



# **FINNLEMM REGULATED NON-WDT SACCO SOCIETY LIMITED CS/NO: 3759**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2024**



Finnlemm Sacco Society Ltd  
55 Gatundu Road-Kileleshwa,  
P.O Box 67666-00200, NAIROBI  
TEL.0722607983/733208122/0207602880  
EMAIL: [Customer.care@finnlemm.com](mailto:Customer.care@finnlemm.com)



## USHIRIKA DAY CELEBRATION 2024 AWARDS

- Best managed Non-Deposit taking Sacco - position 3
- Best in Deposits management Non- Deposit taking - position 2
- Most efficient Sacco Non- Deposit taking Sacco - position 2
- Best in Risk Management Non- Deposit taking Sacco - position 1
- Best in Technology operation Non-Deposit taking Sacco - position 2



# Contents

<b>Society Information</b>	<b>1</b>
<b>AGM Notice</b>	<b>4</b>
<b>Minutes Of The 41<sup>st</sup> Annual General Meeting</b>	<b>5</b>
<b>Chairperson Report</b>	<b>15</b>
<b>Supervisory Committee Report</b>	<b>20</b>
<b>Treasurer's report</b>	<b>23</b>
<b>Audit report</b>	
Report of the Board of Directors	26
Statistical Information	27
Corporate Governance Statement	28
Statement of Board of Directors' Responsibilities	29
Independent Auditor's Report	30
<b>Financial Statements:-</b>	
Statement of Comprehensive Income	33
Statement of Financial Position	34
Statement of Changes in Equity	35
Statement of Cashflows	36
Notes to the Financial Statements	37
Sasra Approval Letter	52
<b>Budget</b>	<b>54</b>
<b>Appointment of Auditors</b>	<b>58</b>
<b>Resolutions</b>	<b>59</b>
<b>Elections</b>	<b>60</b>





# New Experience!

# FinnCash

Owned by Finnlemm

Dial \*816#

Download  
FinnCash App



## ▶ Our Experience



- ✔ Balance Inquiry Services
- ✔ Mini-statement
- ✔ Activate / Disable Mobile-Application
- ✔ Change PIN
- ✔ Payments and Deposits
- ✔ MPESA Withdrawal Services
- ✔ Check Loan Limit
- ✔ Apply Loan
- ✔ Request Guarantor
- ✔ Accept Guarantorship
- ✔ Reject/Decline Guarantorship
- ✔ Pay Loan Repayment Services from MPESA or Finnlemm account.
- ✔ Loan Balance / Loan Mini-Statement / Full Statement
- ✔ Internal Funds Transfer
- ✔ Funds Transfer to Commercial Banks
- ✔ Utility bill payments (e.g water bills, electricity, Purchase Airtime etc)
- ✔ Security - PIN, OPT

*FinnCash - Your financial solution, anytime, anywhere!*



## SOCIETY INFORMATION

### BOARD OF DIRECTORS

M/s. Judith Anyango Oluoch	Chairperson
Mr. Fredrick Okello Akongo	Vice Chairperson
M/s. Caroline Njeri Kariuki	Hon.Secretary
Mr. Francis Mwaura Kamau	Treasurer
Mr. Erastus Omamo Cheti	Director
Mr. George Kamau Rugu	Director
Mr. Bernard Odhiambo Otieno	Director
Dr.Obed Ogega Matundura	Director
M/s Joy Katunge Matheka	Director

### SUPERVISORY COMMITTEE

Dr. Maurice Oduor Abony	Chairman
M/s. Sharon Afandi	Secretary
Mr.Silas Kuya Nanjero	Member
CPA James Kidzugane	Chief Executive Officer

### BANKERS

Co-operative Bank of Kenya Limited Nairobi Business Centre Nairobi	NCBA Bank Lavington Branch Nairobi
ABSA Hurlingham Branch Nairobi	Sidian Bank Kilimani Branch Nairobi
SBM Bank Riverside Branch Nairobi	

### HEAD OFFICE

Finnlemm Sacco Society Ltd  
55 Gatundu Road-Kileleshwa,  
P.O Box 67666-00200  
NAIROBI  
TEL. 0722607983/733208122/0207602880

### AUDITORS

D K Wambua & Associates, Certified Public Accountants,  
Danny's Court Suite A3 First Floor, Mombasa Rd opposite Nextgen Mall,  
P.O. Box 5957-00100



## BOARD MEMBERS



Judith Anyango Oluoch  
*Chairperson*



Fredric Okello Akongo  
*Vice Chairperson*



Caroline Njeri Kariuki  
*Hon.Secretary*



Francis Mwaura Kamau  
*Treasurer*



Erastus Omamo Cheti  
*Director*



George Kamau Rugu  
*Director*



Bernard Odhiambo Otieno  
*Director*



Obed Ogega Matundura  
*Director*



Joy Katunge Matheka  
*Director*

## SUPERVISORY COMMITTEE



Maurice Oduor Abony  
*Chairman*



Sharon Afandi  
*Secretary*



Silas Kuya Nanjero  
*Member*



## STAFF MEMBERS



James Kidzugane  
*Chief Executive Officer*



Mary Nzomo  
*Finance & Investment Manager*



Francis Langat  
*Credit Manager*



Paul Bwire  
*ICT Manager*



Edwin Nyaga  
*Internal Audit & Risk Manager*



Valerius Ambiyio  
*Marketing & Business Development  
Manager*



Naomi Mwangi  
*Executive Assistant*



Lucy Mwikali  
*ICT Officer*



Benson Ngugi  
*Finance Officer*



Jotham Oluoch  
*Finance Assistant*



Sheryne Akivaga  
*Credit Officer*



Margaret Thungu  
*Credit Officer*



Millicent Njau  
*Customer Service Officer*



Beatrice Mburu  
*Administrative Assistant*



Cecilliah Obuyah  
*Sales & Marketing Representative*



Faith Efedha  
*Sales & Marketing  
Representative*



## ANNUAL GENERAL MEETING NOTICE

**Notice is hereby given that, the 42<sup>nd</sup> Annual General Meeting of Finnlemm Regulated Non-WDT-Sacco Society Ltd will be held physically on Saturday, 8<sup>th</sup> March 2025 at 9:00am at St Andrews PCEA Church Nairobi.**

### **AGENDA:**

1. Reading of the Notice Convening the Meeting
2. Confirmation and adoption of the minutes of the 41<sup>st</sup> AGM held on 13<sup>th</sup> April 2024
3. Matters arising from the previous minutes
4. The Board Chairperson's Report
5. Supervisory Committee Report
6. Treasurer's Report
7. Remarks from Chief Guest
8. The Auditor's Report and Presentation of the Financial Statements for the year ended 31<sup>st</sup> December 2024
9. Budget: Revised Budget 2025 and Proposed Budget 2026
10. Appointment of Auditors for the year 2025
11. Resolutions
12. Elections
13. A.O.B

**Caroline Njeri Kariuki**

*Hon. Secretary*

**CC: Director of Co-operatives, City County of Nairobi**  
**Cooperative Officer, Dagoretti Sub County**  
**D. K Wambua & Associates (CPAK)**





# MINUTES OF THE 41<sup>ST</sup> ANNUAL GENERAL MEETING OF FINNLEMM REGULATED NON-WDT SACCO SOCIETY LIMITED HELD ON SATURDAY 13<sup>TH</sup> APRIL 2024 AT ALL SAINT'S CATHEDRAL, NAIROBI

## PRESENT

### BOARD OF DIRECTORS

1. M/s. Judith Anyango Oluoch, *Chairlady*
2. Mr. Fredrick Okello Akongo, *Vice Chairman*
3. M/s. Rachel Ngondo Mwadime, *Hon. Secretary*
4. Mr. Francis Mwaura Kamau, *Treasurer*
5. Mr. Erastus Omamo Cheti, *Director*
6. Mr. George Kamau Rugu, *Director*
7. M/s. Caroline Njeri Kariuki, *Director*
8. Mr. Bernard Odhiambo Otieno, *Director*

### SUPERVISORY COMMITTEE

1. Mr. Maurice Oduor Abony, *Chairman*
2. M/s Sharon Afandi, *Member*

## ABSENT WITH APOLOGY

1. Dr. Obed Ogega Matundura, *Director*
2. M/s. Elizabeth Achieng' Were, *Secretary of Supervisory committee*
3. John Rotich, *FA0964*
4. Katembo Jafeti, *FA3282*
5. Mwende Mutambuki, *FA0768*
6. Thomas Kimathi, *FA4194*
7. Brenda Mideva, *FA6283*

## MEMBERS PRESENT

A total of 823 members attended the meeting.

## IN ATTENDANCE

1. CPA Nelson Korir
2. CPA Caleb Kimutai

## GUESTS

1. Mr. David Obonyo, *Commissioner for Co-operatives*
2. Mr. Simon Mburia, *Deputy commissioner for Co-operatives*
3. Mr. Godfrey Akumali, *Chief officer for Co-operatives Nairobi City County*
4. Mrs. Dolphine Aremo, *Director of Co-operatives Nairobi City County*
5. Mr. George Njoroge, *Dagoretti Sub-County Co-operative Officer*
6. M/s.Gladys Ndegwa, *Dagoretti Sub-County Assistant Co-operative Officer*

## AGENDA:

1. Reading of the Notice Convening the Meeting
2. Confirmation and adoption of the minutes of the 40<sup>th</sup> AGM held on 18<sup>th</sup> March 2023
3. Matters arising from the previous minutes



4. The Board Chairperson's Report
5. Remarks from the Chief Guest
6. Supervisory Committee Report
7. Treasurer's report.
8. The Auditor's Report and Presentation of the Financial Statements for the Year ended 31<sup>st</sup> December 2023
9. Budget: Revised budget 2024 and proposed budget 2025
10. Appointment of Auditors for the Year 2024
11. Amendment of the Society By-laws
12. Resolutions
13. Elections
14. A.O.B

#### **PRELIMINARIES**

The meeting commenced at 9:30am with the National anthem, East African Anthem and a prayer from Mr. Musa Obuba member number FA1988.

The Chairperson, M/s. Judith Oluoch welcomed everyone to the Annual General Meeting, and thereafter welcomed the Hon. Secretary, M/s. Rachel Ngondo for confirmation of the quorum.

The Hon. Secretary notified the Chairperson that the requisite quorum for the meeting in line with the provisions of the Society by-laws was at least 25% of the membership or 200 members. There were 270 members who had registered by the time the meeting commenced. She confirmed that there was requisite quorum to transact the business of the meeting.

The Chairperson then declared the meeting properly convened and duly constituted.

#### **MINUTE 01/AGM/2024: READING OF THE NOTICE CONVENING THE MEETING AND THE AGENDA**

The Hon. Secretary referred to the Notice and Agenda of the meeting that was appearing on page 4 of the Annual Report and Financial Statements and which had also been published on the Sacco website. Members were reminded that the same had been sent to them via email and SMS.

The Hon. Secretary then read the notice convening the meeting and the agenda. The notice and agenda were proposed by Jonas Obara, member number FA2098 and seconded by Cornelius Oduor, member number FA7026. The chairperson introduced the members of the Board of Directors and the Supervisory Committee. The CEO then introduced members of staff. The chairperson thereafter introduced the guests who were present.

#### **MINUTE 02/AGM/2024: CONFIRMATION OF THE 40TH AGM MINUTES AND MATTERS ARISING**

The minutes of the previous AGM held on 18<sup>th</sup> March 2023, having been circulated to the members in advance, were taken as read. The Hon. Secretary took the members through the minutes page by page for any observations. The minutes appeared from page 5 to page 14 of the Annual Report and Financial Statements.

The minutes were proposed by Doreen Nyakerario, member number FA5433, seconded by Enos Luvaha, member number FA0009 as a true record of the last AGM proceedings.

There were no matters arising from the previous minutes.

#### **MINUTE 03/AGM/2024: SUPERVISORY COMMITTEE REPORT**

The Supervisory Committee report was presented to the members by the Supervisory Committee chairman, Mr. Maurice Abony. The report appeared from page 20 to page 22 of the Annual Report and Financial Statements.



The report covered the following:

1. Performance: Financial and Strategic Plan
2. SASRA Compliance and Regulations 2020
3. PAR and bad debt provisioning
4. More delegation of authority
5. Board term limit
6. Areas of improvement
7. Related party- FDC
  - a) Governance issues
  - b) Nakuru land
  - c) RIAT land project.

The Chairman of the Supervisory Committee thereafter took the members through the observations that were made by SASRA while approving the Sacco's audited financial statements. The observations appeared on pages 52 and 53 of the Audited annual report and financial statements.

SASRA made the following observations on the Audited Financial Statements:

1. The audited financial statements fairly comply with Reg.56 (2) of the said Regulations subject to the External Auditors opinion, in respect of the level of disclosures required.
2. The Sacco's non-earning assets ratio stood at 15.5% against the regulatory maximum of 10%. This is mainly attributed to related party transactions amounting to Kshs. 145 million. The Sacco's board and management are advised to fast track the recovery and settlement of the outstanding amount by the subsidiary.
3. The Sacco made provision for loan loss of Kshs.56.0 million against the required provision of Kshs.93.2 million, reported in the Risk Classification of Assets and Provisioning report indicated in note 11 of the audited financial statements, thereby exposing the Sacco's loan book by Kshs.37 million. The Sacco is advised to ensure adequate provision is made in line with Regulation 42.
4. The Sacco's level of non-performing loans (NPL) ratio stood at 6.3% against the recommended business prudential standards of below 5%. Thus, the Sacco is advised to sustain the implementation of better credit management framework on proper appraisal and recovery strategies to help manage the quality of the loan book to within the recommended standards.
5. The Authority notes the high level of membership dormancy standing at 54% of the Sacco membership. The Sacco's board and management are advised to institute strategies of reducing the membership dormancy even as it recruits new members.
6. The Authority takes cognizance of the issues in the management letter especially in regard to; loan provisioning, statutory deductions and status of previous year audit issues. These are pertinent concerns, which require the Sacco's urgent action to mitigate the risks thereof.
7. The Board of Directors shall present to the members the observations made herein in accordance with Regulation 56 (4) (b).

The Supervisory Committee report was proposed by Moses Kamau member number FA6569, seconded by Jared Owaga member number FA5445.

#### **MINUTE 04/AGM/2024: THE BOARD CHAIRPERSON'S REPORT**

The Chairperson proceeded to present her report which appeared from page 15 to page 19 of the Annual Report and Financial Statements. The report covered the following:

1. Operating Environment in 2023
2. Finnlemm 2023 performance



3. Income
4. Asset base
5. Membership
6. Members Deposits
7. Loan to members and default Management
8. Compliance with SASRA Regulations
9. Human Capital
10. Corporate Governance
11. Board Electoral Process
12. Technology and Innovation
13. Finnlemm Development Company
14. Land Matters
  - Riat Land
  - Kisaju Land
  - Nakuru Land
  - Kileleshwa Land
15. Dividends and interest rebates
16. Future Outlook

The report was proposed by Charles Mungai, member number FA4536, seconded by Grace Karuma, member number FA1323.

#### **MINUTE 05/AGM/2024: REMARKS FROM THE CHIEF GUEST**

The Chairperson welcomed the Director of Co-operatives, Nairobi City County, Mrs. Dolphine Aremo who made her remarks before welcoming the chief guests with the following being in mention.

1. She indicated that Nairobi County has 5,000 Co-operatives. Finnlemm ranked position 51 out of 72 Saccos that had an asset base of more than a billion shillings. She encouraged members to save more in order to avail sufficient funds to the Sacco for onward lending.
2. She encouraged the Board to work hard to improve performance so that they can give members an enhanced return.
3. She was impressed with how Finnlemm was organized and appreciated the Board of Directors who were voluntarily retiring from the Board.
4. She appreciated the Sacco for putting a term limit for serving in the Board, which is a rare occurrence.
5. The director was impressed that the members vying for positions on the Board of Directors and Supervisory Committee had provided their background history and strategies that they will put in place to enhance the Sacco growth.

She then welcomed Mr. Godfrey Akumali, Chief officer for Co-operatives Nairobi City County who made the following remarks.

1. He delivered the apologies of the County Executive Committee Member business and hustlers' opportunity, M/s Maureen Njeri, who was unavailable due to other official engagements.
2. He informed the members that they have the opportunity to move the Sacco to right trajectory, and encouraged the members that their financial choice should always be Finnlemm Sacco.
3. He appreciated the board members for benchmarking with other Saccos, since it better the services of the Sacco.
4. He encouraged members to save more in the Sacco since this would avail sufficient low cost funds which in turn will make it easy to give low cost loans to members.
5. He highlighted the competitiveness in joining the Board and urged the contestants to offer their best when given the opportunity to serve.



6. He reminded the Board members that they must always embrace good governance.

The Chief Officer then welcomed the Chief guest Mr. David Obonyo, Commissioner for Co-operatives who made the following remarks:

1. He noted that Finnlemm Sacco was unique in the sense that directors were volunteering early retirement and were proposing to set term limit for Board members and members of the Supervisory Committee.
2. He congratulated the Sacco for having youthful members.
3. He appreciated the remarkable growth in the Sacco revenue.
4. He encouraged the Sacco to be innovative/creative and come up with new products that resonate well with members.
5. He noted that in the dynamic business environment in which Finnlemm operates, members want convenient, efficient and effective services. The Sacco must therefore embrace technology so that there be seamless transactions and allow members to transact from their comfort zones.
6. He applauded the Sacco for being truthful on declaration of dividends and interest on deposits.
7. He advised the Sacco to come up with strategies to manage dormant membership.
8. He commended the Chairperson for growth on the Asset base, loan book and showing commitment in member service, but cautioned the Sacco, on growth of loan book in comparison to the growth of member deposits.

The Chairperson introduced the former Sacco CEO, Mr. Hudson Alubisia member number FA6084, recognized Mr. Erastus Cheti for being elected a delegate of CIC then invited the Sacco Treasurer to present the Treasurer's report, the 2023 audited financial statements and the budget 2024/2025.

#### **MINUTE 06/AGM/2024: PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS 2023 AND BUDGET 2024/2025**

The Treasurer took the members through the Treasurer's report which appeared from page 23 to 25; audited financial statements which appeared from page 33 to 51 and the 2024/2025 budget which appeared from page 54 to 57 of the Annual Report and Financial Statements.

The Treasurer's report and 2024/2025 budget was approved through proposal by Boniface Chaveri member number FA6068, seconded by Amos Othim member number FA0992.

After the presentation, the Treasurer welcomed the Auditor, CPA Nelson Korir of Nelson and Francis LLP to present the auditors' report and opinion. The report and opinion of the auditor appeared on pages 30 to 32 of the Annual Report and financial statements.

