

DHAMINI REGULATED NON WDT SACCO SOCIETY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
C/S NO.4331**

Henry Smith & Wilson
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DHAMINI REGULATED NON WDT SACCO SOCIETY LIMITED
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SOCIETY INFORMATION

THE BOARD AND SUPERVISORY COMMITTEE MEMBERS

BOARD COMMITTEE MEMBERS

Francis Mueke	Chairperson
Simon Oriedo	Vice-Chairperson
Idah Omollo	Hon. Secretary
Jackson Kirikiru	Treasurer
Gregory Ndiritu	Member
Jeremiah Kuria	Member
Samuel Omondi	Member
Jeff Adero	Member

SUPERVISORY COMMITTEE

Dishon Gathome	Chairperson
Simon Oruko	Secretary
Elizabeth Taama	Member

REGISTERED OFFICE

Dhamini SACCO Society Ltd
Ground Floor ACK Parking Silo
P.O Box 44749 - 00100
Nairobi.
L.R No 209/8342/2
Telephone 020-2728378
Email: info@dhamini.com

PRINCIPAL BANKERS

Co-operative Bank of Kenya Limited
Co-op House
NAIROBI.

INDEPENDENT AUDITOR

Henry Smith & Wilson
Certified Public Accountants (Kenya)
P.O. Box 9937-00100.
NAIROBI.

CHIEF EXECUTIVE OFFICER

Emily Kago
P.O Box 44749 - 00100
0722-566386
Nairobi.

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REPORT OF THE BOARD OF DIRECTORS

The Board of Directors submit their annual report together with the audited financial statements for the year ended 31st December 2023 which disclose the Society's state of affairs.

INCORPORATION

The Sacco is incorporated in Kenya under the Co-operative Societies Act,Cap 490 and licensed under the SACCO Societies Act No.14 of 2008 and is domiciled in Kenya.

PRINCIPAL ACTIVITY

The principal activity of the Society is that of receiving savings and provision of loans to its members.

OPERATING RESULTS

The operating results are shown below

	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
Surplus Before Tax	9,909,278	9,604,716
Income Tax expense	(666,844)	(802,293)
Net surplus After Tax	<u>9,242,434</u>	<u>8,802,423</u>
Transfer to statutory reserve	(1,848,487)	(1,760,485)
Provision for Dividends	(4,636,781)	(4,252,859)
Provision for Honoraria	(350,000)	(350,000)
Retained surplus for the year	<u>2,407,166</u>	<u>2,439,080</u>
Interest on members' deposits	(25,790,432)	(24,515,269)

INVESTMENT SHARES

The share capital of the society during the financial year ended 31/12/2023 increased to Shs.48,361,539 (2022: Shs. 44,881,902).

DIVIDENDS AND INTEREST

The Board of Directors are pleased to recommend to the members for approval of payment based on weighted average, deposits of 6% (2022: 6%) in rebates on active accounts and dividend of 10% (2022: 10%) on share capital.

MEMBERS OF THE BOARD OF DIRECTORS

The Members of the Board of Directors who served during the period and to the date of this report are shown on page 1.

INDEPENDENT AUDITOR

Henry Smith & Wilson, Certified Public Accountant of Kenya, were appointed during the year and have expressed their willingness to continue in office as per section 72 1 (2) of the Co-operative Societies Act (Cap 490) under Amendment No. 2 of 2004.

