CDF SACCO LTD

CDF REGULATED NON WITHDRAWABLE
DEPOSIT TAKING SACCO LTD

ANNUAL FINANCIAL AND MANAGEMENT REPORT

2023 REPORT

Saving for a Prosperous and transformative Future.

Our
Core Values

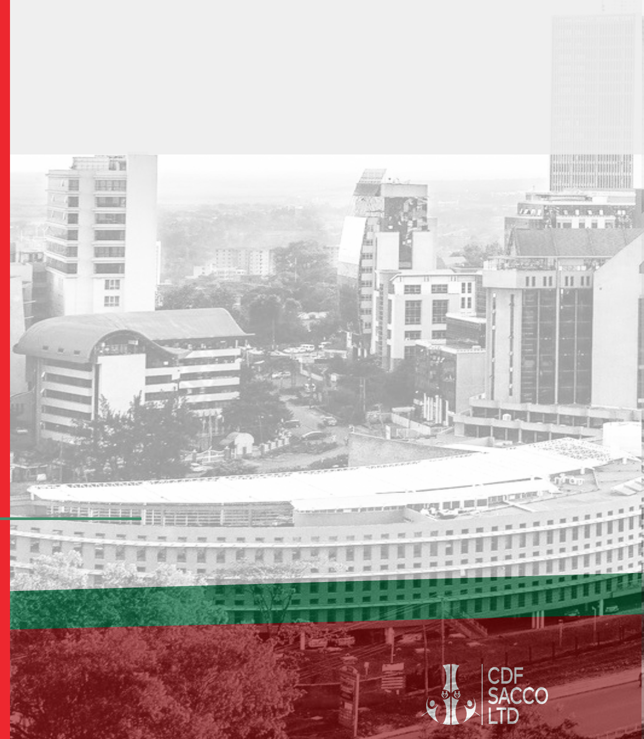
- √ Excellence
- √ Integrity
- √ Professionalism
- √ Teamwork
- √ Accountability
- √ Confidentiality
- √ Equality
- √ Equity

Our
Mission

Mobilizing, investing and lending funds to members at a fair rate for sustainable financial development.

Our
Vision

A leading society in transforming financial wellness of its members.



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SOCIEY INFORMATION AS AT 31ST DECEMBER, 2023

Board of Directors

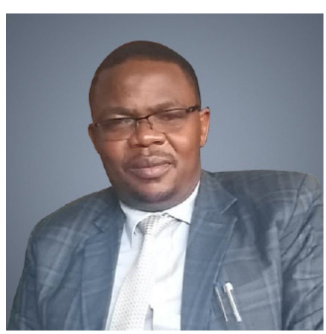
Weldon Kipngetich Langat
Chairman

Mary Wambui Wanyika
Vice Chairman

Dennis Motabori Matundura
Hon. Secretary

Patrick Malongo Lidovolo
Treasurer

Dinah Wanjah Gitonga
Member



Jacton Omondi Ojow Eliab
Member

David Matendechere Okoma
Member

Supervisory Committee

MR.RONALD INGALA
Chairman

Mary Mwaki Masinde
Secretary

Joseph Kebi Nelson Rotich
Member

Staff

Bennadette Alele
Manager

Maureen Kamau
Admin Assistant

Jacinta Wambui
Support staff

Registered Office

CDF SACCO LTD

CDF SAVINGS & CREIT CO-OPERATIVE SOCIETY LIMITED

La-coline apartment -upper hill, Masaba road gate 10
P.O. Box **46682-0100 Nairobi - Kenya**
Email : **cdfsaccoltd@gmail.com**
Website : **www.cdfsacco.or.ke**

Bankers

CO-OPERATIVE BANK
We are you

Ukulima Branch

Independent Auditors

DANIEL & ASSOCIATES (CPAK)
Campus house 4th floor
P O BOX 3495-00100
NAIROBI

NOTICE FOR THE ANNUAL GENERAL MEETING

TO**: ALL SACCO MEMBERS,**

RE **: NOTICE OF CDF ANNUAL GENERAL MEETING 2024**
NOTICE IS HEREBY GIVEN To all Members; that the annual General Meeting of CDF Regulated NWDT SACCO Society Ltd will be held both virtual and in person on **Saturday, 23rd March, 2024** from **9:00 am at the Weston Hotel , Langata Nairobi.**

The Agenda Shall be as follows

1. To Read and Adopt the Notiee convening the A.G.M.
2. To Read and confirm minutes of previous A.G.M held on 22nd April 2023
3. To Discuss matters arising.
4. To Receive and consider the Chairman Report.
5. To Receive and consider the Supervisory's Report
6. To Receive and consider the Treasurer's Report and presentatfon ofthe budgets for the fainacial years 2024 and 2025.
7. To Receive and Discuss the Audited Financial statements together with the Auditor's report thereon for the year ended 31st December 2023.
8. Appointment of External Auditor's for the financial year 2024.
9. To Receive and consider and pass resolutions proposed by the Board.
10. Amendment of By-laws
11. To Conduct Elections for retiring Board of Directors and supervisory commitee officials
12. Any Other Business for which Notice has been given in the marmer prescribed try the By Laws.

Yours faithfully,

Dennis Matundura
Hon. Secretary

: Daniel and Associates (CRA-K) Auditor
: Sassra
: CEO NG-CDF Board

CDF SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING HELD ON 22nd April 2023.

AGM MINUTES OF THE MEETING HELD ON 22ND APRIL,2023
AT HILLPARK HOTEL AT 10:00AM

PRESENT

1.	Mr. Weldon Langat	Chairman
2.	Mr. Dennis Matundura	Hon. Secretary
3.	Ms. Dinah Wanja	Treasurer
4.	Mr. Jackton Ojow	Board member
5.	Mr. David Okoma	Board member
6.	Mr. Patrick Lidovolo	Board member
7.	Mr. Ronald Ingala	Supervisory Chairman
8.	Ms. Mary Mwaki	Supervisory Committee Member
9.	Mr. Joseph Kibii	Supervisory Committee Member
10.	Mr. David Murungi	Member
11.	Mr. Jesee Mbuthia	Member
12.	Mr. Basil Nyikal	Member
13.	Mr. Abdisalan Billow	Member
14.	Mr. Naftally Ochuma	Member
15.	Mr. Evans Machira	Member
16.	Mr. Philip Munyole	Member
17.	Ms. Stella Tayoi	Member
18.	Mr. Edwin Serem	Member
19.	Mr. George Kobiero	Member
20.	Ms. Isabelle Mwangi	Member
21.	Mr. Boaz Odeyo	Member
22.	Mr. Willis Mwenda	Member
23.	Ms. Christine Muyaka	Member
24.	Ms. Mary Goretti	Member
25.	Mr. Duncan Muga	Member
26.	Mr. Harrison Wachira	Member
27.	Mr. William Saitoti	Member
28.	Mr. Job Tuta	Member
29.	Ms. Josephine Mutua	Member
30.	Ms. Anne Mwema	Member
31.	Ms. Joyce Wanjala	Member

32.	Mr. Bawazir Mohammed	Member
33.	Mr. Moses Oduor	Member
34.	Mr. Daniel Mwaluko	Member
35.	Mr. Ezekiel Mwangangi	Member
36.	Mr. Stephen Kwena	Member
37.	Ms. Jenaide Wangechi	Member
38.	Mr. Benard Konya	Member
39.	Mr. Stephen Maina	Member
40.	Mr. Peter Maraya	Member
41.	Ms. Hawah Abdul	Member
42.	Mr. Raphael Makau	Member
43.	Mr. Peter Achara	Member
44.	Ms. Flora Mutua	Member
45.	Mr. Samuel Nzuki	Member
46.	Mr. Gregory Otaalo	Member
47.	Mr. Peter Ngugi	Member
48.	Ms. Benadette Alele	Sacco Staff
49.	Ms. Maureen Kamau	Sacco Staff
50.	Ms. Jacinta Wambui	Sacco Staff

ABSENT WITH APOLOGIES

1.	Ms. Mary Wanyika	Vice chairlady
2.	Mr. Patrick Oketch	Member
3.	Mr. Isaac Wamugunda	Member
4.	Mr. Festus Rotokwo	Member
5.	Ms. Josefrida Kameti	Member
6.	Ms. Joyce Wanjala	Member
7.	Mr. Daniel Oreri	Member
8.	Mr. Ronald Wanje	Member
9.	Ms. Monica Achieng	Member
10.	Mr. Luka Kimosop	Member
11.	Mr. Edwin Lecha	Member
12.	Mr. Paul Nteiya	Member

IN ATTENDANCE

1.	Mr. Hillary Musina	Co-operative Officer Langata Sub County
2.	CPA Emali Ken	Daniel & Associates

AGENDA:

1. Prayers and Introduction
2. Reading and Adoption of the Notice convening the A.G.M.
3. Reading and confirmation of minutes of the previous A.G.M
4. Discussion of matters arising from previous AGM minutes.
5. Chairman's Report.
6. Supervisory Committee Report
7. Treasurer's Report and presentation of the budgets for the financial years 2023 and 2024.
8. Consideration and Adoption of the Audited Financial statements together with the Auditors report therein for the year ended 31st December 2022.
9. Appointment of external Auditors for the financial year 2023.
11. Consideration of other Resolutions.
12. Election of both CMC and Supervisory Committee member.
13. Any Other Business for which Notice has been given in the manner prescribed by the By Laws

PRELIMINARIES

- The meeting was called to order by the Chairman Mr. Weldon Langat at 10:20 am followed by a word of prayer from Mr.Joseph Kibii.
- The chairman then welcomed all members, invited guests and the Co- operative Officer Langata Sub county Mr. Hillary Musina.He thanked them for making time for the meeting and then requested all present to do a brief introduction of themselves.