In the opinion of the auditors, the financial statements gave a true and fair view of the society's financial position as at 31st December 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Sacco Societies Act no 14 of 2008.

The external auditor report had the following Key Audit Matters:

1. The amount and quality of loans advanced to the members affect the revenue that the Sacco generates and recognizes in a financial year.
2. The revenue from members' loans represents a material amount of the Society's total revenue.
3. The high volume of loan accounts necessitates a good system to record and track each loan account and correctly compute and record income receivable. Adequate provision for non-performing loans is equally critical to avoid overstatement of loan balances and interest income as a result of carrying accounts that are not collectible.





The aforementioned key audit matters were addressed as follows:

The auditors tested internal controls, management's controls over loan processing and recovery; the IT system in use, performing substantive process and procedures relating to provisioning, recalculating the provisions. They further focused on the adequacy of the Sacco's computations and disclosures about the loan impairment and the related risks such as credit risk, liquidity risk and the aging of the loan balances.

The external auditor's report was proposed by Wycliffe Muchanja, member number FA3907, seconded by Elizabeth Ochieng, member number FA2324.

**MINUTE 07/AGM/2024: MATTERS ARISING FROM THE CHAIRPERSON'S REPORT, SUPERVISORY COMMITTEE REPORT, TREASURER'S REPORT, AUDITED FINANCIAL STATEMENTS, REVISED BUDGET FOR THE YEAR 2024 AND BUDGET FOR THE YEAR 2025**

Mr. Erastus Cheti took members through the question-and-answer session in regard to the above reports. The following questions and observations were raised by members.

1. Mary Ngugi member number FA2316; enquired on the dormant accounts as indicated on the treasurer's report and why the Sacco has withdrawal and deceased account on the member register.
2. Caroline Muthee FA 0627 in reference to page 59, had four questions as below shown.
  - i) Why the Sacco was proposing on dividends capitalization, and was it because the Sacco is experiencing liquidity challenges.
  - ii) Why do we still have the FDC loan. Shouldn't these be two different companies and what is the current status of that loan.
  - iii) In reference to SASRA observation on page 53, is the Sacco paying interest on dormant accounts.
  - iv) What causes delays in postings of member accounts even after timely submissions of payrolls.
3. Joseph Nzioka Member number FA5769, wanted to know why the budget on furniture had been increased in comparison to the previous budget and why the Sacco needs to purchase new furniture.
4. John Adonyo member FA0244 wanted clarity on why the Sacco was having the AGM in April.
5. Daniel Ocholla Member Number FA4244 wanted clarity on the amendment of the Sacco by-law and clarity on loans to be written off.
6. Janet Kinyanjui Member number FA2761 wanted to know why the budget on governance and personal expenses have gone up.
7. Brian Anami member number FA4793, wanted to know why the Sacco was having high staff turnover rate and why the Sacco interest on deposits has stagnated.
8. Rachel Muchira member number FA3645, wanted to know the loan timelines, introduction of processing and other hidden costs if any.
9. Charles Mungai Member FA4536, wanted assurance that FDC was still sustainable even with the exit of the Hon. Secretary M/s Rachel. He also wanted to know if the AGM program can be adjusted and elections to be held during the first hours of the AGM.
10. Charles Wanyama Member number FA5756 congratulated the FDC caretaker committee for the work they are doing, and also commended the management for the improved Services currently

**Responses by the Board and the Management**

1. Most of the dormant accounts are for members who have defaulted on their loans, and accounts whose members withdrew and left their share capital.
2. The Sacco proposal to capitalize the dividends is not due to liquidity challenges, but to help in attaining the capital adequacy ratio (Core Capital to Total Assets ratio).
3. The loan to FDC relates to the funds that were granted to FDC during buying of RIAT land. For the last two years FDC, have continued to repay the loan and the loan has gone down from Kes174 million to Kes 145 million.



4. The Sacco is obligated to pay interest on balances on member accounts including deposits for dormant accounts.
5. Delay in postings for checkoffs are normally caused by timing difference between submission of payroll schedules and remittance of funds.
6. The SACCO Board room requires new chairs, since the seats are old and worn out.
7. On the delay of the AGM date, the Board approved the financial statements on 7<sup>th</sup> February 2024 but approval by the Regulator was granted on 12<sup>th</sup> March 2024 by which time most of the preferred venues had been booked on diverse dates hence 13<sup>th</sup> April 2024 was settled on as the AGM date after the venue was secured.
8. On amendment of the board term limit, this was a proposal geared towards the culture of inculcating new blood in governance and in line with good corporate governance practices.
9. Loans that are to be written off are those loans that are irrecoverable since they have been in default for over 7 years and those whose members died when their loans were in default. The insurance only pays for those members who die when the loans are still performing. Insurance doesn't pay for loans that were already in default by the time of demise.
10. On governance budget and personal expenses, this has gone up to cater for training sessions, to ensure both the Board and the management are well equipped to enhance the quality of service and revision of staff emoluments aimed at staff retention.
11. The Sacco has no hidden charges on member loans. On the loan processing timelines, the emergency loan processing period is 24 hours and long-term loans is 14 working days depending with the security in use.

**MINUTE 08/AGM/2024: APPOINTMENT OF YEAR 2024 AUDITORS**

The Chairman Supervisory Committee informed members that from the audit firms that expressed interest in auditing Finnlemm Sacco for the year ending 31<sup>st</sup> December 2024, the following firms were recommended for consideration by members for appointment of one of them as the Sacco auditors for the year 2024: D.K Wambua and Associates, JM Associates and Henry Smith and Wilson.

Details of the three audit firms appeared on page 58 of the Annual Report and Financial Statements. Two audit firms namely: D.K Wambua and Associates, JM Associates were proposed and seconded to be subjected to a vote.

The results of the voting were as follows;

Audit Firm	Proposer	Seconder	Number of votes
D.K Wambua and Associates	Bizo Biaba member number FA6695	Edwin Sospeter Kariuki member number FA1177	91
JM Associates	Aggrey Emonja member number FA1580	Rachel Muchira member number FA3645	79

Members thereby appointed D.K Wambua and Associate as the Society's auditors for the year 2024.

**MINUTE 09/AGM/2024: AMMENDMENT OF SACCO BY-LAWS**

The following proposals to amend the Sacco By-laws were presented to the AGM:

1. Limit office tenure of members of the Board of Directors and the Supervisory Committee to a maximum two terms of three years each.
2. Set minimum amount requirement of non-withdrawable deposits of at least Kes 500,000 and share capital of at least Kes 50,000 for one to qualify to hold the office of the member of the Board of Directors and member of the Supervisory Committee.

The above effectively proposes the following amendments to the Sacco By laws:



- (a) Limit the office tenure of members of the Board of Directors and members of the Supervisory Committee by amending the Sacco By-laws 15.4 and 23.1

**15.4. TERM OF OFFICE OF MEMBERS OF BOARD OF DIRECTORS**

Members of the Board of Directors shall hold office for a period of three years provided that, one-third of the members Board of Directors shall retire every year but may be eligible for re-election.

To be amended to read.....

**15.4. TERM OF OFFICE OF MEMBERS OF BOARD OF DIRECTORS**

Members of the Board of Directors shall hold office for a period of three years provided that, one-third of the members of the Board of Directors shall retire every year but may be eligible for re-election subject to a maximum of two terms.

**23.1. ESTABLISHMENT OF SUPERVISORY COMMITTEE**

The SACCO Society shall have a Supervisory Committee consisting of three (3) members each elected at the General Meeting for a period of three years, and one member of the supervisory committee shall retire annually.

To be amended to read read.....

**23.1. ESTABLISHMENT OF SUPERVISORY COMMITTEE**

The SACCO Society shall have a Supervisory Committee consisting of three (3) members each elected at the General Meeting for a period of three years, and one member of the supervisory committee shall retire annually but may be eligible for re-election subject to a maximum of two terms.

- (b) Set higher minimum shareholding to be elected as members of the Board of Directors and members of the Supervisory Committee by amending By-laws 15.2(a)

**15.2. ELIGIBILITY FOR MEMBERSHIP TO THE BOARD OF DIRECTORS**

No person shall be eligible as a member of the Board of Director if he/she - has not been a member of the SACCO Society for at least one (1) year prior to the Annual General Meeting; To read.....

**15.2. ELIGIBILITY FOR MEMBERSHIP TO THE BOARD OF DIRECTORS**

No person shall be eligible as a member of the Board of Director if he/she - has not been a member of the SACCO Society for at least one (1) year prior to the Annual General Meeting and does not hold at least 500 shares of Kshs 100 each and non-withdrawable deposits of at least Kes 500,000 or such other sums as may be fixed by the General Meeting from time to time

Members deliberated and through proposal by Abraham Rugo Muriu member number FA 4232 seconded by Tobbias Lori member number FA 1150 unanimously approved the above amendments to the Sacco By-laws.

**MINUTE 10/AGM/2024: AGM RESOLUTIONS**

The following resolutions which appear on page 59 of the Annual Report and Financial Statements were presented to the AGM for consideration and approval.

The results are as tabulated below:



Resolution	Proposer	Seconder	Remarks
1. Pay interest on deposits at weighted average of 7.5% amounting to Kes 116,632,394.	George Odhiambo, member number FA4973	Felix Mutange, member number FA5025	Approved
2. Pay dividend on share capital at 13% amounting to Kes 15,546,084 and capitalize the dividend.	Doreen Moturi, member number FA5433	Edward Gwaro, member number FA1038	Approved
3. Pay Board honorarium at 2% of the total turnover amounting to Kes 5,082,489.	Tobias Lori, member number FA1150	Hudson Alubisia, member number FA6084	Approved
4. Retain borrowing powers at Kes 100 million.	Harrison Asienua, member number FA2774	Boniface Chaberia, member number FA6068	Approved
5. Retain Board indemnity at Kes 500,000 for each Board member.	Phylis Awimbo, member number FA3946	Lawrence Odhiambo, member number FA5187	Approved
6. Resolve Finnlemm Regulated Non-WDT-Sacco Society Ltd to join Kenya Sacco Central Liquidity and Shared Services Co-operative Society Limited (Sacco CENTRAL).	Edwin Kariuki, member number FA1177	Samwel Macharia, member number FA1959	Approved
7. Approve loan write offs amounting to Kes 5 million.	Javan Owaga, member number FA5445	Joy Katunge, member number FA4948	Approved

#### MINUTE 11/AGM/2024: ELECTION OF BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE MEMBER

Mr George Njoroge, Dagoretti Sub-County Cooperative officer who is the Chairman of the Vetting/Nominations Committee gave a brief on the process of nominating the candidates. Members were reminded that there were three (3) vacancies on the Board of Directors and one (1) vacancy on the Supervisory committee.

The members were further informed that eight (8) applicants were cleared to contest for the position of member of the Board of Directors and two (2) applicants were cleared to contest for the position of member of the Supervisory Committee.

He then read out their names and they were all given a chance to speak to the members and requested to leave the venue before commencement of the voting. The candidates' proposers, seconders and outcome of the elections was as follows:

	Name	Position (BOD/SC)	Proposer	Seconder	Votes
1.	Doreen Naomi Nyakerario	BOD	Anthony Odhiambo Ouma FA5338	Albert Osiolo Mbalanya FA5030	14
2.	George Kamau Rugu	BOD	Pauline Njeri Njau FA2130	John Oloo Auma FA2106	96
3.	Pamela Namachanja Bateta	BOD	Sarah Lutta Mutimba FA1865	Molly Akinyi Omulloh FA1799	16
4.	Martha Kendi Mwiti	BOD	Irine Nafula Anjira FA6996	Samuel Owino Ouma FA6997	9
5.	Fredrick Okello Akongo	BOD	Jeniffer Kinya Mbwiria FA2579	Christopher Njuguna Kiiru FA3766	137
6.	Joy Katunge Matheka	BOD	Francis Wanjohi Thaihi FA3623	Peggy Namadi Saka FA3621	116
7.	Evelyn Dzame Gandani	BOD	Beatrice Aoko Athoo FA0699	Caroline Nyambura Nganga FA1421	17
8.	Justine Nyagechanga Mecha	BOD	Vicky Chepkemoi Rono FA5222	Paul Musembi Mutuku FA5492	28
9.	Brenda Mideva Elavuna	SC	Erick Ogwayi Olum FA6886	Festus Ambuchi FA6285	5
10.	Silas Kuya Nanjero	SC	Gerhart Nthuku Wambua FA1605	Priscah Iruna FA1613	110

The Returning Officer declared the following as duly elected to the Board and the Supervisory Committee:

1. Fredrick Okello Akongo – Elected to the Board of Directors
2. George Kamau Rugu – Elected to the Board of Directors
3. Joy Katunge Matheka – Elected to the Board of Directors
4. Silas Kuya Nanjero – Elected to the Supervisory Committee

The elected Directors were notified that in compliance with the Co-operative Societies Act and the Rules, they are required to file indemnity within 14 days and declare their wealth within 30 days.



**MINUTE 12/AGM/2024: ANY OTHER BUSINESS (AOB)**

There being no other business which had been requested to be included in the agenda for the AGM, the Chairperson thanked all members, Board members, staff, guests, All Saints Cathedral management for making the AGM successful and invited Mr. Hudson Alubisia to close with a word of prayer. The meeting ended at 4:30 pm.

**Judith Anyango Oluoch**  
*Chairperson*

**Caroline Njeri Kariuki**  
*Hon. Secretary*





## CHAIRPERSON'S REPORT TO THE FINNLEMM SACCO 42<sup>ND</sup> ANNUAL GENERAL MEETING HELD ON 8<sup>TH</sup> MARCH 2025



**Judith A. Oluoch**  
Board Chairperson

### **Preamble**

Our Chief Guest, Invited Guests, Honorable Members, Ladies and Gentlemen. I am honored to welcome you all on behalf of the Board of Directors to the 42nd Annual General Meeting of Finnlemm Sacco. I thank the Almighty God for having been with us since the last Annual General Meeting and pray for grace and blessings in the new year. I am grateful for your continuous support which has seen remarkable progress over the years.

It gives me great pleasure to present to you the overall governance, financial and operational report for Finnlemm Sacco for the year ended 31st December 2024.

### **Operating Environment 2024**

Year 2024 was a challenging year in which we witnessed political instability that had adverse effects on the business environment. The year began in January 2024 with inflation rate of 6.9% and stabilized at 3.3% in December 2024. The lowest inflation was witnessed in October 2024 at the rate of 2.7%.

Year 2024 witnessed increase in commercial banks weighted average rates with an average high of 17.22% in November 2024. This impacted on the cost of business since investors demanded higher interest rates on their deposits on one side and on the other side cost of borrowing increased business expenses. Loan demand in Kenya in 2024 was affected by high interest rates, exchange fluctuations and economic conditions.

The US President radical economic policy platform and flurry of executive orders are adversely affecting African economies including Kenya. The collapse of essential programs erases years of progress, deepening inequality and exacerbating vulnerabilities.

### **Finnlemm 2024 performance**

Ladies and Gentlemen, Finnlemm managed to wade through the turbulent business environment and registered improved performance in a number of areas key among them improved liquidity position and improved prudential ratios.

Allow me to highlight the Sacco's performance during the year 2024.

### **Income**

The Sacco gross income grew by 8.5% from Kes 254,124,432 to Kes 275,708,069 with the major contributor to our revenue being interest on loans which increased from Kes 241,159,069 in 2023 to Kes 254,165,677 realized for the period ended December 2024, accounting for 92% of the total income.

### **Asset base**

Our asset base grew by 5.5% from Kes 2,150,463,349 in 2023 to Kes 2,269,621,597 in 2024. The biggest contributor to the increase was growth in cash and cash equivalent by 106% from Kes 65,129,090 to Kes 134,408,573. The major component of the Sacco's total assets is loan book accounting for 77% of the asset base.



### **Member's Deposits**

The harsh economic times that prevailed during the year affected members' propensity to save which slowed down accumulation of savings. The aforementioned notwithstanding, members deposits grew by 3.7% closing at Kes 1,727,932,212 up from Kes 1,666,551,724 in the previous year. Let us continue embracing the savings culture in order to avail low-cost pool of funds from which we can continue to lend to members at affordable interest rates.

### **Loans to members**

We are grateful to our members for their continuous uptake of the Sacco products. The Sacco loan book grew to Kes 1,737,130,785 in the year 2024 up from Kes 1,683,799,893 in the year 2023.

In view of the SASRA Regulations that require the Portfolio at Risk (PAR) not to exceed 5% of the total loan book, the Sacco engaged various loan recovery strategies which saw PAR decline from 6.30% in 2023 to 5.97% in 2024.

In line with the prudential guidelines by the Regulator, the Sacco was required to make loan loss provision of Kes 123,330,125 as at 31st December 2024. The Sacco has however managed to only make cumulative loan loss provision of Kes 66,597,335 thus leaving a deficit of Kes 56,732,790. In the year under review, loan loss provision of Kes 10.5 million was recognized. Loan loss provisions arise from loan defaults and have adverse impact on the Society's surplus.

Members are encouraged to timely settle their loan obligations in order to avail funds for onward lending to other members and reduce loan loss provisioning by the Sacco.

### **Compliance with SASRA Regulations**

The Sacco is continuously making progress towards compliance with prudential ratios as provided for in the Sacco Societies (Non-Deposit-Taking Business) Regulations, 2020.

I thank our esteemed members for passing the resolution to capitalize dividends during the last AGM. The resolution greatly contributed to improved core capital to total assets ratio from 8.5% in 2023 to 10.5% in 2024.

It is worthy noting that the Sacco is compliant with most of the ratios except the PAR ratio (5.97% against regulatory maximum 5%); liquidity ratio (7.78% against regulatory minimum 10%) and non-earning assets (15.2% against regulatory maximum of 10%).

The SASRA letter that accompanied the approved financial statements, the Regulator has pointed out that the Sacco should ensure full compliance with the prudential guidelines. The Board of Directors has in place a capital restoration and default management plan that is guiding the path towards full compliance. With the continuous support of members, we remain confident of attaining full compliance.

### **Human Capital**

The Sacco had staff establishment of sixteen employees as at the end of the year 2024. During the year, two employees separated from the Sacco to pursue other career opportunities.

The Board undertook a Job Evaluation exercise whose recommendations are guiding the Board in making decisions that are positioning Finnlemm as a competitive employer in attracting and retaining talented and motivated human skills.