BY ORDER OF THE BOARD

Signature

Date/...../ 2024

Hon. Secretary

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STATISTICAL INFORMATION AND OTHER DISCLOSURES

		<u>2023</u>	<u>2022</u>
Membership			
	Active	2,457	3,038
	Dormant	3,959	3,128
	Total	6,416	6,166
Number of Employees			
	Male	5	6
	Female	6	4
	Total	11	10
Financials			
		Kshs	Kshs
Total Assets		573,445,326	537,506,891
Members' Deposits		445,649,218	420,221,970
Dividends & Interest payable		4,401,154	4,252,859
Loans and Advances to Members		385,060,322	325,344,397
Investments		140,359,157	169,006,531
Total Revenue		61,458,042	57,372,262
Total Interest Income		40,411,227	34,765,104
Total Expenses		25,758,332	23,252,277
Core Capital		53,605,794	60,208,262
Share Capital		48,361,539	44,881,902
Institutional Capital		33,513,254	18,398,016
Statutory reserve		13,563,897	11,715,410
Interest on members' deposit		25,790,432	24,515,269
Key ratios:			
	Recommended Ratio		
Capital Adequacy Ratio	STD		
Core Capital / Total Assets	≥ 8%	9.3%	11.2%
Core Capital / Total Deposit	≥ 8%	12.0%	14.3%
Retained Earnings & disclosed reserves/Core Capital	≥ 50%	39.2%	30.6%
Institutional Capital / Total Assets	≥ 8%	5.8%	3.4%
Asset Mix & Quality			
NPL/ Total loans (PAR)	< 5%	15.9%	29.5%
Non-earning Assets / Total Investment Assets	< 10%	3.5%	2.8%
Liquidity Ratio			
Liquid Assets / Short term Liabilities	≥ 10%	23.7%	20.0%
External borrowing / Total Assets	< 25%	0.0%	0.0%
Liquid Assets / Total Assets		1.9%	1.5%
Structure/Sensitivity to Risk			
Gross Loans/ Total Assets	70-80%	67.1%	60.5%
Gross Loans/ Deposits	≥ 100%	86.4%	77.4%
Financial investments/ Total Assets	<10%	24.5%	31.4%
Operating Efficiency / Loan quality Ratios			
Total expenses / Total revenue	< 45%	41.9%	40.5%
Total expenses / Total assets	< 5%	4.5%	4.3%
Staff costs / Revenue	< 15%	19.0%	18.4%
Dividends+Interest on Members deposits / Total revenue		49.5%	50.1%
Interest rate on Members' Deposits		6.0%	6.0%
Dividend rate on Members' Share Capital		10.0%	10.0%

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STATEMENT OF BOARD OF DIRECTORS RESPONSIBILITIES

The Co-operative Societies Act 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 financial year and of its operating results for that year in accordance with International Financial Reporting Standards (IFRS). It also requires the Board of Directors to ensure that the society keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the society. They are also responsible for safeguarding the assets of the society and ensuring that the business of the society has been conducted in accordance with its objectives, by-laws and any other resolutions made at the society's general meeting.

The Board of Directors accept responsibilities for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Co-operatives Societies Act. 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 its operating results in accordance with the IFRS. The Board of Directors further accepts responsibility for the maintenance of accounting record which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Board of Directors accept 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-operatives Societies Act.

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 its results. The Board of Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate system of internal financial control.

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

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

Chairman

Treasurer

Secretary

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STATEMENT OF CASHFLOWS

	<u>NOTES</u>	2023	2022
		Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest from members loans	2(a)	40,411,227	34,765,104
Less interest paid	2(b)	(24,105,334)	(28,276,435)
Other interest income	2 c)	4,988,954	22,607,158
Dividend Paid	11(b)	(4,488,486)	(4,198,443)
Honoraria Paid	12 c)	(350,000)	(350,000)
Tax Paid		(789,069)	(2,161,272)
Payment to Employees and Suppliers		<u>(21,023,751)</u>	<u>(19,652,630)</u>
		<u>(5,356,459)</u>	<u>2,733,482</u>
(Increase)/Decrease in operating income			
Receivables and Prepayments	4	(1,978,747)	7,144,976
Loans & Advances to Members	6	(62,716,004)	(43,731,749)
Trade & other payables	9	2,908,370	4,164,473
Member Deposits	10	25,427,247	30,838,753
Dividends & interest payable	11	(2,892,261)	(3,872,144)
Tax payable		<u>(117,379)</u>	<u>-</u>
Net cash generated from/(used in) operating activities		<u>(44,725,232)</u>	<u>(2,722,209)</u>
Net cash generated from/ (used in) operating activities		<u>(44,725,232)</u>	<u>(2,722,209)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend income	2 c)	2,039,633	-
Interest received	2 d)	14,018,227	-
Purchase of Property, Plant & Equipment	8 (a)	(836,763)	-
Purchase of Intangible Assets	8 (b)	<u>-</u>	<u>(3,159,000)</u>
Net cash used/generated from investing activities		<u>15,221,098</u>	<u>(3,159,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital contribution	15	3,479,637	2,878,900
Proceeds from investments		<u>28,647,373.80</u>	<u>(10,365,926.00)</u>
Net cash generated from financing activities		<u>32,127,011</u>	<u>(7,487,026)</u>
Net cash inflows		2,622,877	(13,368,235)
Cash and cash equivalents as at start of the year		<u>8,248,307</u>	<u>21,616,542</u>
Cash and cash equivalents as at end of the year	3	<u>10,871,184</u>	<u>8,248,307</u>