MIN AGM /1/04/2023 READING AND CONFIRMATION OF THE NOTICE CONVENING THE MEETING AND ADOPTION OF THE AGENDA

- The Hon Secretary Mr. Dennis Matundura read the notice convening the day's meeting and agenda which was proposed by Mr. Daniel Mwaluko and seconded by Mr.David Murungi .

MIN AGM /2/04/2023 READING AND CONFIRMATION OF THE PREVIOUS MINUTES

- The minutes of the previous AGM held on 23rd April 2022 were read by the Hon Secretary and confirmed to have been true records of the deliberations through a proposal from Naftally Ochuma and seconded by Phares Karanja
- The Hon Secretary also read the minutes of the previous SGM held on 26th November 2022 which were proposed by Jesee Mbuthia and seconded by David Murungi.

MIN AGM /3/04/2023 MATTERS ARISING FROM PREVIOUS MINUTES

- **Quick Cash Loan**

Members applauded the management for the introduction of the Quick cash loan.

- **Share Capital**

  Members agreed on the amendment of By-Laws to Incorporate the revision of Share Capital upwards from ksh 20,000 to ksh 45,000

- **Loan Defaulters**

  Members requested the board to look for ways of recovering loan amounts in default to help reduce the provisioning.

- **Sacco Office Space**

  Members noted that the sacco is yet to acquire an Office space in town.

- **Registration with UFAA**

  Members resolved that the Sacco to register with Unclaimed Financial Assets Authority (UFAA)

- **Appointment of the External Auditor**

  David Murungi noted that the External Auditor was appointed through the SGM held on the 26th of November 2022.

RESPONSES

- The Chairman notified the members that the sacco management were in the process of looking for Sacco office space.
- He also told the membership that management were also looking into recruiting a reputable debt collection firm.
- The chairman also informed the members that the share capital had increased and the By - Laws amended accordingly.
- He noted that the quick cash product introduced to the members had few members using it and urged the members to embrace the new product and make use of it.

MIN AGM /4/04/2023 THE CHAIRMAN'S REPORT

The chairman presented to the meeting his report which highlighted the following areas: -

- Sacco's membership
- Members' Share capital and Deposits
- Sacco's Income, Financial Health and its Investments
- Provision of Doubtful Debts
- Interest on Deposits and Dividend payments
- Quick cash Launch

The report was adopted for discussion through a proposal from Evans Apollos who was seconded by Phares Karanja.

REACTIONS

- Naftally Ochuma raised concerns on the composition of defaulted loans that led to the increase in provision for doubtful debts and also wanted to know whether the sacco had registered with the Credit Reference Bureau to List those members' who default in paying loans owed.

- David Murungi noted that the loans in default that stood at kshs 13 million was too high and recommended that the board give a way forward on this matter and equally provide a listing of the same.
- Basil Nyikal requested the board to give a listing of the members who had defaulted their loans. He also emphasized on the need to procedurally communicate to a member whose loan is in default before using his deposits to offset his/her outstanding loan obligations.
- Abdisalan Billow requested the Board to give a progress report on the loans issued fraudulently.

RESPONSES

- Board Member, Mr. Jackton Ojow urged the current members to participate in recruiting into the Sacco new membership to help cushion the provisioning.
- Board Treasurer Ms. Dinah Wanja informed the membership that the Sacco was in the process of engaging debt collection firm to try recover the defaulted loans for this will help reduce the provisioning
- She also notified the membership that management in liaison with the NG CDF Board were working on ways to restructure loans of members whose contracts had been renewed.
- The treasurer also notified the membership that the fraudulent loans had not been issued procedurally and had been forwarded to Fraud Investigation unit at SASRA.
- Board Member Jackton Ojow assured the membership that stiff action will be taken on the loan defaulters including forwarding their names to a debt recovery firm.

MIN AGM /5/04/2023 THE SUPERVISORY COMMITTEE REPORT

The Secretary of the Supervisory committee Ms. Mary Mwaki presented their report which highlighted the following areas:

- Sacco Membership, Deposits, Core and Share capital
- Sacco Financial management and Reporting for the year ended 2022
- Sacco Credit Management and Reporting in 2022
- Sacco Compliance and regulations
- Other Emerging Issues.

The report was proposed by Basil Nyikal and seconded by Stephen Kwena for adoption with amendments.

MIN AGM /6/04/2023 THE TREASURER'S REPORT AND SACCO BUDGET FOR THE YEARS 2023/2024

The Board Treasurer Ms Dinah Wanja Read out the treasurer's report which touched on the following areas:

- Sacco members' Deposits and savings
- Sacco members' Loans and advances
- Sacco Total Assets, Revenue and Expenditure
- Approval for Disposal of surplus

She also presented the Budgets for the years 2023/2024.Both the treasurer's report and budget were proposed for adoption and discussion by Jenaide Wangechi and seconded by Benard Konya. The Budget was approved.

The treasurer explained to the members present on the effects of the increased loan provisioning on the sacco's surplus available for distribution and the performance ratios affected by the provisioning.

She also noted that entrance fees was low and hence informed the members that the sacco had opened its common bond and intended to bring in new mebership.

REACTIONS

- Board Member Patrick Lidovolo suggested that the sacco should consider purchasing the Vangard core banking system software rather than leasing it from Centrino.
- Basil Nyikal raised concerns over opening the common bond to other members of the public. He requested that the sacco ensures it has proper loaning processes in place and also factor in guarantorship and introduction of additional security.
- Board member Jackton Ojow reiterated on the co- principles of formation of a co-operative; where we he reminded members that joining was voluntary and hence there shouldn't be any punitive measures when a member wanted to exit the Sacco.

RESPONSES

- The Board Treasurer responded that on the issue of opening of the common bond, the management would seek guidance from the co- operative officer.
- She also noted the need for the Sacco to purchase its own core banking system and promised to factor this in the budget for the preceding year.

MIN AGM /7/04/2023 PRESENTATION AND APPROVAL OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 2022

- The Society's Audited Financial statements for the year ended 31st December 2022 were presented to the meeting by the society's External Auditor (Daniel & Associates)
- The statements were proposed by Abdisallan Billow and seconded by David Murungi.
- Members approved the contents of the financial statements as presented.
  - √ Honoraria and Staff Bonus-The Members agreed to pay the board of directors for the good work and commitment they have shown for the past one year. They also agreed to pay staff Bonus of kshs 80,000 to the two Sacco employees who were present last year. They commended the CMC and approved Honoraria of kshs 1,500,000. This was proposed by Basil Nyikal and seconded by Daniel mwaluko.

√ Interest on member Deposits was approved at 11.35 million. This was proposed by David Muringi and seconded by Daniel Mwaluko

√ Dividends was approved at 0.784million.This was proposed by Peter maraya seconded by Naftally Ochuma.

MIN AGM /8/04/2023 PRESENTATION OF SASRA OBSERVATIONS ON THE SOCIETY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 2022.

The Society's External Auditor presented SASRA observations on Audited financial statements for the period ended 2022 to members. The report highlighted the following areas:

- The audited financial statements fairly comply with Regulations subject to the External Auditor's Opinion.
- Computed ratio of non-performing loans stood at 19%.
- Compliance with Tax Authorities and the office of the Data Commissioner.