### **Corporate Governance**

Finnlemm Sacco embraces good corporate governance practices. The Board ensures continuous capacity building of directors and staff through trainings and team building sessions. The Board continuously reviews and formulates policies to cover all aspects of the business in order to ensure safety of members' deposits and ensuring



stakeholders' expectations are met. The Board is able to effectively discharge its duties through the various committees (Education Committee, Credit Committee and Finance & Administration Committee).

### **Board Electoral Process**

Dear Members, we continue to strengthen our electoral framework guided by rules, policy and procedures.

The Vetting/Nominations Committee drawn from representative institutions (State Department of Cooperatives, Law Society of Kenya, Institute of Certified Public Accountants of Kenya, Transparency International and Finnlemm Sacco-CEO) vetted eight applicants to fill the three (3) vacancies in the Board of Directors and one (1) vacancy in the Supervisory Committee. The committee cleared five applicants to contest for the position of member of the Board of Directors and one applicant to contest for the position of member of the Supervisory Committee.

Our Hon. Secretary, M/s Caroline Njeri Kariuki has opted to retire voluntarily from the Board despite being eligible to offer herself for re-election. She has made great contribution to the Sacco for the period she served in various capacities and we sincerely appreciate her for that. We extend our gratitude and wish her well in future endeavors.

As elections take place today to elect three (3) Board members and one (1) Supervisory Committee member, I take this early opportunity to wish well all the contestants and congratulate the winners. May the best candidate win.

### **Technology**

We appreciate that technology is a key business driver and continue to invest in technological solutions that address members' expectations. In addressing the technological challenges that members have faced in the past while accessing the Sacco's mobile loan products, the Sacco has procured a dedicated mobile banking platform. The brand name of the platform is FinnCash.

The platform has the following benefits:

1. The USSD code is owned by Finnlemm Sacco and not shared with other entities as is the case with the existing platform.
2. Minimal system downtime (99.9% uptime).
3. Functionality for internal funds transfer from one account to the other
4. Members have access to full statement through the USSD code and mobile Apps.
5. Ability to make payments for house hold bills through USSD and mobile Apps.
6. Enhanced security features including finger prints and one time password (OTP).

### **Land Matters**

**Nakuru Land:** The process of transferring the Nakuru land to Finnlemm Sacco for onward subdivision and transmission to members was for long frustrated by the Administrator who had refused to execute the relevant transfer documents. Towards the end of the year 2024, the Administrator executed the transfer documents and the land has now been transferred to the vendors.

The conveyancing process to transfer the land from the vendors to Finnlemm Sacco is underway. Once completed and the land subdivided, members will get their parcels of land. It is expected that this process will be completed in the course of the year 2025.

**Kileleshwa Land:** As was reported to members during the last AGM, Kileleshwa area is experiencing rapid construction of skyscrapers. The adjacent neighbour to Finnlemm Sacco is developing two-19 floors



residential blocks. Considering we are a financial institution; the developments will affect habitation and security of our business.

In view of these emerging development trends in Kileleshwa, and to unlock the funds held up in the land in Kileleshwa, the Board will at an appropriate moment make proposals for deliberation by members on the matter.

**FDC:** Various efforts have been put in place to dispose the RIAT land. These include engagement with other SAC-COS and property developers which are yet to successfully yield the expected sales. The SACCO is determined to dispose the RIAT land in the near future and we seek members support and collaboration. The SACCO Board will engage the Regulator immediately after the AGM to chart a feasible way forward.

## **KUSCCO**

As we may all be aware, this is the year when it came to the limelight that there were insolvency issues surrounding the umbrella body of Sacco's (KUSCCO) and hence putting to question the going concern of the entity.

KUSCCO was formed as the apex organization for Savings and Credit Cooperatives in Kenya, championing the formation and growth of robust SACCOs with primary mandate being to advocate for and represent SACCOs. KUSCCO developed a suite of tailored products and services designed to benefit all SACCOs and their members across Kenya, fostering a stronger, more resilient cooperative ecosystem.

Finnlemm has been a member of KUSCCO for many years and patronized their products over time. KUSCCO Limited has been declared insolvent following revelation by a forensic audit that was conducted whose findings show that the assets available are inadequate to extinguish outstanding obligations.

In view of the revelations in the aforementioned forensic audit and the directives by both the Commissioner for Co-operatives and the Regulator, SASRA, the Board has assessed the recoverability of the Sacco's investment and impaired the funds held in KUSCCO Central Finance Programme of Kes 392,955 and shares of Kes 3,579,170 all amounting to Kes 3,972,125.

## **Dividends and Interest Rebates**

Dear Members, the Sacco maintained stable performance during the year under review amidst the harsh economic times and stringent regulatory requirements.

The Board of Directors recommends to pay dividend of 13% amounting to Kshs 19,597,921 on straight-line basis up from Kshs 15,546,084 (13%) paid in 2023. In addition, Kshs 113,023,429 is proposed to be paid as interest on members' deposits (Kshs 116,632,394 paid in 2023) which translates to 7% on weighted average (7.5% previous year).

The impairment of financial investments in KUSCCO and FDC provision of probable losses contributed to the reduction in interest rebates.

## **Ushirika Day Awards**

Ushirika Day is an annual event uniting over ten thousand SACCOs spread across the country. On this prestigious day, SACCOs celebrate collaboration, innovation and excellence within the SACCO industry.

Our SACCO proudly secured honors in several categories, showcasing our dedication to excellence and continuous improvement. The accolades received in the category of Non-Deposit Taking SACCOs, Community/Business People Based SACCOs are:



- Best in Risk Management
- Best in Deposits Management
- Most efficient
- Best managed
- Best in technology optimization

The trophies and awards that our Sacco earned is a statement of our dedication, innovation and continued commitment to serving members with new experiences each day.

### **Future Outlook**

The persistence of tight fiscal and monetary policy, and a fragile global context, present downsides. Kenya's medium-term prospects are positive and could be buttressed by improving competitiveness, inclusivity, and enhancing governance and anti-corruption framework to support a vibrant and market-driven economy. The current US conduct will shape the world order even more decisively in 2025/2026.

Esteemed members, our Regulator, SASRA requires us to comply with all prudential standards as stipulated in the Regulations. Full compliance requires co-operation from all of us. I call upon all members to ensure prompt payment of their loan obligations in order to support the journey of achieving a PAR/loan delinquency of below 5%. I also encourage members to take advantage of enhanced returns on flexi deposit to boost our liquidity and avail funds at lower cost for onward lending to members to avoid the Sacco borrowing high-cost funds from the commercial banks.

### **Conclusion**

We remain focused on our vision of being a leader in provision of financial services. Despite the prevailing tough economic times in the business environment, we are facing the future with confidence optimistic of a brighter future for Finnlemm and look forward to better performance.

My appreciation to you all for your continued confidence in our Sacco, I take this opportunity to extend my special thanks to the Management and staff, as well as members of the Board and Supervisory Committee for their commitment to the success of the Sacco.

I am grateful to our esteemed Members, SASRA, the State Department of Co-operatives, Service Providers and Partners for your continuous support and guidance.

Long live Finnlemm Sacco!

Thanks, and God bless you all!!

**Judith A. Oluoch**  
*Board Chairperson*





# THE SUPERVISORY COMMITTEE ANNUAL REPORT FOR THE YEAR 2024

## **Introduction:**

The Supervisory Committee (SC) is an oversight Committee whose role complements that of the Board of Directors in strengthening the internal controls of the Society.

On behalf of Finnlemm members, SC's main role is to verify that the principles of good Governance, transparency and accountability are adhered to by the Management Board.

SC key duties enshrined in the bylaws include reviewing the affairs of the society at least once a month and presenting a written monthly report to the management committee, with quarterly submissions to both the management, the Commissioner and Sacco Society Regulatory Authority (SASRA).

In line with the foregoing mandate, and on behalf of the SC team, SC hereby present the 2024 annual report to honourable members who are the clients and investors in Finnlemm SACCO. Our findings and recommendations to members are not to weaken the SACCO but strengthen and propel the SACCO to prosperity as well as safeguarding members' interest.

## **Finnlemm Sacco Principal Activity**

The Society's principal activity is of receiving shares and deposits and giving out loans to its members. The board is responsible for safeguarding the assets of the Society and ensuring that the business of the Society has been conducted in accordance with its objectives, by-laws and any other resolutions made at the Society's general meeting.

## **Performance**

### **Financial and Strategic Plan**

We observed an improvement in SACCO's financial growth compared to last year. Sacco did not achieve most of its strategic goals as outlined in the last Strategic Plan. This calls for a better implementation plan and follow up to ensure the Strategic Plan (SP 2023-2026) targets are met.

### **Loan repayments**

#### **Observations**

We noted that some loans were being underpaid. In some cases, the repayment amounts will take years beyond the SACCO stipulated loan repayment periods. In other cases, the loan balances are higher than they should due to low repayments.

#### **Implications**

The loan may appear performing despite being underpaid if the non-performance is determined by the date of last repayment as opposed to principal due owing.

The scenario of extreme low loan repayment may be indicative of lack of adherence to the Sacco loan repayment guidelines.

Performance is determined by the date of last repayment rather than the calculated loan monthly payment instalments.

#### **Recommendations.**

Performance of a loan should be determined by repayments of actual computed instalment amounts rather



than last payment amount, which is not equal to required instalment.

As much as possible, the loans repayment should be done by standing order to guarantee predictable repayment patterns and reduce unnecessary defaults and stress to guarantors.

### **Dividends and Interest Rebates:**

Our growth trajectory is gaining ground and the Sacco has delivered improved performance during the year 2024 compared to the last 3 years with 2021 as a base year.

The Board of Directors recommends to pay a dividend of 13% on a straight-line basis up from 12% paid in 2021 (2022 and 2023 dividend rate 13%). In addition, 7% is proposed to be paid as interest on members' deposits (7.5% in 2023), up from 7% paid in 2022 and 6.2% paid in 2021. We project that the Sacco will pay out higher dividend and interest rebate in the coming years going by the trend analysis. We appeal to members to honour their commitments and regularly pay their loan obligations and those without loans to be prompt in making their monthly deposits for the growth and survival of Finnlemm Sacco.

### **SACCO INVESTMENT –FDCL (Related party transactions).**

#### **Observations.**

It was noted that the total subscribed shares of FDCL were 501 of which the SACCO had subscribed 500 shares while the chairman had 1 share. Therefore, technically all FDCL operations are fully liable to the SACCO.

The Sacco took a loan from Co-operative Bank in 2015 and advanced to FDCL. The appraisal fee and interest were charged to FDCL. The principal loan (Kes 145,446,060), appraisal fee (Kes 1,650,000) and interest (Kes 53,340,256) amounted to Kes 200,436,316 which was recoverable from FDCL.

FDCL has repaid the Sacco the appraisal fee, interest and part of the loan principal with the balance standing at Kes 145,076,715.

The audit review shows the loan repayment and realization subject and or is only possible upon sale of the subject land for the loan advanced. Note the FDC's prior year audit demonstrates this position.

According to the FDCL financial reports the value of the assets in 2023 were Kshs 96,527,310 and as at end of the 2024, the assets stood at Kshs. 79,493,483, with the movement variance of Kshs 17,033,827. Similarly, the value of land held for sale as of end of 2023 was Kshs 79.9m and of end of 2024 it was Kshs 66.2m with a variance of Kshs 17.3m.

We observed the owners' equity in FDCL both as of end of 2023 and 2024 were negatives, meaning that what the Sacco is owed by FDCL is higher than the value of the assets held by FDCL such that even if FDCL sells off all its assets, the Sacco will not receive what is owed to it by FDCL, members are advised to read through the FDCL financial statements for the years 2023 and 2024.

The liabilities at FDCL are far much more than the assets it has. The entity has an accumulated losses amounting to Kshs. 36m.

### **Recommendation**

Based on the foregoing statements regarding FDCL of the entity having more liabilities than assets and negative equity, the entity is technically insolvent.

The board therefore should work extra hard to ensure the dissolution of FDCL as fast as is appropriate and come up with strategies of ensuring that the Sacco redeems whatever it can from the entity. This is the sure way of



cutting the Sacco further losses from transacting with FDCL.

### **Imminent Contingent Liabilities.**

#### **Observations**

The external audit noted several areas that may lead to contingent liabilities, this is ranging from the Investment with the FDC, The land sold to members and up to end of year 2024 the land has never been transferred to the Sacco or members, among others. This raises several points of liabilities to the Sacco which have not been provided for.

#### **Implications**

Contingent liabilities mean the Sacco / members may suffer more or further losses. This may diminish members' cash flows and earnings.

#### **Recommendation**

Sacco to make informed provisions and plans as well as strategies to mitigate this situation.

#### **In Conclusion.**

We wish to thank our members for patronizing our products, the board, management and staff for the cooperation extended to us during the course of the year. Likewise, we would wish to thank the representatives from the commissioner of Corporative development and the regulator SASRA for the constant guidance in preferred practices within the industry. We would also like to state that despite the prevailing challenging micro and macroeconomic environment, the Sacco will be facing the future with confidence and we are optimistic that it will be greater again in the years to come with even better performance given the unwavering support of our members and supporters.

**Maurice Abony**  
Chairman

**Sharon Afandi**  
Secretary

**Silas Kuya**  
Member



## TREASURER'S REPORT ON THE 42<sup>ND</sup> ANNUAL GENERAL MEETING HELD ON 8<sup>TH</sup> MARCH 2025

Dear members,

We are assembled here today to take stock of our performance, reflect on our business trajectory and deliberate on how to move the Sacco to the next level. The Sacco continued with its core business of providing financial solutions to its members and stakeholders. We continued to deliver better financial results in the year demonstrating our commitment to the fulfilment of our vision and mission. Allow me to outline the key performance highlights posted during the year under review.

### Operating income and expenses

The Sacco realized an increase of 8% in gross income to Kes 275 million up from Kes 254 million reported in 2023. The total operating expenses for the year amounted to Kes 95 million compared to Kes 81 million in the previous year. The below table gives a summary of the various expense vote heads for the two years.

NO	ITEM	2024	2023
1	Administrative Expenses	23,769,157	19,293,486
2	Financial Expenses	21,066,008	14,437,333
3	Personnel Expenses	36,466,992	35,097,730
4	Governance Expenses	8,867,758	8,439,636
5	Members' Expenses	5,513,786	4,554,093
	Total	95,683,701	81,822,278

### Assets and liabilities

The total assets grew by Kes 119 million, a 6% increase to Kes 2.26 billion. Members deposits grew to Kes 1.72 billion from Kes 1.66 billion reported in the year 2023.

During the year, the net loan book grew by 3.17% from Kes 1.68 billion in 2023 to 1.73 billion.

### Equity

The Society's share capital rose to Kes 150 million from Kes 119 million the previous year, a growth of 26%. The total equity grew by 20% to Kes 371 million up from Kes 308 million previous year. In order for the Sacco to comply with the core capital to total assets ratio as prescribed by the regulator, members resolved during the 2023 AGM to increase their share capital to at least Kes 40,000 by the year 2025. We appeal to all members who haven't met this threshold to work towards the same by 31st December 2025.

THREE YEAR PERFORMANCE REVIEW			
YEAR	YEAR 2024	YEAR 2023	YEAR 2022
<b>Membership</b>	<b>3,378</b>	<b>3,240</b>	<b>2,967</b>
	<b>Kes</b>	<b>Kes</b>	<b>Kes</b>
Loan book	1,737,130,785	1,683,799,893	1,563,491,986
Members deposit	1,727,932,212	1,666,551,724	1,606,954,591
Gross income	275,708,069	254,124,432	219,441,144
Share capital	150,753,239	119,585,264	98,008,957
Total assets	2,269,621,597	2,132,027,905	2,033,065,563
Interest Rebates	7%	7.5%	7%
Dividends	13%	13%	13%



### Regulatory Compliance

During the year, with the exception of the liquidity ratio and the portfolio at risk, the Sacco complied with the prudential standards set by the Regulator as indicated in the table below:

COMPLIANCE WITH PRUDENCE STANDARD	STATUTORY REQUIREMENT	YEAR 2024	YEAR 2023	REMARKS
<b>Key Ratio</b>				
Core capital/Total Assets Ratio	>8%	11%	8%	Compliant
Core capital/Total Deposits Ratio	>5%	14%	11%	Compliant
Liquid Assets/Total Deposits and long-Term liabilities	>10%	8%	4%	Not Compliant
Minimum Retained Earning & disclosed Reserve/Core capital	>50%	54%	55%	Compliant
Portfolio at risk	<5%	5.97%	6.3%	Not Compliant
Total Operating Expense/Total Revenue	<40%	34%	32%	Compliant

These indicators demonstrate sustained stability of the SACCO.

### Challenges and way forward

Despite the key achievements made by the Sacco, the society was faced with the below challenges:

- **External challenges-KUSCCO**

The financial challenges facing KUSCCO affected most of the Saccos in the industry including our society. The Board therefore assessed the recoverability of the Sacco's investment and impaired all the funds held in KUSCCO Central Finance Programme of Kes 392,955 and Shares of Kes 3,579,170.

- **American policy directive on donor funds,**

Though the guidelines were issued towards the end of our financial year, 25 organizations out of the 200 organizations are affected. Among other strategies we have continued to conduct financial trainings and mental health talks to our membership.

- **Dormant accounts**

The Sacco had a total membership of 3,378 with 2,702 being active and 676 being dormant. The Sacco is focusing on activation of dormant accounts by reaching out to the dormant account holders for the purpose of activating them.

- **PAR**

The Sacco is required to provide from the income generated funds to cushion it against default risk. The target for year 2025 is to lower the rate of the PAR further from 5.97% reported as at the close of the year to <5%. In order to achieve this, the Sacco will enhance loan recovery efforts. We encourage members to save consistently, borrow wisely and ensure prompt payments of their loans.

- **Delay in employer remittances**

The Sacco experienced delayed remittances by some employers in submitting members' funds. This affected the members' accounts especially on loan qualification and loan performance classification. We are continuously engaging employer organizations to ensure timely remittance of members' funds to avoid inconveniencing our members.

- **Liquidity**

The Sacco closed the year with liquid asset to total deposits and long-term liabilities ratio of 8% against a required ratio of 10%. To improve on its liquidity and increase its competitive advantage within the market, the Board has maintained the interest rates at 12% p.a. throughout the year for any funds that the members deposit



on their flexi accounts. We encourage all our members to continue patronizing the product.

**Approval of Budgets**

Distinguished members, ladies and gentlemen, please allow me to present the budget proposals for your consideration and approval as follows:

- a) 2025 revised budget
- b) 2026 proposed budget

Kind Regards

A handwritten signature in black ink, appearing to read 'mf.', written in a cursive style.