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**REPORT OF INDEPENDENT AUDITOR TO MEMBERS OF DHAMINI REGULATED
NON WDT SACCO SOCIETY LIMITED FOR THE YEAR ENDED DECEMBER 31ST
2023**

Auditor's Report on the Financial Statements

We have audited the accompanying financial statements set out on page 7 to 26 of Dhamini Regulated Non WDT SACCO Society Limited, that comprise:-

- i. Statement of Comprehensive Income
- ii. Statement of Financial Position
- iii. Statement of Changes in Equity
- iv. Statement of Cash flows , and
- v. A summary of significant accounting policies and other explanatory information .

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.

Opinion

In our opinion, the financial statements give a true and fair view of the state of financial position of the society as at 31st December 2023 and of its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the SACCO Society Act No 14 of 2018.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing(ISA). Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Society in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our ethical responsibilities in accordance with the IESBA Code.

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 addressed in the context of our audit of the financial statements as a whole, and in addition to the opinion we do not provide a separate opinion on these matters.

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Responsibilities of Board of Directors and those Charged with Governance

As explained more fully in the Statement of Directors' responsibilities on Page 4, the Board of Directors is responsible for the preparation of the Financial statements and for being satisfied that they give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Kenyan SACCO Societies Act.

In preparing the financial statements the Board of Directors are responsible for assessing the Society's ability to continue as a going concern and using the going concern basis of accounting unless Management either intends to liquidate the Society or to cease operations or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process. The responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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 included our opinion.

Reasonable assurance is a high level assurance but not a guarantee that an audit conducted in accordance with International Standard on Auditing (ISA) 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 on the basis of these financial

As part of an audit in accordance with ISA we exercise professional judgement and maintain professional skepticism throughout the audit.

We also communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant, including deficiencies in internal control that we identify during our audit.

Report on other Legal Requirements

As required by the Co-operative Societies Act Cap 490, we report to you that based on our audit;

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion proper books of accounts have been kept by the Society so far as appears from our examination of those books.
 - iii) The Society's Statement of Financial position and Statement of Comprehensive Income are in agreement with the books of account.
 - iv) The Society is solvent and we have reasonable grounds to believe it will remain solvent in the foreseeable future, and
 - v.) Nothing has come to our attention that causes us to believe that the business has not been conducted in accordance with the provisions of the SACCO Societies Act and the Co-operative Societies Act.
- The engagement partner responsible for the audit resulting in this independent auditors' report was CPA. Simon K. Ndegwa, Practicing License No. P/1173.

Henry Smith & Wilson
Certified Public Accountants

Date:

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STATEMENT OF COMPREHENSIVE INCOME

	<u>NOTES</u>	2023 <u>Kshs</u>	2022 <u>Kshs</u>
INCOME			
Interest on Loans & Advances	2 (a)	40,411,227	34,765,104
Interest Expense	2 (b)	(25,790,432)	(24,515,269)
Net Interest Income		<u>14,620,795</u>	<u>10,249,835</u>
Other Operating Income	2 (c)	4,988,954	6,404,986
Investment Income	2 (d)	16,057,861	16,202,172
Total Income		<u>35,667,610</u>	<u>32,856,993</u>
EXPENDITURE			
Governance Expenses	14 (a)	(2,587,534)	(3,104,976)
Administration Expenses	14 (b)	(3,362,872)	(2,154,572)
Personnel Expenses	14 (c)	(11,696,281)	(10,536,863)
Other Operating Expenses	14 (d)	(2,771,815)	(2,483,699)
Financial Expenses	14 (e)	(3,243,417)	(3,314,368)
Marketing Expenses	14 (f)	(605,249)	(169,851)
Depreciation and Ammortisation	14 (g)	(1,491,164)	(1,487,948)
Total Expenditure		<u>(25,758,332)</u>	<u>(23,252,277)</u>
Net Surplus before Tax		<u>9,909,278</u>	<u>9,604,716</u>
Income tax expense		(666,844)	(802,293)
Net Surplus for the year		9,242,434	8,802,423
Transfer to statutory reserves (20%)		(1,848,487)	(1,760,485)
Surplus for the year		<u>7,393,947</u>	<u>7,041,938</u>
Honoraria		(350,000)	(350,000)
Proposed Dividends		(4,636,781)	(4,252,859)
Retained Earnings		<u>2,407,166</u>	<u>2,439,080</u>