MIN AGM /9/04/2023 APPOINTMENT OF EXTERNAL AUDITORS FOR THE YEAR 2023

The following firms had expressed their interest in auditing the sacco in the year 2023

Name of contact	Audit Fees	Approved by Sasra
Benim & Associates LLP(LLP) CPA K	120,000	YES
Makeni Mutua & Associates	120,000	YES
Daniel & Associates(CPA K)	95,120	YES

- Daniel & Associates was appointed as the society's external auditor for the year 2023 by the members. This was proposed by Basil Nyikal and seconded by Jesee Mbuthia

MIN AGM /10/04/2023 RESOLUTIONS

- Daniel and associates appointed as the society's external Auditors for the year 2023 with a condition to retain the same Fees as last year.
- Indemnity of the Directors was fixed at 100% of the sum lost.
- Maximum Borrowing powers were fixed at ksh 50 million. This was proposed by David Murungi and seconded by Stephen Maina.
- Procurement of CDF Sacco own server
- All members present resolved that the fees charged at the point of members exiting the Sacco be constant at kshs 3,000/= irrespective of Deposits amount. This was proposed by Basil Nyikal and seconded by Naftally Ochuma.
- Members agreed that those who bring in new members be compensated atleast kshs 500.It was agreed that this would be recovered from new membership entrance fees.

MIN AGM /11/04/2023 REMARKS BY THE COUNTY CO-OPERATIVE OFFICER

The Co-operative Officer Langata Sub County gave the following remarks:

- He thanked the chairman for holding the AGM on time.
- The Sacco should register with Unclaimed financial Assets Authority.
- He said CDF Sacco membership needs to grow to make it competitive.
- He informed the members that CDF Sacco is ranked 101 in size out of 154 Saccos in Nairobi County.
- He urged members to borrow from the Sacco at lower rates rather than going to banks to access the same funds at higher rates since the Sacco Cash & cash equivalents are the funds that banks use to give those loan.
- He encouraged members to patronize Sacco products.
- He adviced the Sacco to open the common bond to people they Know and this should be clearly defined in the Sacco By-Laws.

MIN AGM /12/04/2023 ELECTIONS

- The chairman handed over the program to the county co-operative officer to conduct the elections.
- The County Co-operative officer took the members through the legal provisions of elections as governed by the co-operative society's Act.
- He then Declared Two Board of Directors and one Supervisory Committee positions Vacant.
- The Board of Directors were re-elected unopposed as follows:

1) Mr. Dennis Matundura was re-elected Board member unopposed. This was proposed by David Murungi and seconded by CPA Jesee Mbuthia.
2) Patrick Lidovolo was re-elected Board member unopposed. This was proposed by Naftally Ochuma and seconded by Abdisallan Billow.
3) Mary Mwaki was re-elected supervisory member unopposed. This was proposed by Naftally Ochuma and seconded by Basil Nyikal.

- The members agreed the following in regards to elections of Board of Directors:
  - √ That there will be a nomination board before the AGM that comprises of the Co-operative Officer, Sacco Staff and Lawyer.
  - √ The Board of directors should have a certificate of good conduct.

MIN AGM /12/04/2023 ADJOURNMENT

- The CDF Sacco chairman Invited the Chairman CDF Housing, Mr. Naftally Ochuma to give a vote of thanks in which he thanked CDF Sacco for their continued support.
- There being no other business the chairman gave his closing remarks, the meeting was adjourned at 2:55pm with a word of prayer from Abdisalan Billow.

Minutes Taken By
Dennis Matundura
Hon Secretary

Date: 22nd April 2023

Sign:

Minutes Confirmed By
Weldon Langat
Chairman

Date: 22nd April 2023

Sign:

GAMES ARE WON BY PLAYERS WHO FOCUS ON THE PLAYING FIELD NOT BY THOSE WHOSE EYES ARE GLUED TO THE SCOREBOARD.

Fellow Cooperators, Honorable members, invited guests, ladies and gentlemen, I take this opportunity to welcome you all to our Annual General Meeting. It's been a journey of growth, challenges, and triumphs, and I'm proud to share our progress with you.

Membership

Our membership, the lifeblood of our Sacco, has seen both ups and downs. While we experienced a slight decline in numbers, primarily due to factors such as loss of employment and retirement among our members, we remain steadfast in our commitment to serving you. As of December 31, 2023, our membership stood at 253, comprising 186 active and 67 dormant members, representing a decrease of 4% from the previous year's total of 261. Despite this decline, we are actively working to expand our membership base, including onboarding NGCDF Staff at the constituency level. Our strategic objective going forward is to increase our membership and ensure that every member feels valued and supported.

Share Capital

Your investment in our Sacco is invaluable, and I'm pleased to report that our share capital has grown. Our share capital stood at Ksh 16,138,282, compared to Ksh 15,680,758 in the previous year, reflecting a growth of 2.92%. Your contributions enable us to fulfill our mission of providing financial services that empower you to achieve your goals. We encourage departing members to transfer or sell their shares, ensuring continuity and sustainability for our cooperative. Additionally, we've taken steps to comply with regulatory requirements by renewing the Sacco's Annual License with SASRA to safeguard your interests.

Deposits and Loans

Your trust in us is reflected in the growth of the Sacco's deposits and loans. Member deposits experienced a healthy growth of 10.9%, increasing from Ksh 174,617,764 in 2022 to Ksh 193,648,971 in 2023. Loans to members also saw an increase, rising to Ksh 210,273,710, up from Ksh 197,583,625 in 2022, reflecting a growth of 6.43%.

Portfolio at Risk

In 2023, the Society had a loan provision expense of Ksh 22,829,944 compared to Ksh 27,339,173 in 2022. Total non-performing loans as a percentage of the gross loan portfolio was 17% compared to 19% in 2022. Just like many financial institutions, non-performing loans continue to pose a challenge to the growth of the Sacco. Loan defaults were primarily due to loss of income by members as a result of non-renewal of employment contracts. In these cases, we have engaged the members in default and successfully restructured loans amount to Ksh 745,328.In some cases, the default has been due to the deliberate refusal by the member to honor the loan contract terms. To address this issue, the board has engaged the services of Credit management firm to pursue and recover the loans.

We also request the membership to write off the loan of David Musau Mbithi amounting to Ksh 572,234 on medical grounds.

Turnover and Profitability

Our financial performance in 2023 is a testament to your unwavering support. Despite the challenges posed by the economic environment, our turnover has grown, allowing us to sustain returns to our members. The Society's turnover in 2023 stood at Ksh 6,250,846 compared to Ksh 4,894,692 in 2022, representing a growth of 27.70%.Through resilience and discipline, the Society's Board effectively managed costs in 2023, with total expenses for the year standing at Ksh 11.64 million. The Board will continue to institute measures to manage costs and ensure increased returns to members and healthy growth in the Society's capital reserves. We're proud to propose increased interest on deposits and dividends on shares, ensuring that you reap the rewards of your investment in our Sacco.

Products and Services

Our commitment to meeting your needs is reflected in the performance of our products and services. Whether it's normal loans, emergency assistance, or quick cash solutions, we're here for you every step of the way. Your feedback and suggestions are invaluable as we strive to enhance our offerings and provide you with the best possible experience.

Below is a comparison of CDF Sacco Products patronage for the year under review and the prior year:

Product	2023	2022	% Increase in consumption
Emergency Loan	6,340,000	5,940,000	6.73%
Normal cash	144,620,080	126,348,000	14.46%
Quick cash	3,603,358	1,208,000	198.3%

Members, we encourage you to continue embracing our products and services.

Governance

The Board of Directors, in collaboration with the Supervisory Committee, works tirelessly to ensure transparency, accountability, and adherence to best practices. During the year, the Board signed performance contracts with the member of staff to facilitate appraisals.

The board formulated the CDF Sacco Business Plan and revised the existing Credit Policy during the year 2023 to incorporate the introduction of additional security other than members' deposits.

CDF Sacco Website

The Board has invested in Web hosting to enhance service delivery to members. Members are encouraged to patronize the and will access their statements through the website with very timely feedback. Our website is www.cdfsaccoltd.or.ke.

Election of Board and Supervisory Committee members

This year's elections will be conducted under the Co-operative Societies Act and our by-laws. The members retiring this year in line with the 1/3 rule rotation are:

i) Dinah Wanja (Board Member)

ii) David Okoma (Board Member)

iii) Ronald Ingala (Supervisory Committee)

The retiring members are willing to continue serving on the Board.

Future Outlook

As we look to the future, we're excited about the opportunities that lie ahead. We're committed to leveraging technology to enhance service delivery, improve efficiency, and remain adaptable to change. Your continued patronage and support enable us to innovate, grow, and thrive in an ever-evolving landscape.

Conclusion

I conclude by thanking all the members for your support during the year; the board members for the team spirit; the Supervisory Committee for ensuring that the Board worked within the policies and procedures and the staff for their hard work to realize the good results.

Ahsante and God Bless you all.