**Francis M. Kamau**

*Treasurer*



# FINNLEMM REGULATED NON-WDT SACCO SOCIETY LTD CS/NO: 3759 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024

## REPORT OF THE BOARD OF DIRECTORS

The members of the Board of Directors submit their annual report together with the audited Financial Statements for the year ended 31<sup>st</sup> December 2024.

### INCORPORATION

The Society is incorporated in Kenya under the Co-operative Societies Act, Cap 490 and Regulated by SASRA.

### PRINCIPAL ACTIVITY

The Society continued with its principal activity of receiving shares and deposits and giving out loans to its members.

### RESULTS

	2024 Ksh	2023 Ksh
Surplus /(Deficit) before tax	57,252,886	48,723,984
Income Tax expense	(4,303,954)	(1,799,839)
Net surplus/(deficit after tax)	52,948,932	46,924,145
Retained surplus for the year	52,948,932	46,924,145
Interest on Members' deposits	113,023,429	116,632,394

### REBATES AND DIVIDENDS

The Board of Directors is pleased to recommend to the members for approval a payment based on weighted average method on deposits at 7% (2023: 7.5%) in rebates and dividend of 13% on the share capital (2023:13%) .

### THE BOARD OF DIRECTORS

The Members of the Board of Directors who served during the year and to the date of this report is as listed on page 1.

### INDEPENDENT AUDITORS

D K Wambua & Associates, Certified Public Accountants (K) were appointed during the year and have expressed their willingness to be in office in accordance with the Sacco Societies Act, 2008.

### BY ORDER OF THE BOARD OF DIRECTORS

**M/S CAROLINE NJERI KARIUKI  
HON. SECRETARY**

**DATE: 05/02/2025**





## STATISTICAL INFORMATION

		2024	2023
<b>Membership</b>			
Active		2,702	2,272
Dormant		676	675
<b>Total</b>		<b>3,378</b>	<b>2,947</b>
<b>Employees of the Sacco</b>			
		<b>16</b>	<b>18</b>
Female		10	9
Male		6	9
Total Assets		2,269,621,597	2,150,463,349
Members' Non withdrawable deposits		1,727,932,212	1,666,551,724
Loans to Members		1,737,130,785	1,683,799,893
Investments		39,597,804	39,532,916
Total Liabilities		1,898,555,973	1,824,003,138
Core Capital		239,105,005	180,557,042
Share Capital		150,753,239	119,585,264
Retained Earning & Other disclosed Reserves		127,949,570	100,112,720
Total revenue		275,708,069	254,124,432
Total Interest Income		254,165,677	241,159,069
Total expenses		95,683,701	81,822,279

Key ratios:	Std Ratio		
<b>Capital Adequacy Ratio</b>			
Core Capital / Total Assets	≥8%	11%	8%
Core Capital / Total Deposit	≥ 5%	14%	11%
Minimum Retained Earning & disclosed Reserves /Core capital	≥50%	54%	55%
<b>Liquidity Ratio</b>			
Liquid Assets / Total deposits and Long term liabilities.	≥10%	8%	4%
<b>Operating Efficiency / Yield Ratios</b>			
Total expenses / Total revenue		34.7%	32.2%
Interest on Members deposits / Total revenue		44.5%	48.6%
Interest rate on Member's Deposits		7.0%	7.5%
Dividend rate on Members Share Capital		13.0%	13.0%
PAR	≤ 5%	5.97%	6.30%



## CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process and structure used to manage the business affairs of the Society towards enhancing prosperity and corporate accounting with the ultimate objective of realizing members' long and short term values while taking into account the interest of other stakeholders.

The Board of Directors is responsible for the corporate governance practices of the Sacco. This statement sets out the main practices in operation during the year under review, unless otherwise indicated. The Sacco is committed to business integrity and professionalism in all its activities.

### Board of Directors

The Board has nine members and a CEO as ex-officio. The separate roles of the Chair and the CEO are practised and are clearly defined in the by-laws that are regularly revised to be in line with legislation and statutes.

The Board meets monthly to deliberate on the Society's Financial performance and to discuss reports from each sub-committee and deal with any strategic issues and opportunities for the Sacco.

### Board Sub-Committees

The Society had the following sub-committees in place during the year with terms of reference clearly defined in the by laws to facilitate decision making of the Board in the execution of its powers, duties and authorities.

### STANDING COMMITTEES

- |   |            |                            |
|---|------------|----------------------------|
| 1. Finance and Administration Committee | Chaired by | Mr. Francis Mwaura Kamau   |
| 2. Credit and Risk Committee            | Chaired by | Mr. George Kamau Rugu      |
| 3. Education Committee                  | Chaired by | Mr. Fredrick Okello Akongo |

The above Sub-Committees meet regularly at least once a month to deliberate on issues that fall under their mandate.

### Internal Controls

The Society has systems and processes to ensure that requisite controls, physical security of assets and reporting of accurate and up-to date information with a comprehensive accounting system in place.



## STATEMENT OF BOARD OF DIRECTORS RESPONSIBILITIES

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

The Board of directors accepts responsibility for the Annual Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Co-operative Societies Act. No. 14 of 2008. The Board is of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the Society and of its operating results in accordance with the IFRS. The Board further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

The Board of Directors who held office at the date of this Director's report confirm so far as they are each aware, that there is no relevant audit information of which the Sacco's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Sacco's auditors are aware of that information.

Nothing has come to the attention of the members of the Board of 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.

Approved by the Board of Directors on 05 /02/2025 and signed on its behalf by:

Chairperson

Director

Director



# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FINNLEMM REGULATED NON-WDT SACCO SOCIETY LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2024

## Opinion

We have audited the accompanying financial statements of Finnlemm Regulated Non-WDT Sacco Society Limited set out on pages 10 to 34 which comprise the Society's statement of financial position as at 31st December 2024 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, the financial position of the Sacco as at 31st December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Co-operative Societies Act Cap 490.

## Basis for our Opinion

We conducted our audit in accordance with International Standards on Auditing [ISAs]. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of financial statements section of our report. We are independent of the Society in accordance with the IESBA code together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters during the year

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

Description of the Key Audit Matter	How Our Audit Addressed the Matter:																				
<p><b>1. Adequacy Ratios</b> The following Sacco ratios are still lower than the regulatory requirements, however, the audit appreciates the action to bring them to the required standard levels as shown below.</p> <table border="1"> <thead> <tr> <th>SACCO RATIOS</th> <th>Standard</th> <th>2024</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>%</td> <td>%</td> </tr> <tr> <td><b>Adequacy ratio</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Liquidity</td> <td>≥10%</td> <td>8%</td> <td>4%</td> </tr> <tr> <td>PAR/NPL</td> <td>≤ 5%</td> <td>5.97%</td> <td>6.30%</td> </tr> </tbody> </table>	SACCO RATIOS	Standard	2024	2023			%	%	<b>Adequacy ratio</b>				Liquidity	≥10%	8%	4%	PAR/NPL	≤ 5%	5.97%	6.30%	<p>1. We reviewed and confirmed that the board and management has continued to act on the two ratios in question and that they are on the correct movement towards required set standard, by the regulator. Also, the as to recoverability of loans and mobilization of cash flow they are working on the same.</p> <p>2. We advised the Sacco board and management that they need ensure compliance, with regulatory framework and IFRS 9 and set for loans and other assets.</p>
SACCO RATIOS	Standard	2024	2023																		
		%	%																		
<b>Adequacy ratio</b>																					
Liquidity	≥10%	8%	4%																		
PAR/NPL	≤ 5%	5.97%	6.30%																		
<p><b>2. Provisions for Impairment</b> We observed that the Sacco loan provisions for loan loss requires adequate provisioning. This is noting that the Sacco has had under provisions cumulative over prior years.</p>	<p>1. We reviewed and confirmed that the board and management has acted by ensuring annual provisions and as well reached out to the regulator on the mitigations and actions taken.</p> <p>2. We advised the Sacco board and management that they need ensure compliance, with regulatory framework and IFRS 9 and set for loans and any other assets.</p>																				



Description of the Key Audit Matter	How Our Audit Addressed the Matter:
<p><b>3. Related Party Receivables</b> The Sacco in 2015, invested in a related party/subsidiary company and the amount to date stands at Kshs. 140,076,715.00, after a provision for impairment of Kshs. 5m for the year. The audit observed the effort to recover and or impair the investment, as well as raising concerns on the slow recoverability of the investment.</p>	<ol style="list-style-type: none"> <li>1. We reviewed and confirmed that the Sacco's subsidiary invested in a land that has not been sold to date. The board and management confirm that once the sales are made, the proceeds will be used to settle the receivable. Also, the effort to impair the investment has been well noted.</li> <li>2. We advised the Sacco board and management to follow the regulatory requirements when making such investments in the future and as well ensure the members investments are repaid.</li> </ol>

### Other Information

The Board of directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Directors' Responsibility for the Financial Statements

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

In preparing the financial statements, the board of directors is responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. The board of directors are also, responsible for overseeing the society's financial reporting process.

### Auditor's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are



appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

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

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

#### **Report On Other Legal Requirements**

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

1. We have obtained information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
2. The Sacco has complied with various regulatory and standard ratios required by the Sacco Societies Act.
3. The Society's statement of financial position and the statement of comprehensive income are in agreement with the books of accounts; and,
4. The Society's business was conducted in accordance with the provisions of the Sacco Societies Act and the Society's by-laws and any other resolutions made by the Society at a general meeting, as far as our audit confirmed.

**The engagement partner responsible for the audit resulting in this independent auditors' report was CPA Dennis Wambua Kimanzi, Practicing Certificate Number P/1675.**

**D K Wambua & Associates  
Certified Public Accountants  
Nairobi, Kenya.**

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

Dated ..... 27/12/2024



## STATEMENT OF COMPREHENSIVE INCOME

	Note	2024 Kshs	2023 Kshs
<b>INCOME</b>			
Interest income	6	254,165,677	241,159,069
Less interest expense	8	(122,771,482)	(123,578,169)
<b>Net Interest Income</b>		<b>131,394,194</b>	<b>117,580,900</b>
Other operating income	7	21,542,392	12,965,362
<b>Total operating income</b>		<b>152,936,587</b>	<b>130,546,262</b>
Administrative Expenses	9(a)	(23,769,157)	(19,293,486)
Financial Expenses	9(b)	(21,066,008)	(14,437,333)
Personnel Expenses	9(c)	(36,466,992)	(35,097,730)
Governance Expenses	9(d)	(8,867,758)	(8,439,636)
Members' Expenses	9(e)	(5,513,786)	(4,554,093)
<b>Net Operating Surplus/(Deficit) before Tax</b>		<b>57,252,886</b>	<b>48,723,984</b>
Income tax expense	22	(4,303,954)	(1,799,839)
<b>Net Surplus for the year after tax</b>		<b>52,948,932</b>	<b>46,924,145</b>
<b>Other comprehensive income (Non distributable)</b>			
Gain/loss in fair value of investments	10	4,036,032	-
<b>Total Comprehensive income</b>		<b>56,984,964</b>	<b>46,924,145</b>





## STATEMENT OF FINANCIAL POSITION

	Notes	2024 Kshs	2023 Kshs
<b>ASSETS</b>			
Cash and Cash equivalents	13	134,408,573	65,129,090
Financial Investments	10	39,597,804	39,532,916
Receivables & Prepayments	12	62,989,576	64,438,750
Due from related party	20(e)	140,076,715	145,076,715
Loans to Members	11	1,737,130,785	1,683,799,893
Free hold land at cost	16	14,088,402	14,088,402
Property, Plant and Equipments	15	137,988,219	133,386,924
Intangible Assets	17	676,304	1,007,505
Income Tax Receivable	22	2,665,222	4,003,154
<b>TOTAL ASSETS</b>		<b>2,269,621,597</b>	<b>2,150,463,349</b>
<b>LIABILITIES</b>			
Members deposits	5	1,727,932,212	1,666,551,724
Payables & Accruals	19	32,488,250	35,375,892
Long term loan	14	-	3,250,000
Payments to the members and the Board	18	138,135,511	137,260,966
<b>TOTAL LIABILITIES</b>		<b>1,898,555,973</b>	<b>1,842,438,582</b>
<b>EQUITY</b>			
Share Capital	5	150,753,239	119,585,264
Reserves	23	220,312,385	188,439,503
<b>TOTAL EQUITY</b>		<b>371,065,624</b>	<b>308,024,767</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,269,621,597</b>	<b>2,150,463,349</b>



The financial statements were approved by the Board of Directors on 05 /02/2025 and signed on its behalf by:-

Chairperson: .....

Director:.....

Director: .....



## STATEMENT OF CHANGES IN EQUITY

	NOTES	Appropriation Account Ksh	Statutory Reserve Ksh	Revaluation Reserve Ksh	Capital Reserve Ksh	Share capital Ksh	Total Ksh
<b>YEAR END 31.12.2024</b>							
<b>As at the start of the year</b>		<b>52,702,454</b>	<b>42,898,526</b>	<b>88,326,783</b>	<b>4,511,740</b>	<b>119,585,264</b>	<b>308,024,767</b>
Surplus/(Loss) for the year		52,948,932	-	-	-	-	52,948,932
Transfer to Statutory Reserve		(10,589,786)	10,589,786	-	-	-	-
Year's Contribution	<b>5</b>	-	-	-	-	31,167,976	31,167,976
Fair value gain on shares	<b>10</b>	-	-	4,036,032	-	-	4,036,032
Prior year adjustment	<b>21</b>	-	-	-	-	-	-
Dividends		(19,597,921)	-	-	-	-	(19,597,921)
Honoraria		(5,514,161)	-	-	-	-	(5,514,161)
<b>As at December 2024</b>		<b>69,949,517</b>	<b>53,488,313</b>	<b>92,362,815</b>	<b>4,511,740</b>	<b>150,753,239</b>	<b>371,065,624</b>
<b>YEAR END 31.12.2023</b>							
As at the start of the year		34,031,718	33,513,697	88,326,783	4,511,740	98,008,957	258,392,896
Surplus/(Loss) for the year		46,924,146	-	-	-	-	46,924,146
Transfer to Statutory Reserve		(9,384,829)	9,384,829	-	-	-	-
Year's Contribution	<b>5</b>	-	-	-	-	21,576,307	21,576,307
Fair value gain on shares	<b>10</b>	-	-	-	-	-	-
Prior year adjustment	<b>21</b>	1,759,992	-	-	-	-	1,759,992
Dividends		(15,546,084)	-	-	-	-	(15,546,084)
Honoraria		(5,082,489)	-	-	-	-	(5,082,489)
<b>As at December 2023</b>		<b>52,702,454</b>	<b>42,898,526</b>	<b>88,326,783</b>	<b>4,511,740</b>	<b>119,585,264</b>	<b>308,024,767</b>



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024

	Note	2024 Kshs	2023 Kshs
<b>Cash flows from Operating Activities</b>			
Interest receipts	6	254,165,677	241,159,069
Other receipts	7(a)	21,542,392	12,965,362
Interest Payments	8	(126,380,447)	(111,345,828)
Payments to employees and suppliers	9	(74,709,144)	(67,792,849)
		<b>74,618,478</b>	<b>74,985,755</b>
<b>(Increase)/Decrease in operating assets</b>			
Receivables and prepayments	12	1,449,175	(10,598,562)
Loans to Members	11	(63,830,892)	(130,587,426)
Increase/(Decrease) in related party transactions	20	-	14,421,311
<b>Increase/(Decrease) in operating liabilities</b>			
Net Members special and other deposits	5	61,380,488	59,597,133
Honoraria paid	18	(5,082,489)	(4,388,823)
Payables and accruals	19	(2,887,642)	(2,164,125)
<b>Net Cash From operating activities before income taxes</b>		<b>65,647,116</b>	<b>1,265,262</b>
Income tax paid	22	(2,966,022)	(3,556,694)
<b>Net cash from operating activities</b>		<b>62,681,095</b>	<b>(2,291,434)</b>
<b>Cash flows to Investing Activities</b>			
Purchase of Property and Equipment	15	(5,774,484)	(1,475,575)
Sale /Purchase of Investments net of devaluation	10	981	1,466
<b>Net cash used in investing Activities</b>		<b>(5,773,503)</b>	<b>(1,474,109)</b>
<b>Cash flows from Financing Activities</b>			
Share Capital Contribution	5	31,167,976	21,576,307
External Loan borrowing	14	-	-
Repayment of borrowing	14	(3,250,000)	(23,833,464)
Dividends paid	18	(15,546,084)	(12,741,164)
<b>Net cash used in Financing Activities</b>		<b>12,371,891</b>	<b>(14,998,322)</b>
Net Change in Cash and cash equivalents		69,279,483	(18,763,864)
As at start of year		65,129,090	83,892,954
<b>As at end of year</b>		<b>134,408,573</b>	<b>65,129,090</b>
<b>Comprising:</b>			
Cash and Bank Balances	13	134,408,573	65,129,090
		<b>134,408,573</b>	<b>65,129,090</b>



## ACCOUNTING POLICIES

### 1. Corporate information

Finnlemm Regulated NWD T Sacco Society Limited is a Co-operative Society incorporated and domiciled in Kenya where it receives deposits from members and issues them with loans. The registered office is located at 55 Gatundu Road Kileleshwa, P.O Box 67666-00200, Nairobi, Kenya.

The primary business of the Sacco is that of receiving shares and deposits and giving out loans to its members.

### 2. Summary of significant accounting policies adopted

The principal accounting policies adopted in the preparation of these Financial Statements are set out below: These policies have been consistently applied over the years presented unless otherwise stated.

#### a) Basis of Preparation of Financial Statements

The financial statements have been prepared on an historical cost basis, except for the measurement at revaluation amounts of certain property and equipment, marketable securities and financial instruments at fair value, impaired assets at their recoverable amounts and actuarially determined liabilities at their present value where applicable.

The accounts have been prepared in accordance with and comply with International Financial Reporting Standards which allows management to use estimates, assumptions and judgements in the process of applying the Sacco's accounting policies. They have further been prepared in accordance with the Kenya Sacco Societies Act, and comply in all material respects.

In harmony with the Kenyan Sacco Societies Act reporting purposes, in these Financial Statements, the Balance represented in the Statement of Comprehensive Income.

All monetary figures appearing in the Financial Statements, unless otherwise indicated are stated in Kenya Shillings (KShs.):

- i) To improve clarity, various items in the statement of financial position and the statement of comprehensive income were combined. This is presented in detail in the notes.
- iii) The statement of comprehensive income was prepared in line with the nature of expense method.

The preparation of Financial Statements in conformity with International Financial Reporting Standards requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reported year.