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STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023

	<u>NOTES</u>	2023	2022
		<u>Kshs</u>	<u>Kshs</u>
ASSETS:			
Cash and Cash equivalents	3	10,871,184	8,248,307
Receivables and Prepayments	4	32,183,584	30,204,837
Inventory	5	-	16,000
Loans & Advances	6	385,060,322	325,344,397
Financial Assets	7	140,359,157	169,006,531
Property, Plant & Equipment	8(a)	1,158,339	1,144,692
Intangible Assets	8(b)	3,812,740	3,542,127
TOTAL ASSETS		<u>573,445,326</u>	<u>537,506,891</u>
LIABILITIES:			
Trade & Other Payables	9	22,261,255	19,352,885
Members Deposits	10	445,649,218	420,221,970
Interest on Members' Deposits	11 (a)	18,560,919	16,875,821
Dividends on Members' Shares	11 (b)	4,401,154	4,252,859
Tax Payable		697,986	815,365
TOTAL LIABILITIES		<u>491,570,532</u>	<u>461,518,900</u>
FINANCED BY:			
Share Capital	SCE	48,361,539	44,881,902
Statutory Reserves	SCE	13,563,897	11,715,410
Revaluation Reserve	SCE	12,489,270	12,489,270
Revenue Reserves	SCE	7,241,284	6,682,606
Capital Reserves	SCE	218,803	218,803
TOTAL EQUITY		<u>81,874,793</u>	<u>75,987,991</u>
TOTAL LIABILITIES AND EQUITY		<u>573,445,326</u>	<u>537,506,891</u>

The financial statements on pages 7 to 26 were approved & authorised for issue by the Board of Directors on2024 and were signed on its behalf by:-

Chairman

Treasurer

Secretary

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STATEMENT OF CHANGES IN EQUITY

	Share Capital <u>Kshs</u>	Statutory Reserves <u>Kshs</u>	Capital Reserves	Revaluation Reserves	Retained Earnings <u>Kshs</u>	Total <u>Kshs</u>
Year 2023						
Balance at 01.01.2023	44,881,902	11,715,410	218,803	12,489,270	6,682,605	75,987,990
Surplus for the year	-	-	-	-	7,393,947	7,393,947
Transfer to statutory reserve	-	1,848,487	-	-	(1,848,487)	-
Proposed dividends	-	-	-	-	(4,636,781)	(4,636,781)
Proposed honoraria	-	-	-	-	(350,000)	(350,000)
Share capital contribution	<u>3,479,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,479,637</u>
Balance at 31.12.2023	<u>48,361,539</u>	<u>13,563,897</u>	<u>218,803</u>	<u>12,489,270</u>	<u>7,241,284</u>	<u>81,874,793</u>
Year 2022						
Balance at 1.1.2022	42,003,002	9,954,925	218,803	12,489,270	2,077,452	66,743,452
Surplus for the year	-	-	-	-	7,041,938	7,041,938
Transfer to statutory reserve	-	1,760,485	-	-	(1,760,485)	-
Transfer from unpaid dividend	-	-	-	-	3,926,559	3,926,559
Proposed dividends	-	-	-	-	(4,252,859)	(4,252,859)
Proposed honoraria	-	-	-	-	(350,000)	(350,000)
Contributions for the year	<u>2,878,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,878,900</u>
Balance at 31.12.2022	<u>44,881,902</u>	<u>11,715,410</u>	<u>218,803</u>	<u>12,489,270</u>	<u>6,682,605</u>	<u>75,987,990</u>

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NOTES TO THE FINANCIAL STATEMENTS

1 Summary of Significant Accounting Policies.

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

a) Statement of compliance & basis of preparation.