Kipngetich Langat
Chairman

WE DON'T HAVE TO BE SMARTER THAN THE REST, WE HAVE TO BE MORE DISCIPLINED THAN THE REST

The Supervisory Committee (SC) appreciates all CDF NDWT Sacco Society Ltd members for their active role in the SACCO and for finding time to attend the Annual General Meeting (AGM), which is an important occasion in the Society`s calendar.

Mandate

The Supervisory Committee (SC) draws its mandate from Rule 28 of the Cooperative Societies Rules 2004 and the CDF NDWT Sacco Society Ltd Society`s By Laws. These provisions require that the Supervisory Committee (SC) audits Society's transactions, monitors the implementation of policies and makes periodic reports on its findings to the Board.

During the period under review, the mandate of SC was expanded to take up the role and duties of the Audit and Risk Committee. The goal of SC therefore is to ensure that the Board and the management serve the interest of the Society members as well as safeguard the resources entrusted to them.

For the financial year ending December 31st, 2023, the Committee diligently carried out this mandate and duly submitted reports for our quarterly joint meetings to the Board and thereafter to the SASRA covering but not restricted to the following areas:

1. LICENSING:

The Sacco is licensed by the regulator (SASRA) to operate as a Non-Withdrawable Deposit Taking Business. An application of Annual Authorization renewal for year 2024 was made on 15th November 2023 and the License certificate Number is SS/NWDTS/0054/24.

2. CORE CAPITAL

Core capital is defined as share capital, retained earnings, grants and donations. The SACCO Societies Non-withdrawable Deposit Taking Business Regulation 2020 Section 11 requires that the SACCO to have core capital to asset ratio of at least 8%, core capital to total deposits of at least 7% and retained earnings to core capital of at least 50% for SACCO's stability.

The table below shows the ratios achieved by the SACCO for the last two years.

ITEM	2023	2022	Prudential Requirement
Core capital/Total assets	12%	12%	Minimum of 8%
Core capital /Deposit	16%	16%	Minimum of 7%
Retained Earnings and disclosed reserves/core capital	55%	50%	Should be greater than 50%

3. FINANCIAL PERFORMANCE:

Financial performance is a key measure of productivity in the SACCO. The determinant of financial performance includes investments, performance of loans and prudent expenditure among others.

During the year the SACCO disbursed loans as tabulated below:

(i) Loans performance

Table 1: Loans

	2023 Ksh	2022 Ksh	Percentage increment
1st January 2023 Bal b/f	205,736,451	196,641,868	4.62%
Loans disbursed during the year	150,365,940	146,318,861	2.77%
Loans repaid during the year	133,675,855	137,224,278	-2.68%
Provision for loan loss	12,152,826	8,152,826	50%
Outstanding loans as 31st December 2023	210,273,710	205,736,451	2.21%

From the table it is noted that disbursement of loans went up by 2.77% and total outstanding loans as at close of year 2023 by 2.21%. This is a good indicator that members are patronizing the SACCO's products but equally management need to add new membership. We encourage members not to borrow funds from other financial institutions but instead consider borrowing from the SACCO.

(ii) Interest Earned

Table 2: Interest Income

	Interest 2023	Earned 2022	Remarks
Interest Received from loans	31,090,921	25,692,985	21% Increase

From the tabulation the there was an increase of 21% on interest earned during the year.

(iii) Return on Investments

Table 3: Return on Investment

	2023 Ksh	2022 Ksh	% Growth
CIC Money market	323,324	12,208	2,548.46
Kuscco Shares	0	51,680	0
On Call Deposit	63,278		0

From the above table the following has been noted

• Interest earned from the CIC Money market increased by 2,548.46%

• The SACCO did not get any earnings from KUSCCO Shares.

• Interest earned from Co-op on call deposit amounted to Kshs 63,278. The SC would like to commend the BOD for investing in portfolios that have returns.

(iiii) Expenses

Table 4: Expenses

	2023 Ksh	2022 Ksh	% Variance
Personnel Expenses	2,499,342	1,096,680	127.90%
Administrative Expense	1,878,820	1,813,359	3.61%
Governance expenses	2,908,186	2,939,110	(1.05%)
Financial expenses	4,359,461	3,654,211	19.30%
TOTAL	**11,645,809**	**9,503,360**	

From the above table the following has been noted

- Personnel expenses increased by 128% due to payment of staff gratuity due and the hiring of the Sacco manager.
- Financial expenses increased by 19.3% because of an increase in the provision for bad debts.

4. AGING LOANS/DEFAULTS:

During the previous AGM, the Supervisory committee took note of the increase in the defaulted loans. Many of the defaults were from members whose employment contracts were not renewed. We are concerned that if this trend continues, then the SACCO may not be able to operate effectively. We have noted that the Board has explored an avenue in which they can institute recoveries from these members who are not servicing their loans, that is, use of the credit management recovery firm.

The BOD should consider approaching the management of the NGCDF Board to initiate an MOU where an outstanding loan can be deducted from a member's final dues from service especially for members existing the service. This reduces the burden bone by guarantors in case of default.

The supervisory committee recommends the immediate attachment of guarantors shares when a member defaults and is within the loan recovery period to avoid the SACCO declaring bad debts which eat into members dividends. Ultimately, we strongly urge members to be committed in paying back the loans on time.

5. REMITTANCE OF SACCO DEDUCTIONS:

CDF NDWT Sacco Society Ltd draws its membership from NG-CDF staff. CDF NDWT Sacco Society Ltd BOD would like to commend the NG-CDF Board for their prompt remittance of deductions to the SACCO; thus, enabling the SACCO to meet its obligations as required.

6. ENTREPRISE RESOURCE PLANNING:

The BOD and management need to procure an ERP system to improve efficiency in the running of the SACCO. The future of most organisations will involve the integration of an ERP system as the modus operandi. The benefits of ERP include Higher productivity, Deeper insights, accelerated reporting, Lower risk, Simpler IT, and Improved agility.

7. MEMBERSHIP

I. LEAVERS & JOINERS: The composition of membership of the Sacco as at 31st December 2023 is as below.

Membership	31.12.2023
Full Members Making Monthly Contributions	186
Full Members Making Cash Contributions	7
NGCDF Sacco Staff	1
Non-Full Members Making Contributions	4
Dormant/Withdrawn Members with Capital	56
Total Membership	266

The SC noted that the Sacco is in a constant state in terms of member growth. This has a risk effect of a constant share capital and share contribution which may affect the Sacco when it comes to the distribution of new loans if an increased number of members request for loans from the Sacco.

The Sacco management needs to come up with a robust growth strategy in terms of membership. The Board to carry out an exit survey to find out why members exit and come up with a members' retention plan.

We recommend that the SACCO comes up with products that suits members who have exited from service for them to still enjoy the services of the SACCO after formal employment.

II. MEMBERS RECORDS: In the year under review the Board embarked on the exercise of giving out nomination forms to members to update their nominee records held in the SACCO. From our findings, not everyone has complied. We kindly request the members to update their records. In the event a member passes on, it will be easier for the SACCO to process the claims and pay out within a 7-day period to the nominee. The members should also take note that the SACCO is under obligation to remit any money that remains unclaimed to the Unclaimed Financial Assets Authority.

III. MEMBERS EMPOWERMENT: The SACCO Societies Non-withdrawable Deposit Taking Business Regulation 2020 Clause 75(3) States;

"A SACCO Society shall hold at least one education day for its members in a year to educate, update members on its products and services, rights of members and other emerging issues".

The SACCO did not organize a members' education last year. We request the BOD to ensure that in 2024 they hold one and we also humbly request members to attend education days when called upon as this is an avenue to know about changes taking place in the Cooperative sector.

The SACCO should also consider targeted group education to address specific group needs.

8. PERFORMANCE MANAGEMENT:

We commend the Board efforts of introducing performance management to help improve service delivery to members. During the year 2023, the Society has managed to restructure its management by recruiting a Sacco manager to enhance the Society management. The staff establishment consists of 3 members consisting of Sacco Manager, Administrative Assistant and a support staff all having running employment contracts and roles assigned respectively the BOD.

The supervisory committee commends the BOD for the introduction of 2024 staff performance Appraisal and development of staff performance KPIs. This will translate into improved overall performance of the Sacco. We recommend that the BOD undertake the end year appraisal of staff to track their KPIs progress. The staff are encouraged to seek regular feedback as part of performance management.

The SC finalised the recruitment of an internal auditor on a consultancy basis to enhance oversight and recommend areas of improvement to be undertaken by the BOD and members of management.

We look forward to seeing an improved service delivery and increased returns in the future.