The estimates and assumptions are based on the Directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about the carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. If the revision affects only that period or in the year of the revision and future periods if the revision affects both current and future periods.



**b) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Sacco and the revenue can be reliably measured. Revenue is recognised at fair value of consideration received or receivable taking into account contractually defined terms of payment (mostly monthly) and recognised net of taxes. The following specific criteria must be met before revenue is recognised:-

i) Interest from loans to members

Interest on loans to members is calculated on a reducing balance method at monthly rate depending on each product. Interest income is recognised on a time proportion basis by reference to the principal outstanding and the effective interest rate applicable.

New members to the society are required to pay an entrance fee. The fees is recognised in the income statement in accordance with ISA 1.

ii) Finance Revenue

Finance revenue comprises interest receivable from bank deposits and investment in securities. It is recognised as it accrues in profit or loss, using the effective interest rate method.

**c) Expenditure Recognition**

All expenditures incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency is charged to the revenue in arriving at the Profit (Loss) for the year of Comprehensive income. For the purpose of the presentation of the Statement of Comprehensive Income, the Directors are of the opinion that function of expenses method, presents fairly the element of the Society's performance, hence such presentation method is adopted.

**d) Employee benefits ( Retirement Benefits Obligations)**

The Society contributes to a mandatory defined contribution pension scheme on its employees. The estimated monetary liabilities are accrued annually on prorate and entitlement at the statement of financial position date is expensed, the National Social Security Fund (NSSF) for its employees as legislated from time to time. The pension fund is charged at 8% on employees and 8% on the Sacco. Society's contributions are charged to the statement of comprehensive income in the year to which they relate.

**e) Cash and cash equivalents**

Cash and cash equivalent are carried in the Statement of Financial Position net of overdraft. For the purpose of the Statement Cash Flows, cash and cash equivalent comprises cash in hand, deposits held at call with banks and investments in money market instruments, net of bank overdraft. In the Statement of Financial Position, bank overdrafts are included in borrowings in current liabilities.

**f) Provision for Doubtful Debts**

The estimated provision for doubtful debts is based on the period for which the debt was outstanding combined with some knowledge of the financial position of the debtors and/ or the circumstances surrounding the underlying transaction.

This policy is to ensure that the Sacco regularly evaluates debts and their recoverability, maintain timely and appropriate provision account in order to accurately reflect the condition of the statement of financial position. It is also intended to promote well-reasoned, effective work plans for problem debts and effective internal controls to manage the level of such debts.

Specific provisions are established where full recovery of principal is considered doubtful. Specific provision are made against finalised customer accounts net of deposits. Provisions are determined primarily by reference to historical ratios of write-offs to balances in default.



General provisions for bad and doubtful debts are maintained to cover non identified probable losses and latent risks inherent in the overall debt portfolio. The provisions are determined having regard to the general risk profile of the credit portfolio, historical loss experience and economic conditions.

The amounts required to bring the provisions for impairment to new assessed levels are charged to statement of comprehensive income.

**g) Taxation**

Current income tax is the amount of income tax payable on the profit for the year determined in accordance with with the existing tax legislation. Deferred tax income is provided in full, using the liability method, on all temporal differences arising between the tax bases of assets and liabilities and the carrying value for the financial reporting purposes. Deferred tax is determined using tax rates enacted or substantively enacted at balance sheet date and are expected to apply when related deferred income tax liability is settled.

Deferred income tax assets/ liabilities are recognised only on the extent that it is probable that future taxable profits will be available against temporary differences that can be utilized.

**h) Comparatives**

The presentation and classification of the Financial Statements of the previous year have been amended where relevant for better presentation and to be comparable with those of the current year in line with International Financial Reporting Standards.

**i) Financial Instruments**

Financial assets and liabilities are recognized on the balance sheet when the entity has become a party to the contractual provisions of the instrument.

**j) Trade Receivables**

Trade receivables are carried at anticipated realizable values. An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end.

**k) Bad Debts**

Bad debts are written off when all reasonable steps to recover them have failed.

**l) Borrowing costs**

Borrowing costs directly attributable to the acquisition or contraction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is the gross amount incurred on those loans less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, i.e. when substantially all of the development work is completed. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted.

Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for development are in progress.

**m) Dividends/Rebates**

Rebates/Dividends are charged to equity in the period in which they are declared. Proposed dividends/rebates are shown as a component of equity until they have been ratified at an annual general meeting.



**n) Trade payables**

Trade payables are stated at their nominal value.

**o) Loans and Advances**

Loans and advances are carried at amortized cost using the effective interest method.

**p) Investment in Equities**

Investment in equities are initially recorded at cost and subsequently adjusted to their fair values. Gains or losses arising from changes in fair value are recognized in the statement of comprehensive income in the period in which they arise.

**q) Trade and Other Payables**

These are non interest bearing liabilities and are carried at amortised cost, which is measured at the fair value of the consideration to be paid in future in respect of goods and services supplied by the supplier, whether billed or not, less any payments already made.

**r) Property, Plant and Equipment**

All property, plant and equipments are initially recorded at cost less accumulated depreciation and accumulated impairment in value. Land and building class of property, plant and equipments are stated at valued amounts by independent valuers. Increase in carrying value arising on revaluations are credited to other comprehensive income and accumulated in revaluation reserves in equity.

Each year, the difference between the depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost is transferred to revaluation reserves, all other decreases are charged to the Statement of Comprehensive Income.

Except for computer software, depreciation is computed on the reducing balance basis to write down the cost of each assets to its residual value over its estimated useful life. The annual depreciation rates in use are:

Computers & Accessories	30.0%
Office Equipment and Furniture	12.5%
Fixtures and Fittings	12.5%
Buildings	2.5%
Computer Software	33.33%

Property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. On disposal of a revalued asset, amount in the revaluation reserve relating to that asset is transferred to retained earnings.

**s) Financial Instruments**

All purchases and sales of investments are recognized on trade, which is the date the Sacco commits to purchase or sell the asset. The cost of purchase includes transaction cost. The Sacco subsequently determines the appropriate classification of its investments and re-evaluates such designation on regular basis; the classification is dependent on the purpose for which investments are acquired. Investments with fixed maturity that the Sacco has the intent ability to hold to, maturity are classified as held-to-maturity and are carried at amortized cost. On equity investments purchased in the primary market (i.e. directly from the issuer) are classified as originated loans, and are carried at





amortized cost. Investment intended to be held for an indefinite period of time, which may be sold in response to the needs for liquidity or changes in interest rates are classified available-for-sale and carried at fair value. Investments are classified and measured as follows;

- i) Quoted shares are classified as available-for-sale investments and are carried at fair value. Their fair value is calculated by reference to the stock exchange quoted bid prices at the close of the business on the Statement of Financial Position date.
- ii) Unquoted investments are classified as available-for-sale investments. They are shown at fair value unless their value cannot be reliably measured, when they are carried at cost less provision for impairment.
- iii) Securities issued by the Kenya Government are classified as originated loans. They are carried at amortized cost (i.e. cost plus accrued or interest) and any premium or discount amortized through income, using effective yield method.
- iv) Fixed deposits and commercial papers are classified as originated loans. These are carried at amortized cost (i.e. cost plus accrued income), using the effective yield method. Fair value gains/ (losses) are credited /(debited ) to the Statement of Comprehensive Income.

**t) Revaluation/Capital (Non-distributable) reserves**

The revaluation (non-distributable) reserve relates to items that are not distributable to the Shareholders, such as fair value adjustments on revaluation of investment property, borrowings, derivatives, non-cash, capital items charges and deferred taxation.

**u) Related parties**

Disclosures are made in respect of transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is being charged.

**v) New Standards, amendments and interpretations mandatory for the first time for the financial year 2019**

A number of new standard amendments to Standards and interpretations are effective for annual periods beginning on or after January 1, 2019 and have been applied in the preparation of these financial statements. None of these have got a significant effect on the financial statements. Annual Improvements to IFRS Standards 2015-2017 cycle various Standards effective January 1,2019.

Amendments to IAS 1 - 'Disclosure Initiative': The narrow-focus amendments to IAS 1, presentation of financial statements clarify,rather than significantly change, existing IAS 1 requirements. In most cases the proposed amendment respond to overly prescriptive interpretations of the wording in IAS 1. The amendments relate to the following: materiality, order of the notes, subtotal, accounting policies and disaggregation.

Amendments to IAS 27 - 'Separate Financial Statements': Reinstate the equity method as an accounting option for investment in subsidiaries, joint ventures and associates in an entity's separate financial statements.

Amendments to IAS 16 - 'Property, plant and equipment' and IAS 38 - 'Intangible assets' clarifies that when an item of property,plant and equipment or an intangible asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

The amendment has also clarified acceptable methods of depreciation and amortisation. The use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity reflects factors other than the consumption of the economic benefits embodied in the asset.

Amendment to IFRS 11 -'Joint Arrangements' clarify the accounting for acquisitions of an interest in a joint operation



when the operation constitutes a business.

Amendment to IAS 40 'Investment Property': clarifies that judgement is required over whether the acquisition of an investment property is an acquisition of an asset or a business combination that falls within the scope of IFRS 3. The amendment will have prospective impact on the accounting treatment for the acquisition of investment property which falls under the scope of the business combination. The Society did not have any transactions which fall within the scope of business combinations.

Amendments to IFRS 10, IFRS 12, and IAS 'Investment Equities: Applying the Consolidation Exception' The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

<b>IFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations. Changes in method of disposal adds specific guidance for cases in which an entity reclassifies an asset from held-for-sale to held-for-distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
<b>IFRS 7</b>	Financial Instruments Disclosure: Service Contracts. Clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required and the applicability of offsetting disclosures to the condensed interim financial statements.
<b>IAS 19</b>	Amendments to IAS 19 - Plan Amendment, curtailment or settlement effective January 1, 2019. It also covers Employee Benefit: Discount Rate - Regional Market Issue. Clarifies that the high quality Corporate bonds used in estimating the discount rate for post employment benefits should be denominated in the same currency as the benefit to be paid ( thus, the depth of the market for high quality corporate bonds should be assessed at currency level).
<b>IAS 34</b>	Interim Financial Reporting: Disclosure of Information elsewhere in the Interim Financial Report. Clarifies the meaning of "elsewhere in the interim report" and requires a cross-reference.
<b>IFRS 16</b>	<b>Leases effective January 1 2019.</b>
<b>IFRS 15</b>	<b>Revenue from Contract with Customers</b> (Effective on or after 1 January 2019). Deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefit from the goods or services. Revenues of the Sacco are derived from the issue of loans to members and interest from its investments. Interest rates are fixed and determination of when revenue should be recognised is straight forward. The adoption of IFRS 15 did not have any effect in the financial statements of the Society.
<b>IFRS 9</b>	<b>Financial Instruments ( Effective on or after 1 January 2019).</b> Addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IFRS 39. Guides on prepayment, features with Negative Compensation- (Financial Instruments -Recognition and Measurement). The Society has loans and receivables and non-derivative financial liabilities at cost. The Society adopted the Standard, however not to the fullest.
<b>IFRS 2-</b>	Was amended by the IASB in June 2016 with the aim of clarifying the accounting treatment of certain share based payment transactions. The changes have been applied in these financial statements.
<b>IFRIC 23</b>	<b>Uncertainty over Income Tax Treatments - Issued effective January 1, 2019</b>

**w) New Standards and Interpretations in issue but not yet effective**

The following Standards, amendments to or revisions to existing standards or interpretations have been published and are mandatory for the Society's accounting periods beginning after 1 January 2019 or later periods. The Society is in the process of assessing the impact of these new standards, interpretations or amendments to its financial statement and does not plan to early adopt them:

- (i) Amendments to IFRS 3 - Definition of a business-effective January 1, 2020.
- (ii) Amendments to References to Conceptual Framework in IFRS Standards-effective January 1, 2020.
- (iii) Amendments to IAS 1 and IAS 8- Definition of material-effective January 1, 2020.
- (4) Approval of loans is subject to availability of funds as indicated in the cash flow reports.



IFRS 16	Leases (Effective on or after 1 January 2019): Replaces current guidance in IFRS 17. Requires lessee to recognise a lease liability reflecting future lease payments and a "right-to-use" for most lease contracts. Given that the Society is not involved in any leases, IFRS 26 is not expected to have significant impact on the financial reporting of the Society currently and intends to adopt IFRS 16 effective 1 January 2019.
IAS 28	Was amended by the IASB in October 2017 with effect from 1st January 2019 have the purpose of clarifying how Societies must use IFRS 9 to represent long term interests in associates or joint ventures for which the equity method is not applied. None of the above are expected to have a significant effect on the financial statements of the Society in the period of adoption. There are no other IFRS or IFRIC interpretations that are not effective that would be expected to have a material impact on the Society.

### 3) Expected credit losses (ECL and impairment)

As at January 1, 2018 and thereafter, the Sacco recognizes a forward looking expected loss model on its loans and advances commitments issued. At each reporting date, the Sacco measures the loss allowance at an amount equal to the lifetime expected credit losses.

The model applies historical information on the credit quality of the loans and advances, assumptions and estimations on changes in credit risk. Consideration of how changes in economic factors affect ECLs are determined on a probability weighted basis.

The ECL allowances are presented in the statement of financial position as a deduction from the gross carrying amount of the loans in form of a general provision.

### 4) Credit risk

The society is exposed to the risk that some members may not repay loans when due and in full. Exposure to the credit risk is being managed by among others:

- (1) Ensuring that granting of loans is completely vetted by the credit committee
- (2) No member is granted loans exceeding Four times the shares held and/or amounts stipulated in the by-laws.
- (3) All loans advanced are co-guaranteed by members.
- (4) An insurance policy cover is established against deceased members loans balances.
- (5) Members of the sponsoring employee who change employment are promptly followed-up

#### i) Unearned Interest Income risk

The society is exposed to the risk that unearned interest income may be accrued but not received. The exposure to unearned interest income is managed by only recognizing the interest income received.

#### ii) Interest risk

The Sacco is not exposed to interest risk, since the interest rate on loans is standardized at between 1% and 1.5% per month.

#### iii) Liquidity risk

The society is exposed to the risk that it may have difficulties in meeting members loan obligations. Liquidity risk is being addressed through :

- (1) The society has an aggressive policy of increasing members deposits.
- (2) The society does not invest members share savings in fixed properties.
- (3) The society may use bank loans and overdraft facilities to meet short term liquidity requirements.
- (4) Approval of loans is subject to availability of funds as indicated in the cash flow reports.



## NOTES TO THE FINANCIAL STATEMENTS

		2024 Ksh	2023 Ksh
<b>5</b>	<b>MEMBERS' SHARES/DEPOSITS</b>		
<b>5(a)</b>	<b>SHARE CAPITAL</b>		
	<b>Authorized:</b>		
	An undetermined number of shares of Kshs.100/= each....		
	<b>Issued:</b>		
	Fully paid shares	A	<b>150,753,239</b>
			<b>119,585,264</b>
	Per MPA	B	150,753,239
	<b>Variance</b>	<b>A-B</b>	<b>-</b>
<b>5(b)</b>	<b>i) MEMBERS'S NON WITHDRAWABLE DEPOSITS</b>		
	Bal b/f		1,595,861,053
	Additions during the year		250,606,898
	Refunds		(224,317,314)
		<b>A</b>	<b>1,622,150,638</b>
			<b>1,595,861,053</b>
	Per MPA		1,622,150,638
	<b>Variance between MPA and listings</b>	<b>A-B</b>	<b>-</b>
	<b>ii) BORROWINGS FROM MEMBERS(FLEXI DEPOSITS)</b>	<b>B</b>	<b>105,781,575</b>
			<b>70,690,671</b>
	<b>Total Members' deposits</b>	<b>A &amp; B</b>	<b>1,727,932,212</b>
			<b>1,666,551,724</b>
<b>6</b>	<b>INTEREST INCOME</b>		
	Interest charged on members' loans		254,165,677
			241,159,069
			<b>254,165,677</b>
			<b>241,159,069</b>
<b>7</b>	<b>OTHER INCOME</b>		
<b>7(a)</b>	<b>OTHER INTEREST INCOME</b>		
	Interest from Treasury bond		3,309,900
	Interest from Money Markets		1,497,924
			251,266
			<b>4,807,824</b>
			<b>3,865,666</b>
<b>7(b)</b>	<b>DIVIDEND INCOME</b>		
	Dividends from KUSCCO		-
	Dividends from CIC		306,015
	Dividends from Co-op Bank		5,234,915
			4,867,985
			<b>5,540,931</b>
			<b>5,158,699</b>
<b>7(c)</b>	<b>OTHER OPERATING INCOME</b>		
	Other charges and commissions		10,835,174
	Entrance fees		358,464
			229,287
			<b>11,193,638</b>
			<b>3,940,997</b>
	<b>TOTAL OTHER INCOMES</b>	<b>A+B</b>	<b>21,542,392</b>
			<b>12,965,362</b>
<b>8</b>	<b>INTEREST EXPENSE</b>		
	On Members' deposits		113,023,429
	Interest on Flexi Deposit		9,353,550
	Interest on Junior account		390,151
	Interest on scholar account		4,352
			4,340
			<b>122,771,482</b>
			<b>123,578,168</b>



		2024 Ksh	2023 Ksh
<b>9</b>	<b>OTHER EXPENSES</b>		
<b>9(a)</b>	<b>Administrative Expenses</b>		
	Strategic Plan review	371,435	1,340,622
	Advertising and public relations	3,573,434	1,820,263
	Office general expenses	2,327,282	1,660,962
	Security expenses	2,420,859	2,430,835
	Computer expenses	3,205,220	2,792,477
	Telephone and postage	1,699,558	1,456,191
	Bank Charges	535,818	979,084
	Legal and consultancy fees	1,167,771	1,397,480
	End year Events	925,806	900,000
	Printing and stationery	329,600	500,299
	Property maintenance	399,051	1,342,784
	Transport and subsistence	592,149	691,753
	Electricity and water	714,983	726,047
	Audit fees	388,000	421,491
	Insurance expenses	403,390	325,336
	Rates payment	202,800	236,520
	Subscription expenses	322,050	178,400
	Compliance and Quality Assurance	1,696,552	9,000
	Loan administration/Write off	206,672	83,943
	Loan Write off	2,286,726	-
		<b>23,769,157</b>	<b>19,293,486</b>
<b>9(b)</b>	<b>Financial Expenses</b>		
	Increase in provision for doubtful debts	10,500,000	10,279,519
	Loan Interest from Bank	89,493	2,215,003
	Impairment Charge	8,972,125	-
	Depreciation on assets	1,173,190	1,439,134
	Amortization of the software	331,201	503,677
		<b>21,066,008</b>	<b>14,437,333</b>
	The impairment charge comprises of KUSCCO Central Finance Programme of Kes 392,955; KUSCCO shares of Kes 3,579,170 and Receivable from related party (Finnlemm Development Company Limited) of Kes 5 million.		
<b>9(c)</b>	<b>Personnel Expenses</b>		
	Consolidated Salaries	26,913,079	27,320,615
	Medical insurance	3,176,939	3,841,622
	Employer contributions (NSSF,NITA,Housing Levy & Pension)	2,552,758	2,119,098
	Staff training, Capacity Buiding & recruitment	3,824,216	1,816,395
		<b>36,466,992</b>	<b>35,097,730</b>
<b>9(d)</b>	<b>Governance Expenses</b>		
	Committee sitting and travel expenses	6,196,000	6,012,413
	Committee training &Capacity Buiding	2,671,758	2,427,223
		<b>8,867,758</b>	<b>8,439,636</b>
	<b>Board Allowance Schedule 2024</b>		
	<b>Name</b>	<b>Total Allowance</b>	<b>Total Allowance</b>
	M/s. Judith Anyango Oluoch	740,000	693,000
	Mr. Fredrick Okello Akongo	738,000	648,000
	Mr. Francis Mwaura Kamau	739,000	477,000
	M/s Carolyne Kariuki	495,000	531,000