The financial statements are prepared in accordance with and comply (where applicable) with International Reporting Standards (IFRSs).

These financial statements are presented in the functional currency, Kenya shillings (Kshs) rounded to the nearest digit and prepared under the historical cost convention, excepts as specified below under fair value measurement in accordance with applicable IFRSs.

b) Revenue recognition

Interest on loans to members is calculated on reducing balance method. Interest income is recognized on time proportion basis by reference to the principal outstanding and the effective interest rate applicable. Income on investments is recognised when it is received.

c) Financial assets

All financial assets are recognized initially using the trade date accounting which is the date the Saco commit it self to the purchase or sale. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

Subsequently, held-to-maturity investments, loans and receivables are carried at amortized cost using the effective interest method, which all other financial assets are carried at their fair values, without deduction for transaction costs that may be incurred on sale.

d) Impairment of Financial Assets

The entity assess at each reporting date whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an assets exceeds its recoverable amount. In the case of held-to-maturity investments and loans and receivables, the recoverable amount is the present value of the expected future cash flows, discounted using the asset's effective interest rate. Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss account.

Changes in fair value for available -for-sale financial assets are recognised in other comprehensive income except for impairment losses measured at the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss) which are recognised in the profit and loss account. In the year of sale, the cumulative gain or loss recognised in other comprehensive income is recognised in the profit or loss account as reclassification adjustment.

e) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the company has transferred substantially all risks and rewards of ownership.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial assets and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that for an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

f) Receivables

Receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest rate. A provision for impairment is recognized in the profit and loss in the year when the recovery of the amount due as per the original terms is considered doubtful. The provision is based on the difference between the carrying amount and the present value of the expected cash flow, discounted at the effective interest rates. Receivables not collectable are written off against the related provisions. Subsequent recoveries of amounts previously written off are accredited to the profit and loss in the year of recovery.

g) Financial liabilities and equity instruments issued by Society

i. Classification as debt or equity

Debt and equity instrument are classified as either financial liabilities or as equity in accordance with the substance of By-laws of the Society.

ii. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Society are recorded at the proceeds received net of direct issue costs. The capital comprise primarily of minimum share capital prescribed under the By-laws of the Society.

h) Financial liabilities

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the statement of comprehensive income. Subsequently, all financial liabilities are carried at amortised cost using the effective interest method except for financial liabilities through profit or loss which are carried at fair value. All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

i. Derecognition of Financial Liabilities

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or

ii. Provision for liabilities and charges

Provisions are recognised when the Society has present legal or constructive obligation as a result of past events, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

iii. Other financial liabilities

All other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method with interest expense recognised on an effective yield basis.

i) Impairment of non-financial assets

The carrying amounts of the society's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such condition exists the recoverable amount of the assets is estimated to determine the extent of impairment loss if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, impairment loss is recognised immediately, unless the relevant asset is carried at revalued amount in which case the impairment loss is treated as a decrease in revaluation reserve. The respective asset is reduced to its recoverable amount.

Where an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss had been recognised for the asset in prior years. A reversal of an impairment loss recognised as income immediately, unless the relevant assets is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in revaluation reserve.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

j) Employee entitlements & Retirement benefit obligations

The Society does not have any employees and as such no employee entitlements or retirement benefit obligations have been recognised in the books.

k) Retirement benefit obligations

The Society operates a defined contribution scheme for all employees. Defined contribution plan is a pension plan under which the society pays fixed contributions into a separate entity. The assets of these schemes are held in a separately administered fund that is funded by contribution from the society and employees.

The Society has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employees the benefits relating to employee service in the current and prior period. The society's contributions to the defined contribution schemes are charged to the profit or loss in the year to which they relate.

The society does not also make contributions to a mandatory statutory defined contribution pension scheme, the National Social Security Fund (NSSF) at varying values as legislated from time to time.

l) Tax

Current tax is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation.

m) Statutory reserves

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

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value net of bank overdrafts.

o) Provision for liabilities and other charges

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that the Society will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation.

p) Adoption of new and revised standards

In the current year, the society has yet to adopt all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) that are relevant to its operations and effective for annual reporting period beginning on 1 January 2009.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.1 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 Society's accounting policies.