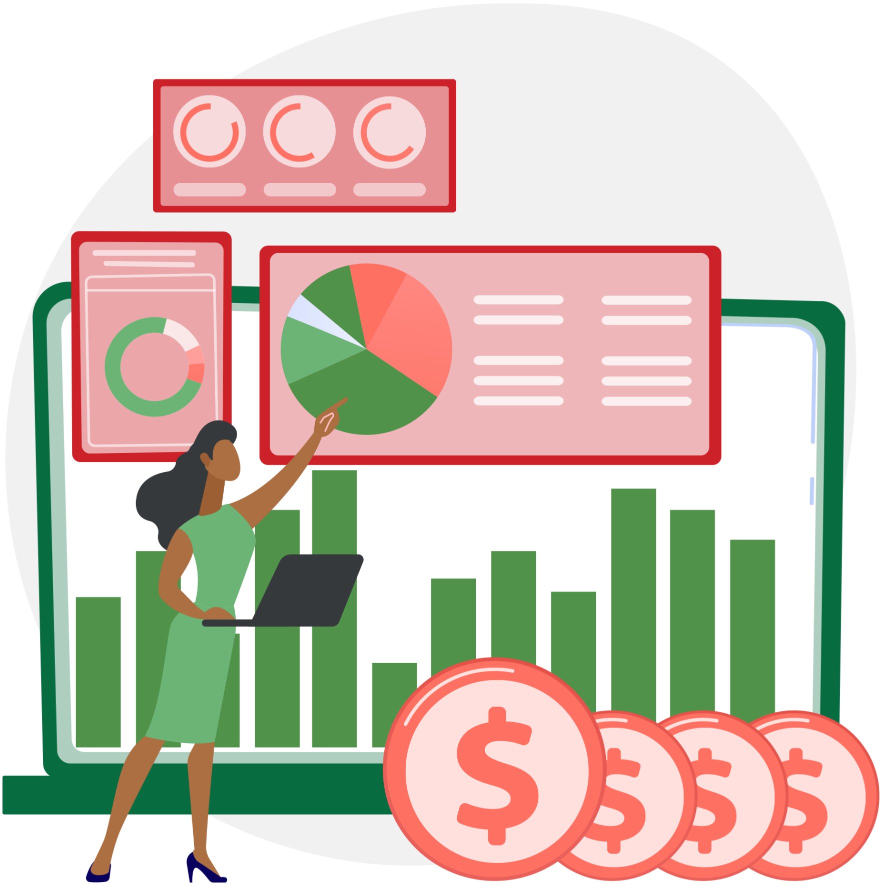
9. EMERGING RISKS

(I) Cyber- crime: This is a risk that is becoming more sophisticated and is a global problem. We recommend to the Board to implement key cybersecurity solutions seriously by developing cyber resilience i.e. detecting attacks, responding to attacks, and recovery from attacks among others. In addition, the Board should consider insurance to cover for loss or damage in case of a system attack. All the staff should be trained on cybercrime and a policy on cyber security should be developed.

(II) Data protection: the staff should be trained on Data Protection, breach, and consequences thereof. The Supervisory Committee notes that Data Protection is of central importance especially on members and SACCO information. In this regard, we recommend training of staff on Data Protection. The identified key priority areas that the Board needs to consider; - Initiate the process of ISO Certification (9001:2015) Quality Management System, - Training on Cybersecurity

Our gratitude goes to the Board of Directors, members of Staff and the Co-operative Department Officials for the support they have accorded us throughout the year. It is our hope and prayer that our Society will be able to grow, leverage on ICT and align its resources in line with the Strategic plan to grow CDF NDWT Sacco Society Ltd to be the Sacco of choice in Kenya.

Ronald Ingala K	Mary Mwaki	Rotich Joseph
Chairman	Secretary	Member



NEVER DEPEND ON SINGLE INCOME, INVEST TO CREATE SECOND SOURCE.

TREASURER'S REPORT AND BUDGET ESTIMATES

Distinguished Guest of Honour, Chairman and Board of Directors of CDF Sacco Society Ltd, Supervisory Committee Members, Ladies and Gentlemen, it is with great pleasure that I present to you the Society's Financial Report for the year ended 31st December 2023.

Total Assets

Total assets grew by Kshs. 24.3 Million up from Kshs. 227.5 million reported in year 2022 to Kshs. 251.8 million in year 2023 representing a 10.7% growth rate, which was slightly higher than the previous year's growth rate (9.2% year 2022) as illustrated in the chart below:

Members Deposits and Savings

Members' deposits and savings grew by Kshs. 19.03 Million up from Kshs. 174.62million reported in the year 2022 to Kshs. 193.65 million in year 2023 representing a 10.9% growth rate, which was also lower than the previous year's growth rate (5.3% year 2022).

The Board has formulated strategies on members' deposits mobilization which includes intense marketing strategies to recruit new members and increased monthly deposits contribution.

Members' Loans and Advances

Members' loans and advances grew marginally by Kshs. 12.6 Million up from Kshs. 197.6 million reported in year 2022 to Kshs. 210.3 million in year 2023 representing a 0.64% growth rate, on account majorly of the effect of loan provisioning.

The Board noted that there was an increased demand for credit products & services towards the end of the year 2023 because of renewed members' employment contracts.

Share Capital

The Society has recorded a steady growth of Share Capital over the years and the year under review was no exception, in that share Capital grew from Kshs. 15.7 Million to Kshs. 16.1 Million representing a 2.5% growth rate. The continued growth of share capital is attributable to the attractive rate of return that the Society has consistently paid out to members for a period of more than 3 years.

Revenue

The Society's budget for year 2023 on revenue was Kshs. 28.8 Million and the actual amount stood at Kshs. 31.5 Million representing an achievement of 110%.

Operating Expenses

The table below gives an analysis of the spread of the Society's operating expenses based on the various classifications by the Board;

Expense	2023 Ksh	2023 % Expense	2022 Ksh	2022 % Expense
Interest	13,555,428	54%	10,477,066	52%
Personnel	2,499,342	10%	1,096,280	6%
Governance	2,908,186	12%	2,939,110	15%
Administration	1,878,820	7%	1,813,359	9%
Financial	4,359,461	11%	3,654,211	18%
TOTAL	**25,201,237**		**19,980,026**	

Whereas the above classification compares the apportionment of the operating expenses amongst the various classifications, the Board's strived to maintain costs within a range of 30% to 40% of the total revenue excluding interest on deposits. During the year under review the Society's operating expenses, expressed as a percentage of the total revenue stood at 36.94%. This analysis simply means that the Society incurred a cost of Kshs. 36.94 for every Kshs. 100 generated as revenue.

Ratification and Approval for Disposal of Surplus

Based on an advice from both the Commissioner for Co-operatives and the Regulator, the Board did authorize payment of interest on qualifying deposits and distribution of surplus as provided for in the year 2023 audited and approved accounts. The same is presented before this AGM for ratification as follows; Kshs. 13.6 Million (Interest on deposits), Kshs. 0.82 Million (dividend on shares), Kshs. 1.5 Million (Honoraria) and Kshs. 0.12 Million (Staff Bonus). The total return to members of Kshs. 14.42 Million (dividend plus interest on deposits) represents 48.7% of total income.

Compliance with Prudential Standards

The Society's compliance with minimum prudential ratios is as shown below:

Key Ratios	Standard	2023	2022	Remarks
Core capital /Total Assets	8%	12%	12%	Compliant
Core capital /Deposits	7%	16%	16%	Compliant
Liquid Assets/ Total deposits& Short term liabilities	10%	18%	9%	Compliant
Total deliquency Loan /Total Loan portfolio	17%	19%		Not complaint

Budget For The year 2024

The Board wishes to seek approval for the below 2024 and 2025 Budget.