		<b>2024 Ksh</b>	<b>2023 Ksh</b>
Mr. Erastus Omamo Cheti		495,000	621,000
Mr. George Kamau Rugu		621,000	513,000
Mr. Bernard Otieno		603,000	558,000
Mr. Maurice Oduor Abony		306,000	333,000
Dr. Obed Matundura		432,000	423,000
M/s Sharon Afandi		180,000	207,000
M/s Joy Katunge Matheka		360,000	-
Mr. Silas Kuya Nanjero		162,000	-
M/s. Rachel Ngondo Mwadime		262,000	585,000
M/s. Elizabeth Achieng Were		63,000	234,000
Mr. Fredric Eric Odhiambo		-	117,000
Mr. Daniel Githui Wamai		-	72,413
<b>Total</b>		<b>6,196,000</b>	<b>6,012,413</b>
<b>9(e) Members' Expenses</b>			
Annual General Meeting		3,607,046	3,354,132
Members' Education & Communications		1,906,740	1,199,961
		<b>5,513,786</b>	<b>4,554,093</b>
<b>Total Expenses</b>		<b>95,683,701</b>	<b>82,668,853</b>
<b>10 INVESTMENTS</b>			
<b>10(a) Unquoted Shares</b>			
i) Co-op holdings Ltd			
3,696,000 class A ord.shares of Kshs 1 valued at 7.40			
opening balance		27,350,400	27,350,400
Fair value gain/loss		4,065,600	-
<b>Total class A 3,696,000 shares valued at 8.50</b>		<b>31,416,000</b>	<b>27,350,400</b>
Add: Opening 3,360 Class B.ord.shares of Kshs 1 valued at 12.30		41,328	41,328
Fair value gain/loss		(29,568)	-
<b>Total class B. 3,360 ordinary shares of Kshs 1 valued at 3.50</b>		<b>11,760</b>	<b>41,328</b>
<b>Total co-operative Bank of Kenya ltd shares</b>		<b>31,427,760</b>	<b>27,391,728</b>
ii) Co-operative Insurance Company Ltd (CIC)			
Opening balance shares 2,319,984 of Kshs 3.50 each		8,119,944	8,119,944
2,319,984 Ord.shares of Kshs 1 valued at 3.50		8,119,944	8,119,944
iii) Kuscco Shares			
Opening balance shares 35,792 of Kshs 100 each		3,579,170	3,579,170
Dividends capitalized		-	-
Impairment		(3,579,170)	-
Total Kuscco shares		-	3,579,170
iv) Kuscco Central finance programme			
Opening balance Kuscco Vijana Savings		391,974	390,508
Interest earned		981	1,466
Impairment		(392,955)	-
Total KCFP		-	391,974
<b>Total Unquoted Investments</b>	<b>A</b>	<b>39,547,704</b>	<b>39,482,816</b>



		2024 Ksh	2023 Ksh
	Due to the financial challenges facing KUSCCO, the Board has assessed the recoverability of the Sacco's investment and impaired the funds held in KUSCCO Central Finance Programme of Kes 392,955 and shares of Kes 3,579,170		
<b>10(b)</b>	<b>Other financial Investments</b>	<b>B</b>	
	Investment in FDC Ltd	50,100	50,100
		<b>50,100</b>	<b>50,100</b>
	<b>TOTAL INVESTMENTS</b>	<b>A+B</b>	
		<b>39,597,804</b>	<b>39,532,916</b>
<b>11</b>	<b>LOANS WITH MEMBERS</b>		
	Balance b/f	1,739,897,228	1,609,309,802
	Granted during the year	963,390,318	1,044,983,122
		2,703,287,546	2,654,292,924
	Less: Repayment during the year	899,559,426	914,395,696
	<b>As at end of the year</b>	<b>A</b>	
		<b>1,803,728,119</b>	<b>1,739,897,228</b>

Provisioning as per SASRA regulation					
Classification	No of A/c's	OUTSTANDING LOAN PORTFOLIO (Kshs)	REQUIRED PROVISION	2024 REQUIRED PROVISION AMOUNT(Kshs)	2023 REQUIRED PROVISION AMOUNT(Kshs)
Performing	2103	1,209,784,973	1%	12,097,850	9,908,258
Watch	433	312,248,769	5%	15,612,438	24,406,735
Substandard	149	18,898,694	25%	4,724,673	3,665,087
Doubtful	28	1,891,778	50%	945,889	41,188,222
Loss	439	85,652,803	100%	85,652,803	10,723,058
<b>Sub-Total</b>	<b>3152</b>	<b>1,628,477,017</b>		<b>119,033,653</b>	<b>89,891,360</b>
<b>Rescheduled Loans</b>					
Performing	66	129,599,089	1%	1,295,991	1,218,566
Watch	21	44,380,958	5%	2,219,048	1,530,157
Substandard	2	652,830	25%	163,208	533,989
Doubtful	0	-	50%	-	-
Loss	3	618,225	100%	618,225	-
<b>Sub-Total</b>	<b>92</b>	<b>175,251,103</b>		<b>4,296,472</b>	<b>3,282,712</b>
<b>Grand total</b>	<b>3244</b>	<b>1,803,728,119</b>		<b>123,330,125</b>	<b>93,174,072</b>
<b>PAR</b>				<b>5.97%</b>	<b>6.3%</b>

		2024 Ksh	2023 Ksh
	<b>Provision for impairment</b>		
	Balance b/f	56,097,335	45,817,816
	Charge for the year	10,500,000	10,279,519
		<b>66,597,335</b>	<b>56,097,335</b>
	<b>Net loans with members</b>	<b>1,737,130,785</b>	<b>1,683,799,893</b>





		<b>2024 Ksh</b>	<b>2023 Ksh</b>
As per Member's Statements:			
Performing Loans			
Members' personal Accounts listings	B	1,717,457,092	1,729,174,170
Non-performing Loans (over 360 days)		86,271,028	10,723,058
		<b>1,803,728,119</b>	<b>1,739,897,228</b>
<b>Unreconciled Difference</b>	<b>A-B</b>	-	-
<b>12 RECEIVABLES AND PRE-PAYMENTS</b>			
<b>INTEREST RECEIVABLE ON MEMBERS' LOANS</b>			
Development loan		18,676,457	19,404,184
Premium loans		6,520,741	5,417,595
Home loan		1,311,553	5,855,718
Daraja loan		3,744,004	3,906,251
Asset Finance loans		1,448,186	1,558,667
Finpesa interest		1,852,677	1,934,989
Booster loans		1,930,377	1,065,746
Insurance Recievable		981,054	957,615
Ustawi Loan		2,063,389	1,293,002
School fees		418,627	423,674
Emergency loan		340,301	276,820
Merchandise loan		356,499	298,933
Qaribu loan		310,230	163,807
Plot loan		177,262	189,660
Inua Chama interest		14,103	11,777
Express loan		7,463	4,171
Motor Insurance loan		814	609
Staff Loan		100,371	-
		<b>40,254,107</b>	<b>42,763,219</b>
<b>OTHER RECEIVABLES AND PRE- PAYMENTS</b>			
Advance Tax payment		2,335,569	2,735,698
Trade Receivables		20,204,510	18,435,443
Benevolent Receivable		-	300,000
Telephone deposit		44,689	44,689
Water deposit		25,000	25,000
Receivable from related party		117,700	126,700
Alarm deposit		8,000	8,000
<b>Total other receivables</b>		<b>22,735,468</b>	<b>21,675,530</b>
		<b>62,989,576</b>	<b>64,438,750</b>
<b>TOTAL RECEIVABLES AND PREPAYMENTS</b>			
The receivable from related party relates to expenses recoverable from Finnlemm Development Company.			
The Sacco holds in trust the Nakuru land on behalf of members. The costs towards Nakuru land project and the housing scheme contributions by members towards the same were netted off & the resulting amount reported as payable in the previous financial period. In the current financial year, the two have been reported separately as receivables and payables respectively			
<b>13 CASH AND CASH EQUIVALENTS</b>			
Treasury bond		25,600,000	30,600,000
NCBA Current A/c		7,799,664	9,945,358
ABSA Bank Current A/c		11,485,969	6,990,492
Short term investments-CIC Money Market		50,972,445	476,174
Co-operative Bank- Current Account		19,859,635	7,869,745
M-pesa B to C A/C		1,664,894	1,808,581
Sidian Bank Current Account		907,296	459,169
Co-operative Bank- Collateral		-	3,000,000



		2024 Ksh	2023 Ksh
	M-pesa current account	16,099,432	3,961,042
	Co-operative Bank- Reserve Account	9,786	9,079
	SBM Bank Current	9,451	9,451
		<b>134,408,573</b>	<b>65,129,090</b>
<b>14</b>	<b>BORROWINGS</b>		
	Bal B/f	3,250,000	27,083,464
	Additions	-	-
	Repayments	(3,250,000)	(23,833,464)
		<b>-</b>	<b>3,250,000</b>

	Land	Building	Office Equipment	Furniture & Equipment	Computers & Accessories	Total
<b>For the year ended 2024</b>						
	<b>0.0%</b>	<b>2.5%</b>	<b>12.5%</b>	<b>12.5%</b>	<b>30.0%</b>	
<b>COST / VALUATION</b>						
<b>As at 1.1.2024</b>	110,000,000	19,867,520	7,404,513	1,799,252	9,091,643	148,162,928
Additions	-	-	1,929,493	643,695	3,201,296	5,774,484
<b>As at 31.12.2024</b>	<b>110,000,000</b>	<b>19,867,520</b>	<b>9,334,006</b>	<b>2,442,947</b>	<b>12,292,939</b>	<b>153,937,412</b>
<b>DEPRECIATION</b>						
<b>As at 1.1.2024</b>		3,452,328	4,315,961	1,154,100	5,853,614	14,776,003
Charge for the year	-	404,728	317,385	94,939	356,138	1,173,190
<b>As at 31.12.2024</b>		<b>3,857,056</b>	<b>4,633,345</b>	<b>1,249,039</b>	<b>6,209,752</b>	<b>15,949,193</b>
<b>NET BOOK VALUE</b>						
<b>As at 31.12.2024</b>	<b>110,000,000</b>	<b>16,010,464</b>	<b>4,700,661</b>	<b>1,193,908</b>	<b>6,083,187</b>	<b>137,988,219</b>
<b>For the year ended 2023</b>						
<b>As at 1.1.2023</b>	<b>110,000,000</b>	<b>19,867,520</b>	<b>7,404,513</b>	<b>1,799,252</b>	<b>7,616,068</b>	<b>146,687,353</b>
Additions	-	-	-	-	1,475,575	1,475,575
As at 31.12.2023	110,000,000	19,867,520	7,404,513	1,799,252	9,091,643	148,162,928
<b>DEPRECIATION</b>						
<b>As at 1.1.2023</b>		2,981,420	3,944,001	1,044,091	5,317,320	13,286,833
Charge for the year	-	470,908	371,960	110,009	536,294	1,489,171
<b>As at 31.12.2023</b>	<b>-</b>	<b>3,452,328</b>	<b>4,315,961</b>	<b>1,154,100</b>	<b>5,853,614</b>	<b>14,776,003</b>
<b>NET BOOK VALUE</b>						
<b>As at 31.12.2023</b>	<b>110,000,000</b>	<b>16,415,192</b>	<b>3,088,552</b>	<b>645,152</b>	<b>3,238,029</b>	<b>133,386,925</b>

		2024 Ksh	2023 Ksh
<b>16</b>	<b>FREE HOLD LAND AT COST</b>		
	At start of the year	14,088,402	14,088,402
	<b>At end of the year</b>	<b>14,088,402</b>	<b>14,088,402</b>
	The free hold land is located at Rongai and Kisaju and is composed of seven parcels:		
	LR Kjd/Ooloitikosh/Kitengela/47763 - 0.431 HA		
	LR Kjd/Ooloitikosh/Kitengela/54454-0.450 HA		



		2024 Ksh	2023 Ksh
	LR Kajiado/Kitengela /85838-0.0459HA		
	LR Kajiado/Kitengela /85839-0.0459HA		
	LR Kajiado/Kitengela /85865-0.0459HA		
	LR Kajiado/Kitengela /85868-0.0459HA		
	LR Kajiado/Kitengela /85869-0.0459HA		
<b>17</b>	<b>INTANGIBLE ASSETS</b>		
	<b>Navision System Software</b>		
	At start of the year	4,885,775	4,885,775
	Addition		-
	<b>At end of the year</b>	<b>4,885,775</b>	<b>4,885,775</b>
	Amortization		
	Balance at 01.01.2024	3,878,270	3,374,593
	Charge for the year	331,201	503,677
	<b>Balance at 31.12.2024</b>	<b>4,209,471</b>	<b>3,878,270</b>
	<b>Net book value</b>		
	At 31.12.2024	<b>676,304</b>	<b>1,007,505</b>
	The Software is amortised on a reducing balance basis at 33.33% P.a .		
<b>18</b>	<b>PAYMENTS TO MEMBERS AND THE BOARD</b>		
<b>18(a)</b>	<b>Rebates to members</b>		
	Balance b/f	116,632,394	104,400,053
	Provision for the year	113,023,429	116,632,394
	Paid during the year	(116,632,394)	(104,400,053)
	<b>Balance c/f</b>	<b>113,023,429</b>	<b>116,632,394</b>
<b>18(b)</b>	<b>Dividends payable</b>		
	Balance b/f	15,546,084	12,741,164
	Provision for the year	19,597,921	15,546,084
	Paid during the year	(15,546,084)	(12,741,164)
	<b>Balance c/f</b>	<b>19,597,921</b>	<b>15,546,084</b>
<b>18(c)</b>	<b>Honorarium Payable</b>		
	Balance b/f	5,082,489	4,388,823
	Provision for the year	5,514,161	5,082,489
		10,596,650	9,471,312
	Paid during the year	(5,082,489)	(4,388,823)
		5,514,161	5,082,489
	<b>Balance of payments to members and the Board</b>	<b>138,135,511</b>	<b>137,260,966</b>
<b>19</b>	<b>PAYABLES AND ACCRUALS</b>		
	Trade payables	9,902,394	8,956,761
	Housing Scheme	18,132,410	19,387,067
	Benevolent fund	901,357	3,783,200
	Employer organisations	1,488,973	188,797
	Payroll liabilities	1,127,819	2,428,339
	Coretec commission	314,887	-
	Insurance Fund	620,411	631,728
		<b>32,488,250</b>	<b>35,375,892</b>



			2024 Ksh	2023 Ksh
	The trade payable amount comprises unidentified credits in the bank Kshs. 6,122,297; Trade Creditors Kshs.976,153 provision for staff bonus Kshs 2,757,209 and excise tax payable Kshs 49,724			
<b>20</b>	<b>RELATED PARTY TRANSACTIONS</b>			
	Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Placings are made in the sacco by directors and the staff. Loans to members at 31st December 2024 include loans to directors and staff. All transactions with related parties are at arm's length in the normal course of business, and on terms and conditions similar to those applicable to other members.			
		<b>Board &amp; Supervisory</b>	<b>Employees / Staff</b>	
		<b>2024</b>	<b>2023</b>	<b>2024</b>
		<b>2023</b>	<b>2024</b>	<b>2023</b>
	20(a) Loan Balances	12,773,893	18,213,834	23,845,793
	20(b) Deposits Balances	19,664,155	25,001,386	7,580,550
	20(c) Share Capital	642,305	403,611	579,937
			563,062	
<b>20(d)</b>	<b>Key Management, Board and Supervisory Committee remuneration</b>			
	The remuneration of directors, the supervisory committee members and staff course of business, and on terms and conditions similar to those applicable to other members.			
	Post-employment benefits (gratuity / bonus) to Staff		-	-
	Honorarium and Allowances to Board		11,710,161	11,094,902
			<b>11,710,161</b>	<b>11,094,902</b>
<b>20(e)</b>	<b>Finnlemm Development Company Ltd (Loan)</b>			
	<b>i) As principle loan taken from bank though the Sacco</b>			
	As at January		145,076,715	150,542,493
	Repayment of advance during the year		-	(5,465,779)
	Impairment provision		(5,000,000)	-
			<b>140,076,715</b>	<b>145,076,715</b>
	<b>ii) As interest payable on loan from bank through the Sacco</b>			
	As at January		-	8,955,532
	Interest charge for the year		-	-
	Recovered interest expense		-	(8,955,532)
			-	-
	<b>Principle loan and interest due to the Sacco</b>		<b>140,076,715</b>	<b>145,076,715</b>
	<b>iii) Provision for impairment</b>			
	Balance b/f			
	Charge for the year		-	-
			-	-
	<b>Net Principle loan and interest due to the Sacco</b>		<b>140,076,715</b>	<b>145,076,715</b>
	The principle loan was issued to Finnlemm Development Company in July 2015 by the Sacco through Co-op bank at the interest rate of 15.3% Pa and its accrued interest is chargeable to the Company as a receivable.			
<b>21</b>	<b>PRIOR YEAR ADJUSTMENTS</b>			
	Staff bonus provision at 1.5%		-	3,291,617.0
	staff bonus paid at 1% of total revenue		-	(2,194,411.0)
	Provision adjusted in Equity		-	1,097,206.0
	Opening Equity adjustment		-	662,786.0
			-	<b>1,759,992</b>



