16	450,000.00	420,000.00
TOTAL	129,440.18	488,176.02	116,496.16	450,000.00	420,000.00
TOTAL EXPENDITURE	8,541,130.18	8,779,218.02	9,118,746.16	11,739,400.00	12,926,000.00
SURPLUS (A - B)	55,098,869.82	50,494,710.11	57,951,253.84	53,890,600.00	56,264,000.00
ASSET					
Office Equipment &Software Upgrade	800,000.00	615,000.00	600,000.00	1,200,000.00	1,000,000.00