FINAL 2024 & 2025 BUDGET

ACCOUNT TITTLE	Actual December 2022	Actual December 2023	Budget 2024	Budget 2025
	Amount Ksh	Amount Ksh	Amount Ksh	Amount Ksh
INCOME				
Withdrawal Fees	-	16,500	36,000	36,000
Entrance / Rejoining Fee	15,000	30,000	34,500	120,000
Total	**15,000**	**46,500**	**70,500**	**156,000**
Sundry Income				
Other Sundry Incomes	-	-	16,000	16,000
Total	**15,000**	**46,500**	**86,500**	**172,000**
CIC Interest Income	12,208	323,323	800,000	800,000
Dividends/ Investment Income	51,680	74,480	85,652	90,000
Total	**63,888**	**397,803**	**885,652**	**890,000**
Total Fees, Sundry & Investment Income	78,888	444,303	972,152	1,062,000
Interest Incomes				
Interest From Bank	-	63,278	650,000	650,000
Total	**-**	**63,278**	**650,000**	**650,000**
Interest From Members Loans				
Interest From loans	22,174,617	25,579,377	29,416,284	30,000,000
Quick cash Interest	106,080	204,744	235,456	300,000
Bridging Interest	3,412,288	3,649,298	4,196,693	5,000,000
Total Interest From Members Loans	25,692,985	29,433,419	33,848,432	35,300,000
Total Income Expenses	**25,771,873**	**29,941,000**	**35,470,584**	**37,012,000**
Expenses				
Office general Expenses	133,044	125,758	120,000	120,000
Office Rent	550,000	600,000	720,000	720,000
Total	**683,044**	**725,758**	**840,000**	**840,000**

Cost Of Funds				
Dividend On Members Shares	796,266	-	800,000	800,000
Interest On Spouse & Special Accounts	-	-	12,960	12,960
Total	**796,266**		**812,960**	**812,960**
Organisational				
Marketing	180,000	172,500	340,000	340,000
Total	**180,000**		**340,000**	**340,000**
Administrative Expenses				
Bank Charges	78,226	48,642	100,000	100,000
Postage Telephone And Fax Expense	-	46,920	84,000	84,000
Printing And Stationery	97,201	89,534	90,000	90,000
SASRA fees and Annual Deposit levy	30,000	30,000	191,382	200,000
County council Licenses			90,000	90,000
Electricity & Water Bills	23,500	37,400	36,000	36,000
Repairs And Maintenance				
Subscription Fees	-	-	10,000	10,000
Consultancy Fee	180,400	95,000	240,000	240,000
Audit And Supervision Fees	95,120	95,120	95,120	95,120
Website	-	80,000	10,000	10,000
System support services	377,000	348,000	377,000	400,000
Internet subscription	147,094	158,588	158,388	158,388
Total	**1,028,541**	**1,029,204**	**1,481,890**	**1,513,508**
Governance Expense				
Committee Education And Training Expense	390,000	446,000	650,000	700,000
Committee Travel And Subsistence	421,000	436,200	650,000	700,000
Committee Allowance	1,433,110	1,342,790	1,350,000	1,600,000
A.G.M	599,000	683,196	680,000	700,000
Members Education	96,000	-	200,000	200,000
Total	**2,939,110**	**2,908,186**	**3,530,000**	**3,900,000**
Personnel Expenses				
Staff Medical Cover	-	-	400,000	400,000

Staff Leave Allowance	-	-	17,500	17,500
House Allowance			376,200	376,200
N.S.S.F Employer Expenses			77,760	77,760
Commuter Allowance			159,225	192,300
Salaries To Staff	1,096,680	1,960,340	1,199,340	1,199,340
Wages To Casual Staff			360,000	360,000
Staff Gratuity Employer expense		477,122	318,573	318,573
Affordable Housing Levy		15,960	31,920	31,920
Total	1,096,680	2,453,422	2,940,518	2,973,593
TOTAL EXPENSES	**5,515,100**	**6,087,366**	**8,123,478**	**8,526,553**
NET INCOME	**20,256,773**	**23,853,634**	**27,347,106**	**28,485,447**
Depreciation & Amortisation	75,985	185,298	200,000	200,000
Provision for Bad debts	3,500,000	4,000,000	5,000,000	5,000,000
Honoraria	1,500,000	1,500,000	1,500,000	1,500,000
Staff Bonus	80,000	120,000	120,000	120,000
Income before interest on members deposit	16,680,788	19,668,336	22,147,106	23,285,447
Interest on members deposits	(11,350,155)	(13,555,428)	(14,000,000)	(14,000,000)
Income before tax	5,330,633	6,112,908	8,147,106	9,285,447
Tax	23,660	71,940	90,000	100,000
Income After Tax	5,306,973	6,040,968	8,057,106	9,185,447
	CAPITAL EXPENDITURE			
DEPARTMENT			**QUANTITY**	**AMOUNT (Ksh)**
				-
				-
Total Capital Budget				**-**

Conclusion

I wish to sincerely appreciate our key stakeholders most importantly the Office of the Commissioner for Cooperatives and our Regulator SASRA, CDF Sacco Staff and our members for the continued support. Thank you, God bless you.

Patrick Lidovolo
BOD Treasurer


TAX

CDF REGULATED NON WITHDRAWABLE DEPOSIT TAKING SACCO LTD

FINANCIAL STATEMENTS FOR THE PERIOD ENDED

31st DECEMBER, 2023

Daniel & Associates (CPAK)
P.O Box 3495-00100
Nairobi

CDF REGULATED NON WITHDRAWABLE DEPOSIT TAKING SACCO LTD

CS 12181

FINANCIAL STATEMENTS

31-Dec-23

THE SACCO SOCIETY REGULATORY AUTHORITY
RECEIVED
20 MAR 2024
(SASRA)
P. O. Box 25089-00100, NAIROBI

APPROVED
for publication and presentation to AGM or ADM subject to observations Issued
20 MAR 2024
SIGN: CA
THE SACCO SOCIETIES REGULATORY AUTHORITY

Daniel & Associates (CPAK)
P.O Box 3495-00100
Nairobi

CS/12181 CDF REGULATED NON WDT SACCO SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2023

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SOCIETY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN	MR.WELDON LANGAT
V/CHAIRMAN	MS.MARY WANYIKA
SECRETARY	MR.DENNIS MATUNDURA
TREASURER	MR.PATRICK LIDOVOLO
BOARD MEMBER	MR.JACKTON OJOW
BOARD MEMBER	MS.DINAH WANJA
BOARD MEMBER	MR.DAVID OKOMA

SUPERVISORY COMMITTEE

CHAIRMAN	MR.RONALD INGALA
SECRETARY	MRS.MARY MWAKI
MEMBER	MR. JOSEPH KIBII

SACCO MANAGER MS BENADETTE ALELE OMOTO

BANKERS

COOPERATIVE BANK OF KENYA
UKULIMA BRANCH

REGISTERED OFFICE

LACOLINE GARDENS
MASABA ROAD
NAIROBI

AUDITORS

DANIEL & ASSOCIATES (CPAK)
P O BOX 3495-00100
NAIROBI

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 31st Dec 2023

Incorporation
The society is incorporated in Kenya under the co-operative societies Act Cap 490 of1997 ammended 2004 and is domiciled in Kenya

Principal activity
The principal activity of the societycontinued to be receiving deposits from its members and provision of loans to it's members.

Results
The results for the year are as set out on pages 6-14

	2023	**2022**
	kshs	**kshs**
Net surplus/(deficit) before tax	6,322,787	4,894,692
20% transfer to statutory reserve	(1,250,169)	(978,938)
Provision for honoraria	(1,500,000)	(1,500,000)
Provision for staff bonus	(120,000)	(80,000)
Provision for tax		
Surplus to retained earnings	2,573,763	1,539,489

Interests on member deposits,dividend , honoraria and staff bonus
The board of directors recomends to the members the following payments for approval by members during the annual general meeting

Interest on member deposits rate	7.0%	6%
Interest on member deposits in Kshs	13,555,428	11,350,155
Proposed dividend as % of share capital	5.0%	5.08%
Proposed dividend in Kshs	806,914	796266
Proposed Honoraria in Kshs	1,500,000	1,500,000
Proposed staff bonus	120000	80000

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

Auditors
The auditors, Daniel & Associates (CPAK) were auditors for the year under review and have expressed willingness to continue in office

By order of the Board of Directors

Dennis Matundura - Hon. Secretary

STATISTICAL INFORMATION

Membership	Threshold	2023	2022
1 Active		186	194
2 Dormant/Withdrawn		67	67
		253	**261**
Staff			
Female		3	2
Male		Nil	Nil
Financial			
Share Capital		16,138,282	15,680,758
Members Deposits		193,648,971	174,617,764
Total Assets		251,805,935	227,520,706
Loans to Members		210,273,710	197,583,625
Liquid Assets		38,260,354	17,967,779
Short term Liabilities		21,485,209	18,977,056
Retained Earnings & Disclosed Reserves		16,596,430	13,837,318
Total Revenue		31,524,023	25,771,873
Total Expenses		11,645,808	9,503,360
Core Capital	5 Million	30,174,712	27,558,076
Interest on Member deposits		13,555,428	10,477,066
Key Ratios			
Capital Adequacy Ratios			
Core Capital/Total Assets	8%	12%	12%
Core Capital/Total Deposits	7%	16%	16%
Retained Earnings& Disclosed Reserves/Core Capital	50%	55%	50%
Liquidity Ratio			
Liquid Assets/ Total deposits& Short term liabilities	10%	18%	9%
Operating efficiency			
Percentage of expenses to Revenue		36.94%	36.87%
Percentage of interest on members deposits to Revenue		43.00%	40.65%
Interest on members deposits		7.00%	6.00%
Dividend per share		5.00%	5.08%
Total deliquency Loan /Total Loan portfolio	5%	17%	19%

CS/12181 CDF REGULATED NON WDT SACCO SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS

STATEMENT OF BOARD OF DIRECTOR'S RESPONSIBILITIES

The Co-operative Societies Act, Cap 490 requires the Board of Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the society as at the end of the financial year and of its operating results for that year in accordance with the International Financial Reporting Standards. It also requires the Board of Directors to ensure that the society keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the society. They are also responsible for safeguarding the assets of the society and ensuring that the business of the society has been conducted in accordance with its objectives, by-laws and any other resolutions made at 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 judgement and estimates,in conformity with International Financial Reporting Standards and in the manner required by the Co-operative Societies Act, Cap 490. The Board of Directors is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the society and of its operating results in accordance with the 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 financial control. Nothing has come to the attention of the Board of Directors to indicate that the society will not remain a going concern for at least twelve months from the date of this statement.