				2024 Ksh	2023 Ksh	
<b>22</b>	<b>CORPORATION TAX PAYABLE</b>					
		<b>Gross amount</b>	<b>% Taxable</b>	<b>Taxable amount</b>	<b>30% Tax</b>	<b>30% Tax</b>
	Interest on call deposits	3,309,900	50%	1,654,950	496,485	542,160
	Dividends income	1,497,924	100%	1,497,924	449,377	75,380
	Other incomes	11,193,638	100%	11,193,638	3,358,091	1,182,299
		16,001,462		14,346,512	4,303,954	1,799,839
	<b>Taxation movement for the year</b>					
	Balance b/f			(4,003,154)	(2,246,299)	
	Tax provision for the year			4,303,954	1,799,839	
	Gross Tax payable			<b>300,800</b>	<b>(446,460)</b>	
	<b>Less:</b>					
	Final Tax paid			-	-	
	Tax held at source			(986,198)	(1,127,420)	
	Installment tax paid in the year			(1,979,824)	(2,429,274)	
	<b>Tax balance for the year</b>			<b>(2,665,222)</b>	<b>(4,003,154)</b>	
<b>23</b>	<b>RESERVES</b>					
	Revaluation reserve			92,362,815	88,326,783	
	Appropriation Account			69,949,517	52,702,454	
	Statutory reserve			53,488,313	42,898,526	
	Capital reserve			4,511,740	4,511,740	
	Balance carried forward			<b>220,312,385</b>	<b>188,439,503</b>	
<b>24</b>	<b>EVENTS AFTER REPORTING PERIOD</b>					
	There are no significant events after the reporting period which have been reported in these Financial Statements.					
<b>25</b>	<b>CONTINGENT LIABILITY</b>					
	"A neighbour in Rongai bordering phase 1 lodged a dispute with the Land Registrar Kajiado. The Land Registrar delivered a ruling on 8th September 2023. The implication of the ruling was that 2.5 acres were to be surrendered to the complainant. The Sacco challenged the ruling at the Environment and Land Court Kajiado. In the opinion of the Board the Sacco has a strong case hence no provision has been made in the Financials."					
<b>26</b>	<b>CURRENCY</b>					
	The Financial Statements are presented in Kenya Shillings (Kshs)					



## SASRA APPROVAL LETTER

UAP Old Mutual Towers  
19<sup>th</sup> Floor  
Upper Hill Road, Upper Hill  
P.O. Box 25089-00100,  
Nairobi, Kenya



Tel: +254 (20) 2935000/101  
Email: [info@sasra.go.ke](mailto:info@sasra.go.ke)  
Web: [www.sasra.go.ke](http://www.sasra.go.ke)

### THE SACCO SOCIETIES REGULATORY AUTHORITY (SASRA)

Our Ref: SASRA/SS/CS.3759/N-WDTS/VOL. IV (20)

27<sup>th</sup> February 2024

The Chairperson, Board of Directors,  
Finnlemm Regulated Non-WDT Sacco Society Ltd,  
P.O Box 67666-00200,  
**NAIROBI**

Dear Madam,

**RE: APPROVAL AND OBSERVATION OF THE AUTHORITY ON THE SACCO'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 2024**

Pursuant to provisions of Section 41 of the Saccos Societies Act, 2008 as read with Reg. 56 (1) of the Sacco Societies (Non-Deposit-Taking Sacco Business) Regulations, 2020, the Authority has considered the Sacco's audited financial statements for the year ending 31<sup>st</sup> December 2024 for approval.

The Board of Directors of the Sacco was responsible for the preparation of the Audited Financial Statements of the Sacco in accordance with Section 40 of the said Act and takes responsibility for the same, while the External Auditor was responsible for auditing the said financial statements of the Sacco in accordance with Section 44 of the said Act as read with Reg. 57 of the aforesaid Regulations, and reports thereon and takes responsibility for the same.

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

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

1. The audited financial statements fairly comply with Reg. 56 (2) of the said Regulations subject to the External Auditors opinion, in respect of the level of disclosures required.
2. The Authority notes SACCO's Non-performing Loans (NPL) ratio stood at 6% in the year 2024. The SACCO board and management are advised to put in place robust loan recovery strategies required to reduce NPL the of not more than 5%.

SECURING SACCO FUNDS



3. The SACCO reported inadequate allowance for loan loss of Kshs. 66.5M against the required amount of Ksh123.3M reported in the Risk Classification of Asset and Provisioning return. Further, the SACCO has overstated the statement of Comprehensive income by Ksh.56.7M contrary to the accounting reporting standards. The board is advised to come up with strategies that will ensure provision of loan loss as guided by Regulations and IFRS 9 to reduce the risk exposure in the loan book.
4. The Sacco Society non-earning asset ratio stood at 15.2% above maximum standard of 10%. This has been majorly contributed by an outstanding loan balance by Finn Lemm Development Company, a subsidiary to the Sacco with an outstanding balance of Kesh 140Million. The performance of FDC remain uncertain and hence recoverability of the same remains doubtful. Though the Sacco board and management has made a paltry provision of Kshs.5million in the Audited accounts for year 2024, it has not complied with the international Financial Reporting Standard Number 9 (IFRS9). The Sacco board and management are advised to ensure recoverability of the outstanding balance and comply with accounting standard.
5. The Authority takes cognizance of the issues in the management letter especially in regard to; reconciliations, compliance with KRA and loan repayments. These are pertinent concerns, which require the Sacco's urgent action to mitigate the risks thereof.
6. The SACCO board of directors is advised to ensure; -
  - a) That members are adequately appraised of the SACCO Society's financial performance and the Authority's observations and /or recommendations on the audited financial statements made herein in approving the audited financial statements, in accordance with Regulation 56(4)(b).
  - b) Full compliance with the '**Guidance Notes on Corporate Governance for Regulated SACCO Societies in Kenya**' issued by the Authority in June 2023.
  - c) The Sacco Board of Directors shall ensure that the Annual General Meeting of the SACCO Society is held on or before 30th April 2025 and timely submission of the minutes and the name of the appointed external auditors for the ensuing year to the Authority within thirty (30) days after the end of the annual general meeting.

#### SECURING SACCO FUNDS



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

Yours faithfully,

**Richard Maranga**

**FOR: Chief Executive Officer**

- Copy: 1. **DK Wambua & Associates,**  
**Certified Public Accountants(K),**  
P.O Box 5957- 00100,  
**NAIROBI.**
2. **The Chief Executive Officer,**  
**Finnlemm Regulated Non-WDT Sacco Society Ltd,**  
P.O Box 67666-00200,  
**NAIROBI.**

SECURING SACCO FUNDS





<b>REVISED BUDGET YEAR 2025 AND PROPOSED BUDGET YEAR 2026</b>						
<b>STATEMENT OF COMPREHENSIVE INCOME</b>						
		<b>2024</b>	<b>2024</b>	<b>2025</b>	<b>2025</b>	<b>2026</b>
		<b>ACTUAL</b>	<b>BUDGET</b>	<b>APPROVED BUDGET</b>	<b>REVISED BUDGET</b>	<b>PROPOSED BUDGET</b>
<b>INCOME</b>						
Interest income	1	254,165,677	294,465,767	356,823,836	301,294,745	331,424,220
Less interest expense member deposits	2	(113,023,429)	(145,360,586)	(210,878,159)	(138,938,718)	(143,691,089)
Less interest expense special deposits	2	(9,748,053)	(16,493,547)	(16,823,418)	(17,294,925)	(17,640,824)
<b>Net Interest Income</b>		<b>131,394,194</b>	<b>132,611,634</b>	<b>129,122,260</b>	<b>145,061,102</b>	<b>170,092,306</b>
Other interest income	1	10,348,754	14,078,484	17,638,873	16,093,357	21,602,468
Other operating income	1	11,193,638	18,071,948	24,009,053	15,420,000	18,960,000
<b>Total Operating Income</b>		<b>152,936,587</b>	<b>164,762,066</b>	<b>170,770,186</b>	<b>176,574,459</b>	<b>210,654,775</b>
<b>EXPENSES</b>						
Administrative Expenses	4	(23,769,157)	(35,018,751)	(29,573,940)	(35,274,104)	(30,118,314)
Personnel Expenses	5	(36,466,992)	(44,031,667)	(46,675,247)	(44,168,150)	(48,293,062)
Financial Expenses	6	(21,066,009)	(14,617,261)	(17,262,691)	(16,602,483)	(32,841,485)
Governance Expenses	7	(8,867,758)	(10,593,260)	(11,122,923)	(12,573,300)	(13,201,965)
Members Expenses	8	(5,513,786)	(5,939,353)	(6,236,321)	(6,109,553)	(6,415,031)
<b>Total Expenses</b>		<b>(95,683,701)</b>	<b>(110,200,291)</b>	<b>(110,871,122)</b>	<b>(114,727,590)</b>	<b>(119,738,786)</b>
<b>Net Operating Surplus before Tax</b>		<b>57,252,886</b>	<b>54,561,775</b>	<b>59,899,064</b>	<b>61,846,869</b>	<b>90,915,989</b>



## REVISED BUDGET YEAR 2025 & PROPOSED BUDGET YEAR 2026

### Detailed Statement of Comprehensive Income

	"2024 ACTUAL"	2024 APPROVED BUDGET	2025 APPROVED BUDGET	2025 REVISED BUDGET	2026 PROPOSED BUDGET
<b>1 Income</b>	<b>275,708,069</b>	<b>326,616,199</b>	<b>398,471,762</b>	<b>332,808,102</b>	<b>371,986,688</b>
Interest on member loans	254,165,677	294,465,767	356,823,836	301,294,745	331,424,220
Other interest income	10,348,754	14,078,484	17,638,873	16,093,357	21,602,468
Other operating income	11,193,638	18,071,948	24,009,053	15,420,000	18,960,000
<b>2 Interest Expense</b>	<b>(122,771,482)</b>	<b>(161,854,133)</b>	<b>(227,701,576)</b>	<b>(156,233,643)</b>	<b>(161,331,913)</b>
Interest on member deposits	(113,023,429)	(145,360,586)	(210,878,159)	(138,938,718)	(143,691,089)
Int on members internal borrowing	(9,748,053)	(16,493,547)	(16,823,418)	(17,294,925)	(17,640,824)
<b>3 Income net of interest</b>	<b>152,936,587</b>	<b>164,762,066</b>	<b>170,770,186</b>	<b>176,574,459</b>	<b>210,654,775</b>
<b>4 Administrative Expenses</b>	<b>23,769,157</b>	<b>35,018,751</b>	<b>29,573,939</b>	<b>35,274,104</b>	<b>30,118,314</b>
Strategic plan expenses/policy reviews	371,435	929,700	976,185	1,362,250	1,430,363
Advertising and public relations	3,573,434	4,991,450	5,329,260	4,041,200	4,711,020
General Insurances	403,390	425,236	467,760	425,236	467,760
Security expenses	2,420,859	2,720,993	2,626,200	2,705,592	2,626,200
Printing and stationery	329,600	1,014,882	1,065,626	609,674	640,158
Telephone and postage expenses	1,699,558	1,716,000	1,801,800	1,740,000	1,827,000
Office general expenses	2,327,282	2,243,548	2,355,726	1,964,272	2,062,485
Bank Charges	535,818	720,000	936,000	720,000	936,000
Audit fees	388,000	462,000	750,000	500,000	750,000
Computerization expenses	3,205,220	3,434,470	3,606,194	3,928,318	4,119,734
Property Repairs & maintenance	399,051	443,520	465,696	440,000	462,000
Transport & Subsistence	592,149	600,000	650,000	630,000	650,000
Electricity & Water	714,983	1,080,000	1,134,000	900,000	945,000
Rates and Licences	202,800	250,000	262,500	250,000	262,500
Subscription expenses	322,050	660,000	693,000	590,000	619,500
End of year events facilitations	925,806	1,416,450	1,487,273	1,471,250	1,544,813
Legal, Consultancy & Professional fees	1,167,771	3,747,360	1,000,000	4,800,000	1,000,000
Loan administration/write off	2,493,398	5,489,600	500,000	3,500,000	500,000
Contingencies and pendencies	-	200,000	210,000	200,000	210,000
Sasra Deposit Levy	1,666,552	1,595,541	2,859,820	2,246,312	2,148,782
Compliance and quality assurance	30,000	100,000	105,000	2,100,000	2,205,000
Inovation scheme	50,000	278,000	291,900	150,000	157,500
<b>5 Financial Expenses</b>	<b>21,066,009</b>	<b>14,617,261</b>	<b>21,102,691</b>	<b>16,602,483</b>	<b>32,841,485</b>
Increase in Provision for doubtful loans	10,500,000	6,333,570	9,364,636	12,323,720	26,839,474
Depreciation on property & equipment	1,173,190	2,932,339	2,963,321	2,363,802	3,270,042
Amotisation	331,201	1,480,918	4,934,734	1,914,961	2,731,969
Loan Interest	89,493	3,870,434	3,840,000	-	-
Impairment	8,972,125	-	-	-	-
<b>6 Personnel Expenses</b>	<b>36,466,991</b>	<b>44,031,666</b>	<b>46,675,248</b>	<b>44,168,150</b>	<b>48,293,062</b>
Salaries and wages	26,708,756	32,451,904	34,074,500	31,487,846	33,062,238
Proposed Pension/Nhif Review/New employees/Cola	-	-	-	1,302,473	1,367,597
Bonus	2,757,081	3,266,162	3,984,718	3,328,081	3,719,867
Staff Training	3,433,726	4,060,600	4,263,630	3,254,600	5,265,960
Medical expenses	3,176,939	3,852,400	4,052,400	4,077,400	4,477,400
Staff recruitment cost	390,490	400,600	300,000	717,750	400,000
<b>7 Governance Expenses</b>	<b>8,867,758</b>	<b>10,593,260</b>	<b>11,122,923</b>	<b>12,573,300</b>	<b>13,201,965</b>
Committee sitting and travel	6,196,000	6,200,160	6,510,168	6,763,800	7,101,990
Board Trainings	1,797,012	2,400,000	2,520,000	3,000,000	3,150,000
Capacity building	874,746	1,993,100	2,092,755	2,809,500	2,949,975
<b>8 Members Expenses</b>	<b>5,513,786</b>	<b>5,939,353</b>	<b>6,236,321</b>	<b>6,109,553</b>	<b>6,415,031</b>
Annual general meeting	3,607,046	3,773,900	3,962,595	3,911,300	4,106,865
Members Education and comm	1,906,740	2,165,453	2,273,726	2,198,253	2,308,166



<b>Total Expenses</b>	<b>95,683,701</b>	<b>110,200,291</b>	<b>114,711,121</b>	<b>114,727,590</b>	<b>130,869,856</b>
<b>Surplus before Tax</b>	<b>57,252,886</b>	<b>54,561,775</b>	<b>56,059,065</b>	<b>61,846,869</b>	<b>79,784,919</b>
Corporation tax	(4,303,954)	(7,748,505)	(7,953,373)	(6,892,810)	(8,182,412)
<b>Net Surplus after tax</b>	<b>52,948,934</b>	<b>46,813,270</b>	<b>48,105,692</b>	<b>54,954,059</b>	<b>71,602,507</b>
<b>Statutory Reserves, Dividends &amp; Honoraria</b>	<b>(35,701,869)</b>	<b>(38,638,311)</b>	<b>(37,106,181)</b>	<b>(41,752,417)</b>	<b>(49,326,568)</b>
Statutory Reserves 20% of surplus after tax	(10,589,787)	(9,362,654)	(9,621,138)	(10,990,812)	(14,320,501)
Dividends to members	(19,597,921)	(22,743,333)	(19,515,607)	(24,105,443)	(27,566,333)
Honoraria-2% of income	(5,514,161)	(6,532,324)	(7,969,435)	(6,656,162)	(7,439,734)
<b>Retained Earnings</b>	<b>17,247,065</b>	<b>8,174,959</b>	<b>10,999,511</b>	<b>13,201,642</b>	<b>22,275,939</b>



**REVISED CAPEX BUDGET YEAR 2025 AND PROPOSED BUDGET YEAR 2026**

		2024 ACTUAL BUDGET	2024 APPROVED BUDGET	2025 APPROVED BUDGET	2025 REVISED BUDGET	2026 PROPOSED BUDGET
	<b>ITEM</b>					
<b>1</b>	<b>Software</b>	<b>1,834,282.62</b>	<b>7,410,365</b>	<b>12,500,000</b>	<b>11,000,000</b>	<b>4,000,000</b>
	Customer Relation Management					2,500,000
	Integration cost-Navision & phones			2,000,000		-
	User licences			500,000		-
	Business intelligence	-	3,500,000		3,500,000	-
	Navision Licences	1,174,282.62	1,210,365		1,500,000	-
	Risk Management System	-	1,000,000		-	
	Debt collection System	-	1,000,000		-	
	Mobile Banking Platform	660,000.00	700,000		-	
	Core Sytem Upgrade IRP,Member portal and mobile banking intergration Upgrade/New			10,000,000	6,000,000	4,000,000
<b>2</b>	<b>Business Continuity Plan-Disaster recovery</b>	<b>1,997,822.00</b>	<b>3,257,822</b>	<b>-</b>	<b>2,830,000</b>	<b>1,330,000</b>
	New Servers Hardware for new system	1,997,822.00	1,997,822		2,500,000	
	2 Routers	-	330,000		330,000	-
	Switch	-	330,000		-	330,000
	Offsite data replication-Colocation	-	500,000		-	
	2 Inter connectivity links	-	100,000		-	
	Office Telephone Equipment Upgrade				-	1,000,000
<b>3</b>	<b>E-Conference board room</b>	<b>150,000.00</b>	<b>760,000</b>	<b>429,000</b>	<b>900,000</b>	<b>1,400,000</b>
	Board Tablets	150,000.00	260,000	429,000	900,000	900,000
	Conference set-up (presentation screen)	-	500,000		-	500,000
<b>4</b>	<b>Computer and accessories</b>	<b>561,500.00</b>	<b>1,600,000</b>	<b>1,400,000</b>	<b>950,000</b>	<b>1,850,000</b>
	Phones/lpads & other accessories	95,000.00	100,000	100,000	100,000	100,000
	Laptop computers	450,000.00	750,000	750,000	300,000	750,000
	Accessories, patch cables, mouse,laptop bags	-	-		50,000	200,000
	Long term offsite DR	-	200,000		500,000	800,000
	Office setup, networking and arming	16,500.00	550,000	550,000	-	-
<b>5</b>	<b>Furniture and Equipment</b>	<b>1,316,850.00</b>	<b>1,700,000</b>	<b>150,000</b>	<b>130,000</b>	<b>-</b>
	Office Printer	491,840.00	500,000		-	-
	CCT V/access Control/Storage/Smoke detector	-	250,000		-	
	Office furniture and fittings	586,050.00	650,000	150,000	80,000	-
	Safe- Radiant 2	238,960.00	300,000		-	
	Cabinet				50,000	
<b>6</b>	<b>Building works</b>	<b>1,024,480.00</b>	<b>2,250,000</b>	<b>2,000,000</b>	<b>200,000</b>	<b>200,000</b>
	Paint work	409,480.00	500,000		200,000	200,000
	Security wall	-	250,000	2,000,000	-	-
	Office building works	615,000.00	1,500,000		-	
	Change of user(Residential to commercial)					
	<b>Totals</b>	<b>6,884,935</b>	<b>16,978,187</b>	<b>16,479,000</b>	<b>16,010,000</b>	<b>8,780,000</b>



## APPOINTMENT OF AUDITORS YEAR 2025

The Sacco Societies Non-Deposit Taking Business Regulations 2020 section 54. (1) requires the Sacco society to recommend at last three names to the annual general meeting which shall select one of the three to be the external auditor in accordance with section 45 of the Act. The Sacco sought for external audit quotations and received responses from nine (9) audit firms for year 2025 statutory audit. The firms were evaluated based on the knowledge of Sacco business, years of experience, current and past references, number of engagement employees, fees methodology, registration status, SASRA Authorization, peer review mechanism, any adverse information and estimated audit fees. Three firms were shortlisted based on the above evaluation criteria as highlighted below.