Approved by the Board of Directors on **14th March 2024** and signed on it's behalf by:

.... Chairman
Signature

.... Treasurer

.... Secretary
Signature

Opinion.

We have audited the accompanying financial statements of CDF Regulated Non-Withdrawable Deposit Taking Sacco Society Limited, which comprise the statement of financial position as at 31 December 2023, statement of comprehensive income, statement of changes in equity ,statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly in all material respect the state of the society's financial affairs as at 31 December 2023 , the results of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)and the requirements of the Kenyan Co-operative Societies ActCap 490.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs).Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are indepedent auditors of the Sacco in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya,and we have fulfilled our other ethical responsibilities in accordance with the requirements and the IESBA Code.We believe the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Key Audit Matters

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

The board's responsibility for the financial statements

The board of directors of the Society are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Co-operative Act, and for such internal control as the board may determine is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements,the board of directors are responsible for acessing the Society's ability to continue as a going concern, disclosing ,as applicable, matters relating to the going concern basis of accounting unless the board of directors either intend to liquidate the society or to cease operations,or have no realistic alternative but to do so.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements as a whole are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Report on other legal requirements

As required by the Kenyan cooperative societies Act we report to you that the financial statements are in agreement with the books
(A) In accordance with the provisions of the Cooperative Societies Act.

(B)In accordance with the Co-operatives objectives, by-laws and any other resolutions made by the Society at a general meeting.

For and on behalf of
P. O. Box 3495 – 00100,
Nairobi
Tel: 0742 626755
DANIEL & ASSOCIATES (CPAK)
NAIROBI
Date 12/03/2024

CS/12181 CDF REGULATED NON WDT SACCO SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
INCOME STATEMENT FOR YEAR ENDED 31-12-2023

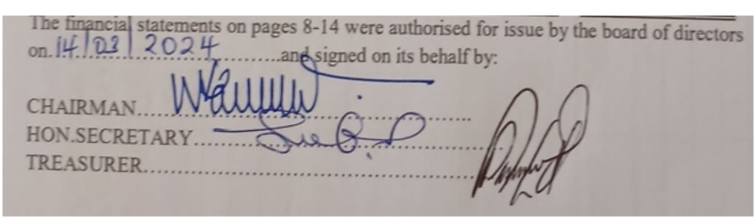
	NOTES	2023	2022
REVENUE		**KSHS**	**KSHS**
Interest on loan to Members	**3a**	31,090,921	25,692,985
Other interest Income	**2a**	386,603	12,208
Total Interest Income		**31,477,523**	**25,705,193**
Interest Expense	**3b**	(13,555,428)	(11,350,155)
Net Interest Income		**17,922,095**	**14,355,038**
Other Operating Income	**2b**	46,500	66,680
Net Revenue		**17,968,595**	**14,421,718**
Personnel expenses	**4a**	(2,499,342)	(1,096,680)
Adminstrative expenses	**4b**	(1,878,820)	(1,813,359)
Governance expenses	**4c**	(2,908,186)	(2,939,110)
Financial expenses	**5**	(4,359,461)	(3,654,211)
		(11,645,808)	**(9,503,360)**
Net Surplus for the year before tax		**6,322,787**	**4,918,358**
Corporate tax	15	(71,940)	(23,666)
Net Surplus for the year after tax		**6,250,846**	**4,894,692**
20%Statutory Reserve Fund		(1,250,169)	(978,938)
Surplus Available for Distribution		5,000,677	3,915,754
Dividend Expense		(806,914)	(796,266)
Provision for honoraria		(1,500,000)	(1,500,000)
Provision for staff bonus		(120,000)	(80,000)
Retained Earnings for the year		2,573,763	1,539,489

CS/12181 CDF REGULATED NON WDT SACCO SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 31-12-2023

	NOTES	2023 KSHS	2022 KSHS
ASSETS			
Cash & Cash Equivalents	**6a**	27,787,523	17,821,271
Loan to Members	**7**	210,273,710	197,583,625
Trade & Other Receivables	**6c**	243,548	9,749,758
Other Fiancial Assets	**6b**	13,032,831	2,106,508
Property & Equipment	**13**	468,324	259,544
TOTAL ASSETS		**251,805,935**	**227,520,706**
LIABILITIES			
Members Deposits	**8**	193,648,971	174,617,764
Interest on Members Deposits	**3c**	17,932,661	15,529,465
Benevolent Fund	**9**	3,552,548	3,447,591
Trade & Other Payables	**10**	3,937,043	4,407,810
TOTAL LIABILITIES		**219,071,223**	**198,002,630**
SHARE HOLDERS FUNDS			
Share Capital	**12**	16,138,282	15,680,758
Reserves	**11**	16,596,430	13,837,318
TOTAL SHAREHOLDERS FUNDS		**32,734,712**	**29,518,076**
LIABILITIES AND FUNDS		**251,805,935**	**227,520,706**

APPROVED for publication and presentation to AGM or ADM subject to observations Issued
20 MAR 2024
SIGN: CA
THE SACCO SOCIETIES REGULATORY AUTHORITY

The financial statements on pages 8-14 were authorised for issue by the board of directors on……………………………..and signed on its behalf by:


The financial statements on pages 8-14 were authorised for issue by the board of directors on 14/03/2024 ……….and signed on its behalf by:

CHAIRMAN……………………………………
HON.SECRETARY……………………………
TREASURER…………………………………

CS/12181 CDF REGULATED NON WDT SACCO SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31/12/2023

	Share capital		Statutory Reserve		Retained Surplus		Total
Year Ended31/12/2022	**KSHS**		**KSHS**		**KSHS**		**KSHS**
Prior year adjustment					(50,000)		
At start 01.01.2022	4,499,970		3,742,165		7,564,499		15,806,634
Issue of Shares	11,180,788		-		-		11,180,788
Surplus for the year	-		-		4,894,692		4,894,692
Provision for dividends					(784,038)		(784,038)
Provion for Honoraria	-		-		(1,500,000)		(1,500,000)
Provision for staff bonus					(80,000)		(80,000)
Statutory Reserves	-		978,938		(978,938)		(0)
As at 31-12-2022	**15,680,758**		**4,721,103**		**9,066,215**		**29,468,076**
	KSHS		**KSHS**		**KSHS**		**KSHS**
Prior year adjustment- Tax					(1,014,820)		(1,014,820)
At start 01.01.2023(Restated)	**15,680,758**	#	**4,721,103**	#	**8,051,395**		**28,453,256**
Issue of Shares	457,524		-		-		457,524
Surplus for the year	-		-		6,250,846		6,250,846
Provision for Dividends					(806,914)		(806,914)
Provion for Honoraria	-		-		(1,500,000)		(1,500,000)
Provision for staff bonus					(120,000)		(120,000)
Statutory Reserves	-		1,250,169		(1,250,169)		-
At the End of the year as at 31/12/2023	**16,138,282**	#	**5,971,272**	#	**10,625,158**		**32,734,712**

CS/12181 CDF REGULATED NON WDT SACCO SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
CASHFLOW STATEMENT FOR YEAR ENDED 31-12-2023

	Note	2023 KSHS	2022 KSHS
Cashflow from Operating activities			
Interest Receipts	3a	31,090,921	25,692,985
Interest Expense	3c	(11,152,232)	(11,568,618)
Other Operating Income	2b	46,500	66,680
Payment to Employees & Suppliers		(7,365,390)	(4,174,200)
		12,619,799	**10,016,847**
Increase/Decrease in operating assets			
Loans to Members	7	(16,690,085)	(15,825,810)
Trade & Other receivables	6c	9,506,210	37,254
		(7,183,875)	**(15,788,556)**
Increase/Decrease in Operating Liabilities			
Deposits from Members	8	19,031,207	17,304,640
Benevolent Funds	9	104,957	591,300
Trade & Other payables	10	(3,076,970)	(2,643,496)
		16,059,194	**15,252,444**
Tax paid		(1,014,820)	
Net Cash from Operating Activities		**20,480,299**	**9,480,735**
Cash flow from Investing Activities			
Interest Income	2a	386,603	12,208
Investments	6b	(10,926,323)	(219,565)
Kusco dividend	2b	-	
Office Equipment purchase		(394,078)	(16,900)
		(10,933,799)	**(224,257)**
Cash flow from Financing Activities			
Share Capital Issue	12	457,524	71,884
		457,524	**71,884**
Net Increase in Cash & Cash Equivalent		10,004,024	6,600,081
Cash & Cash Equivalent at the Beginning		**17,821,271**	7,315,994
Cash & Cash Equivalent at the End of Period		**27,825,295**	**17,821,271**

NOTE 1

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

(a) Statement of compliance and basis of preparation

The financial statements are prepared in accordance with and comply with international financial reporting standards (IFRS)

These financial statements are presented in the funtional currency,Kenya shillings and prepared under historical cost convention,except as specified below under fair value measurement in accordance with applicable IFRS

(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 payments mostly monthly and recognised net of taxes.

(c) Interest from loan to members

Interest on loans to members is calculated on a reducing balance method at a monthly rate of 1% and the income is recognised on a time basis by reference to the principal outstanding and the effective interest rate applicable.

(d) Reserves

Tranfers are made to the statutory reserve fund at a rate of 20% of net operating surplus after tax in compliance with provision of section 47(1and 2) of the co-operative societies act cap 490.

(e)cash and cash equivalent.

Cash and cash equivalents comprise cash on hand and demand deposits and other shortterm highly liquid investments that are readly convertible to a known amount of cash and are subject to insignificant risk of changes in value.

(f)Depreciation of assets

All property and equipment are initially recorded at cost and stated at historical cost less depreciation. Depreciation has been charged on reducing balance to write off the cost of the asset over its useful life.

NOTES TO THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31/12/2023

		2023	2022
2a	**Interest Icome**	**KSHS**	**KSHS**
	Interest from CIC	323,324	12,208
	Interest from Bank	63,278	-
		386,603	**12,208**
2b	**Other Operating Income**		
	Entrance Fees	30,000	15,000
	Withdrawal Fees	16,500	-
	Kuscco dividend	-	51,680
		46,500	**66,680**
3a	**Interest on loans**		
	Interest on members loans	27,441,623	22,280,697
	Bridging interest	3,649,298	3,412,288
		31,090,921	**25,692,985**
3b	**Interest expense**		
	Interest on members deposits	13,555,428	10,477,066
		13,555,428	**10,477,066**
3c	**Interest on members deposit**		
	Balance B/f	15,529,465	15,747,928
	Provision this year	13,555,428	11,350,155
	Paid during the year	(11,152,232)	(11,568,618)
		17,932,661	**15,529,465**
4	**Expenses**		
	a) Personnel Expenses		
	Salary & wages	1,960,340	1,096,680
	Staff Gratuity	477,122	-
	NSSF	45,920	-
	Housing Levy	15,960	-
		2,499,342	**1,096,680**
	b)Administrative Expense		
	Office General Expenses	125,758	133,044
	Office Rent	600,000	550,000
	Electricty	37,400	23,500
	Internet(Zuku Subscription)	158,588	147,094
	Postage & Telephone expenses	46,920	-
	Printing and Stationery	89,534	97,201
	Audit and Supervision fees	95,120	95,120
	System Support Services	348,000	377,000
	Consultancy	95,000	180,400
	SASRA licensing	30,000	30,000
	Marketing expense	172,500	180,000
	Website	80,000	-
		1,878,820	**1,813,359**
	c)Governance expenses		
	AGM Expenses	683,196	599,000
	Members education	-	96,000
	Board of directors sitting allowance	1,342,790	1,433,110
	Board of directors Subsistence	436,200	421,000
	Staff & Board of directors Education	446,000	390,000
		2,908,186	**2,939,110**
5	**Financial expenses**		
	Provision for loan losses	4,000,000	3,500,000
	Depreciation	185,298	75,985
	By Product expense	125,521	
	Bank charges	48,642	78,226
		4,359,461	**3,654,211**

6a	**Cash and cash equivalent**		
	Current A/C(Co-op Bank)	19,547,388	15,959,292
	On call deposit(Co-op Bank)	7,063,278	
	Paybill	182,091	450,200
	B2C Account	963,866	1,376,380
	Cash at hand	30,899	35,399
		27,787,523	**17,821,271**
6b	**Other Financial Assets**		
	CIC Money Market	10,472,831	146,508
	KUSCCO Shares	2,560,000	1,960,000
		13,032,831	**2,106,508**
6c	**Trade and other receivables**		
	Prepaid rent	160,000	160,000
	Controller Of Budget	869	869
	CDF Board	82,679	9,588,889
		243,548	**9,749,758**
7	**Loan to Members**		
	Balance B/F	205,736,451	196,641,868
	Loan issued	150,365,940	146,318,861
	Less Repayment	(133,675,855)	(137,224,278)
	Balance as per control Account	222,426,536	205,736,451
	Provision for loan loss	(12,152,826)	(8,152,826)
	Balance at the end	**210,273,710**	**197,583,625**

Loan portfolio risk analysis

Category	No accounts	Balance	Rate	Provision
Performing	177	172,173,842	1	1,721,738
Watch	26	12,213,665	5	610,683
Substandard	26	22,809,662	25	5,702,415
Doubtful	3	868,521	50	434,261
Loss	12	14,360,846	100	14,360,846
	244	**222,426,536**		**22,829,944**

Loan loss provisioning

Balance at start of the year	8,152,826	4,652,826
Provision for the year	4,000,000	3,500,000
Balance at the year end	**12,152,826**	**8,152,826**

8	**Member Deposits**		
	Balance B/F	**174,617,764**	**165,774,071**
	Contribution for the year	20,505,200	20,321,786
	Refunds	(1,473,993)	(11,478,093)
	Balance at the end	**193,648,971**	**174,617,764**

9	**Benevolent fund**		
	Balance B/F	3,447,591	2,912,326
	Received during the year	1,293,200	1,252,945
	Refunds	(990,642)	(717,680)
		3,552,548	**3,447,591**
10	**Trade & other Payables**		
	CDF Housing Co-operative	40,500	361,148
	Insurance fund	656,600	1,255,830
	Audit& Supervision fees	95,120	95,120
	System Annual Maintenance & Support	348,000	150,000
	Unidentified Deposits	27,001	47,001
	Accrued SASRA fee	-	30,000
	Provision for dividends	819,142	796,266
	Provision for staff bonus	120,000	80,000
	Provision for Honoraria	1,500,000	1,500,000
	CDF Board	-	-
	Corporate tax	95,606	23,666
	Website	40,000	-
	W/T	8,256	-
	Staff gratutity	186,818	
	NSSF	-	13,600
	NHIF	-	1,950
	PAYE	-	53,229
		3,937,043	**4,407,810**
11	**Reserves**		
	Statutory reserves	5,971,272	4,721,103
	Retained Earnings	10,625,158	9,116,215
		16,596,430	**13,837,318**
12	**Share Capital**		
	Balance B/F	15,680,758	4,499,970
	Issued during the year	457,524	11,180,788
		16,138,282	**15,680,758**
13	**Related party transactions**		
	a) Board		
	Outstanding loan	17,959,799	17,959,799
	Deposits	10,970,577	10,970,577
	Share Capital	450,000	450,000
	Governance expense		
	Board sitting allowance	1,342,790	1,322,790
	Board of directors Subsistence	436,200	436,200
	Honoraria	1,500,000	1,500,000
	b) Staff		
	Outstanding loan	652,401	534,000
	Deposits	242,874	215,212
	Share Capital	45,000	45,000
	Salary & wages	1,960,340	1,096,680
	Staff bonus	120,000.00	80000

14 Property & Plant

Property & Plant	Software Rate	Computer & Accessories	Furniture & Fittings	Total
Rate	**20%**	**33.30%**	**13%**	
Cost	**KSHS**	**KSHS**		**KSHS**
As at 01/01/2023	-	351,940	328,900	680,840
Additions	-	394,078	-	394,078
As at 31st Dec 2023	**-**	**746,018**	**328,900**	**1,074,918**
				-
Depreciation				-
Accumulated Depreciation	-	240,674	180,622	421,296
Charge for the year	-	166,764	18,535	185,298
As at 31st Dec 2023	**-**	**407,438**	**199,157**	**606,594**
				-
Net Book Value				-
As at 31/12/2023	**-**	**338,580**	**129,743**	**468,324**
				-
As at 31/12/2022	-	111,266	148,278	259,544

CDF SAVINGS & CREDIT CO-OPERATIVE SOCIETY LIMITED

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