AUDIT FIRM		
D.K WAMBUA AND ASSOCIATES	FORVIS MAZARS	OMANWA & ASSOCIATES
<b>Firm profile</b>		
<p>The firm has been in existence for over 20 years. Dennis Wambua Kimanzi - Lead partner in charge of the audit. He is a financial management consultant, accountant, risk and assurance auditor institutional and development consultant. He has a wealth and wide experience in Audit, Accounting, Management and financial consultancy. Daniel Muathe- Technical partner and quality audit review. An accomplished accountant with over 20 years' experience in accountancy and audit. Fredrick Mwendwa - Audit manager with extensive experience in auditing, accounting and financial consultancy. Samson Muli- IT specialist. Over 15 years' experience ICT and systems auditing for financial companies and Sacco.</p>	<p>Forvis Mazars was registered in Kenya in 1981 as Koimburi &amp; Associates prior to change of name to Mazars in 2010. We are a professional service firm that provides independent audit, assurance and advisory services. Our team is constituted of highly qualified experts in Corporate Finance, Accounting, Tax, Audit, Strategy, Information Technology and Business Management. Charles Gatutho – Engagement Partner has over 30 years of extensive experience in the audit and accountancy fields. Daniel Kariuki – Audit Director with over 15 years working experience in audit and accountancy profession.</p>	<p>Omanwa &amp; Associates is a locally registered firm of Certified Public Accountants and Secretaries established in 2004. The firm is geared to provide a broad range of accountancy, tax, consultancy as well as audit services. Hedrick Omanwa – Managing Partner who is a founder with over 25 years post qualification experience in audit. Evans Maebe – Partner Finance who is a co-founder and has over 20 years working experience in Financial Management, Advisory, assurance and Tax. Robinson Okworo – Senior Manager has over 20 years extensive experience in Tax, Financial Management, Advisory, Business Development and Assurance.</p>
<b>Partners and staff</b>		
<p>D.K Wambua &amp; Associates a staff establishment of 14 inclusive of two partners.</p>	<p>The firm has six partners and other professional staff consisting of managers, seniors and associates.</p>	<p>The firm has a staff establishment of over 20 inclusive of two partners</p>
<b>Sacco experience</b>		
<p>Tower Sacco- Audit and taxation, Cooperative Bank Sacco- External audit, Maisha Bora Sacco- Audit and taxation, Miliki Sacco- Audit and taxation, Suluhu (Mwingi Mwalimu)- Audit and taxation.</p>	<p>Ollin Sacco Sacco -External Audit services, Ushuru Sacco -External audit services, Kingdom Sacco -External Audit Services, Mentor Sacco - External Audit service, Balozi Sacco - External audit services. Wanandegge Sacco - External audit services</p>	<p>Universal traders Sacco- External audit services Apstar Sacco- External audit services Afya Sacco- External audit services Kimisitu Sacco- External audit services Chai Sacco- External audit services</p>
<b>Fee</b>		
<p>Kshs 388,000</p>	<p>Kshs 487,200</p>	<p>Kshs 506,300</p>



## **42<sup>ND</sup> ANNUAL GENERAL MEETING HELD AT ST ANDREWS PCEA CHURCH, NAIROBI ON 8<sup>TH</sup> MARCH 2025 PROPOSED RESOLUTIONS**

1. Pay dividend on share capital at 13% amounting to Kes 19,597,921.
2. Pay interest on deposits at weighted average of 7% amounting to Kes 113,023,429.
3. Pay Board honorarium at 2% of the total turnover amounting to Kes 5,514,161.
4. Retain borrowing powers at Kes 100 million.
5. Retain Board indemnity at Kes 500,000 for each Board member.



## ELECTIONS TO THE BOARD OF DIRECTORS & SUPERVISORY COMMITTEE



**1**

**Name:** Erastus Cheti

**Position Applied:** Board Member

Erastus Cheti is a seasoned professional with approximately 15 years of extensive experience in Monitoring, Evaluation and Learning (MEL), Data Management, Human Resource Management, and Project Management within humanitarian development programs and non-governmental organizations. His expertise spans strategic leadership, governance, operational research, Monitoring, Outcome Evaluation and Learning, making him a valuable asset in driving impactful initiatives.

Beyond his professional expertise, Erastus has a strong governance background, serving on various boards, including Medecins Sans Frontieres (MSF) International Board in Geneva (Current experience), MSF Eastern Africa Board of Directors (Past experience) and Finnlemm Sacco Limited as Vice Chairman till 2022 and Chairing Education Committee Currently, Serving on Education Committee. He has also played key roles in governance committees, including Chairing the International Board Governance Working Group and Co-Chairing the MSF Agora Anti-Racism Committee.

Erastus holds a Master's in Monitoring and Evaluation in Population and Development Programmes and a Bachelor's Degree in Social Sciences, all from the University of Nairobi, complemented by a Diploma in Computer Science and specialized training in Operational Research from the Centre for Strategic Health Information and Operational Research in Paris, France. Erastus also has passion for investment and wealth creation through different investment vehicles for example; real estate, money market among others.

### **Value Proposition.**

- I bring to Finnlemm board continuity of my extensive skills and experience in Board leadership and governance, business acumen and strategic management. Using this experience and other tools of governance, I will provide my insights, ideas and proposals that will be valuable in successfully implementing Finnlemm Sacco Strategic Plan.
- I will continue leveraging on my Monitoring and Evaluation Knowledge, skills and extensive experience to provide ideas on the best approaches to effectively Monitor and Evaluate the implementation and successes of the Finnlemm Sacco Strategic Plan.
- Through collaboration and teamwork at the board, I will offer honest, accountable, transparent and committed leadership while ensuring that management of Finnlemm Sacco is supported and guided by making timely, quality and accountable governance decisions.



## 2

**Name:** Bernard Odhiambo Otieno

**Position Applied:** Board Member

### **My profile in brief**

I am a dedicated leader in the public health space. I have worked in several local and international organizations such as Goldstar Kenya, FHI360, LVCT Health, CIHEB, and CHS. I have been a member of Finnlemm SACCO Society since 2012. I joined the board in 2022, and I have served the society in both credit and education committees where I endeavored to improve loan book quality, membership base and efficiency in loan disbursement processes. I have a Master's degree in Public Health. I also have a Bachelor of Science degree in Biomedical Science and Technology and a Diploma in Marketing from the Chartered Institute of Marketing.

### **My Value Proposition**

I have studied marketing and worked in sales. I hope to continue contributing to the SACCO in the areas of member recruitment and retention for there is strength in numbers. I also hope to continue ensuring that SACCO decision making processes are transparent, member centric and accountable, with even more focus on ensuring that the returns on member investment improve every year.



## 3

**Name:** DANIEL WAMAI GITHUI

**Position Applied:** Board Member

### **Summarised Profile**

My name is CPA Wamai Githui, a seasoned professional in management and administration. I have valuable experience in BoD operations and Supervisory Committee gained from previous positions in Finnlemm and Nanyuki Water and Sewerage Company. I served in SC committee as Chairman and also as a member where I served diligently by ensuring members interest is protected. I also ensured members are well informed about the sacco for them to make informed decisions.

### **Value Proposition**

I offer my candidacy for Board Position on the following platform. Accountability, and integrity in my duties and responsibilities. Efficiency and effectiveness in the operations as well as service delivery to members. Seamless Loan application and processing to the membership. Teamwork and cohesion in the board to ensure positive impact to the management team.

## 4

**Name:** Doreen Nyakerario Moturi

**Position Applied:** Board Member

### **Summarized Profile and Value Proposition**

As a seasoned banker with over 15 years of experience and a Financial Advisor in the insurance sector, I bring a wealth of expertise in financial management, risk assessment, and strategic growth to the SACCO board. My passion for empowering individuals







to build their businesses and achieve financial growth aligns with the core mission of SACCOs—enhancing member prosperity through ethical financial solutions.

By joining the board, I aim to enhance financial resilience, ethical leadership, and member-driven success, positioning our SACCO as a pillar of financial empowerment and sustainable growth.

### **Engaging Gen Z: Building a Future-Ready SACCO Through a Savings Culture**

Gen Z is the future of SACCOs, and attracting them requires a fresh, innovative, and digital-first approach. To shift their mindset from wild spending to smart saving and investing, Finnlemm Sacco must position itself as a relevant, accessible, and value-driven financial partner.

Key Strategies to Recruit & Retain Gen Z in my Sacco

#### **1. Digital & Mobile-First Approach**

Develop user-friendly SACCO mobile apps with seamless onboarding, automated savings, and real-time financial tracking. Leverage social media, influencer marketing, and gamification to make savings fun and engaging. Introduce digital wallets & AI-driven financial coaching to guide Gen Z in smart financial decisions.

#### **2. Financial Literacy & Smart Spending Awareness**

Host interactive webinars, social media live sessions, and short-form financial education content (TikTok, Instagram Reels, YouTube Shorts) to educate on savings, investments, and financial independence. Create fun savings challenges that reward young savers with incentives, discounts, or loyalty points. Partner with Gen Z role models and entrepreneurs to showcase real-life success stories of wealth creation through saving.

#### **3. Personalized & Flexible Savings Products**

Offer goal-based savings plans (e.g., travel savings, startup funds, tech gadget savings) with automated deductions. Develop micro-saving options that allow Gen Z to save small, consistent amounts that grow over time. Provide easy access to emergency funds to balance financial security and flexibility.

#### **4. Career & Business Growth Support**

Launch mentorship programs, startup incubators, and networking forums that connect Gen Z members with business leaders. Introduce low-interest business loans & investment opportunities to encourage entrepreneurship and financial independence. Collaborate with employers to integrate SACCO savings plans into salary deductions for young professionals.

#### **5. Ethical & Impact-Driven Financial Solutions**

Develop social impact investment products, allowing Gen Z to save while funding causes, they care about (e.g., green energy, education funds). Encourage peer-led SACCO ambassadors who can influence their networks to join and save. By adapting to Gen Z's digital lifestyle, aspirations, and values, Finnlemm Sacco can secure their long-term growth while instilling a savings and investment culture that fosters financial freedom and responsible spending.



## 5

**Name:** MILLICENT OGUTU OMUODO

**Position Applied:** Board Member

**My Value Proposition:**

Millicent holds a Bachelor of Laws from Moi University and a Post Graduate Diploma in Law from the Kenya School of Law. She was admitted to the Kenyan Bar in 2008.

Prior to establishing Ogutu & Gichuhi Advocates, she was a Partner at Omuodo Ogutu Advocates, Associate at S. Musalia Mwenesi Advocates, KN Associates LLP and undertook her pupillage at Rachier & Amollo Advocates where her areas of practice included real estate acquisition and disposals, creation and perfection of banking securities, advising on employment law, industrial and labour relations, drafting and reviewing commercial contracts and medico-legal as well as advising clients on general statutory compliance.

Her passion for the arts has seen her work with various media houses and be instrumental in advising and drafting contracts for several production houses. Millicent has served as Board Member PRISK – the Performers Rights Collecting Management Organization, Secretary of the Kenya Actors Guild, Managing Director – Phoenix Players Theatre Governing Council member of The Kenya Cultural Centre – a state corporation which incorporates the Kenya National Theatre and Chairperson of the Kenya Copyright Board

Her current areas of practice include Alternative Dispute Resolution, Intellectual Property and Entertainment Law, Conveyancing, Employment Law and General Corporate and Commercial Law.

Millicent is an accredited Mediator (MTI international) and Corporation Secretary.

**VALUE PROPOSITION FOR BOARD MEMBERSHIP AT FINNLEMM SACCO SOCIETY**

I am eager to contribute my legal and governance expertise to the board of Finnlemm Sacco Society. With a robust background as a practicing lawyer and company secretary, I bring a wealth of knowledge in corporate governance, compliance, legal advisory, risk management, and stakeholder relations. These skills are directly aligned with the strategic goals of a SACCO committed to operational excellence, ethical management, and member satisfaction.

My primary value to the board would stem from my:

1. **Legal & Compliance Expertise:** I offer a deep understanding of Kenyan legal frameworks and regulatory requirements for SACCOs and financial institutions, ensuring the society operates in full compliance with all applicable laws and regulations. This will safeguard the SACCO from legal risks and uphold its reputation.
2. **Corporate Governance Strengths:** With extensive experience in corporate governance, I will advocate for transparent, ethical, and effective board practices. By strengthening the governance framework, I can help ensure the SACCO's decision-making processes are sound and its operations are both accountable and efficient.
3. **Risk Management & Strategic Insight:** My experience in risk management equips me to identify, mitigate, and manage potential legal, operational, and financial



risks, ensuring the SACCO's long-term sustainability. Additionally, my strategic advisory skills will aid in guiding the SACCO toward growth, operational resilience, and sustainability.

4. Stakeholder Relations: I am adept at engaging with diverse stakeholders, including members, regulators, and service providers. My communication skills will foster positive relationships that enhance trust, transparency, and collaboration, which are vital to the SACCO's reputation and success.

In conclusion, my legal acumen, governance experience, and strategic vision will allow me to make meaningful contributions to the board and to support the SACCO in achieving its mission of empowering members while ensuring operational integrity and sustainability.



## 6

**Name:** Mr. Maurice Oduor Abony

**Position Applied:** SUPERVISORY COMMITTEE

### **Summarized profile**

Experienced health care professional and programs management leader with 24 years' experience and robust background in Global health programme management in Africa East, South, West and Central Regions.

Currently I work for Christoffel Blindenmission e.v Chistian Blind Mission as a regional programme Manager for Inclusive eye health programmes supporting Africa West and Central based in Nairobi Regional Office.

I have Diploma in Clinical Medicine and surgery from Kenya Medical training College, Higher National diploma in ophthalmology and subspecialty in Cataract surgery.

I am a registered medical practitioner and accomplished ophthalmic surgeon with over 10,000 successful eye surgeries, majority being cataract.

I also have a background in business studies with bachelor's degree of commerce from the University of Nairobi.

Over the years, I have been in programme development and implementation (PDI), I have demonstrated expertise in managing donor funded programmes and consortium partnerships.

Proficient in implementing successful strategies for inclusive health programmes and Neglected Tropical Diseases (NTDs) control in Africa and Asia (India & Pakistan).

### **Key Skills and Personal Attributes**

- Ability to provide strategic direction and leadership in managing regional programs whilst ensuring alignment with organizational goals and objectives.
- Proven expertise in cultivating and maintaining strong relationships with diverse stakeholders including government bodies, NGOs, local communities fostering collaboration to enhance impact of health programs.



- Extensive experience in designing, planning, budgeting, and executing comprehensive regional programs including Inclusive eye Health and Neglected Tropical Diseases Initiatives.
- Adept at identifying and mitigating risks associated with program implementation particularly in challenging and security prone regions ensuring the safety and success of projects.
- Strong advocacy skills capable of effectively communicating program objectives and achievements to diverse audiences thereby garnering support and awareness.
- Demonstrated commitment to maintaining high quality standards in health services, implementing protocols for quality assurance and continuous improvement.
- Extensive experience in designing and delivering training programs for health professionals, contributing to the enhancement of skills and expertise in eye health.
- Proficient in collating, analyzing, and reporting data related to health programs, utilizing insights for informed decision making and program optimization.
- Strong networking skills with the ability to collaborate with health professionals, NGOs, and governmental bodies, fostering partnerships to enhance the impact of health programs.
- Ability to adapt to changing circumstances and evolving healthcare landscapes, ensuring effective responses to emerging challenges in the field of eye health.

### **Value proposition**

I will be bringing in a wealth of experience in conducting Sacco business particularly working as a supervisory committee member, secretary and chairperson in a diverse periods of slightly over five years.

My other experience that Sacco will leverage from is that of working closely with collaborators within the industry, regulator, commissioner for the cooperatives, the Sacco board and management team.

During the period I have been working as supervisory board member, I have held high degree of honesty, integrity, accountability and transparency in my dealings with Sacco matters, always rendering my oversight role as per the regulatory provisions and other statutory requirements.

I believe that due to high level of integrity and collaboration with my colleagues, the secretariat and the Sacco board together we have achieved a high degree of accountability. The Sacco leadership is more collaborative in its transactions than in the periods just before I joined.

The Sacco is now on the right path to achieving high profitability status due to the culture of honest dealings which only comes when the supervisory committee team is alert, forthright and embraces an open and transparent deliberations with the board and the secretariat and pointing out gaps whenever there are with matching recommendations.

I believe that Finnlemm Sacco can be great again with you and I doing the right thing, of being honest.









in f X @instagram @finnlemmsacco

**KNOCK KNOCK**

**WHO IS THERE?**

**FREE! FREE WHO?**



*Free Your Mind from Worry with*

# **Flexi Deposit Account**

Deposit from as little as **1000/=**

Enjoy a competitive Interest rate of **12% p.a**

\*Terms and Conditions Apply

>>> FINNLEMM SACCO IS REGULATED BY **SASRA** <<<

 [customer.care@finnlemm.com](mailto:customer.care@finnlemm.com)

 +254 722 607 983





in f X @ finnlemmsacco

Grow your network  
by referring a member to the SACCO



Refer  
your family

\*Terms and Conditions Apply