Statement of Compliance

The financial statements have been prepared in accordance with the Kenya Co-operative Societies Act, and International Financial Reporting Standards (IFRSs) and comply in all material respects.

1.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Amendments resulting from improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Society.

Improvements to IFRSs

Between 2008 and 2010, the IASB issued amendments to some of its standards, primarily with a view to removing inconsistencies and clarifying wordings. The adoption of the following amendments where relevant, resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Society.

IAS 7, Statement of Cash Flows: Statement of Cash Flows states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment had no impact on the financial Statements of the Society.

IAS 36, Impairment of Assets: Although not necessary in the circumstances of this Society, the amendment clarifies that the largest unit permitted for allocating goodwill acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Society as all its assets were in good working condition.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Society:

IFRS 2, Share-based Payment

IAS 1, Preparation & Presentation of Financial Statements

IAS 34, Interim Financial Reporting

IAS 39 Financial Instruments: Recognition & Measurement

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments.

The following amendments were effective for annual periods on or after either 1st July 2010 or 1st January 2011.

IFRS 7, Financial Instruments: Disclosure

IAS 1, Presentation of Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Society has or will adopt the following standards on their effective dates.

1.3 i IAS 24, Related Part Disclosures(Amendment)

Effective date, on or after 1st January 2011. It clarifies and simplifies the definition of a related party and its identification as to remove any inconsistencies in its application. The Society is currently assessing the impact of adopting the amendment.

ii IFRS 9, Financial Instruments: Classification and Measurement

This standard will be adopted in phases the first phase being classification and measurement of the Society's financial assets. The Society is currently assessing the impact of adopting IFRS 9, however, the impact of adoption depends on the assets held by the Society at the date of adoption, and it is not practical to quantify the effect.

iii IFRIC 14, Prepayment of a Minimum Funding Requirement

Effective date after 1st January 2011 with retrospective application. The amendment corrects an unintended consequence of IFRIC 14, IAS 19. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. These amendments provide guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment has no impact on this financial statements of the Society.

iv IAS 12, Income Taxes

Effective 1st January, 2011. The amendment introduces a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefit embodied in the investment property over time, rather than through sale. The standard is not application in the operations of the Society.

v IFRS 13, Fair Value Measurement

Effective 1st January 2012. This new standard provides guidance on how to measure fair value of financial and non-financial assets and liabilities when fair value measurement is required or permitted by IFRS. Because of its effective date, the Society is not intending to adopt the amendment on its financial position or performance.

vi ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

vii Pension and Other Post Employment Benefits

The cost of defined benefit pension plans and other post employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The net employee liability was nil as all liabilities were settled by 31st Dec 2016.

viii Fair Value of Unquoted Equity Instruments (Note 7 a)

The unquoted equity instruments have been quoted based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. This valuation requires the Society to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty. Further details are given in Note 7a.

ix Use of Estimates in the Preparation of the Financial Statements & Assumptions Made

In preparing the financial statements, the directors are required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosures of contingent assets and liabilities. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in future could differ from these estimates which may be material to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.4 a) Property and Equipment

Depreciation is charged on a straight line basis aimed at writing off the assets over their useful life. The actual lives of the assets and residual values are assessed at the reporting date and may vary depending on technological innovations, asset life cycle, maintenance costs, future market conditions, the remaining life of the asset and projected disposal values.

b) Pensions

The Society other than NSSF, does not run a pension scheme. Actual assumptions are made in valuing future defined benefit obligation and are updated periodically. The principal assumptions relate to the discount rate of 5%

c) 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 Society 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.

1.5 Summary of Significant Accounting Policies

a) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Society 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 recognition 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 a monthly rates ranging between 1% to 1.5% per month. 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.

iii) Dividends

Dividend income is recognised when the Society's right to receive the amount is established.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.6a Depreciation on Fixed Assets is computed on straight line basis at the rates stated here below:-

Computers & Accessories	25%
Furniture & Office Equipment	10.0%
Office Equipments	12.5%

- b** Financial assets and liabilities are recognized on the balance sheet when the entity has become a party to the contractual provisions of the instrument.
- c** 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.
- d** Bad debts are written off when all reasonable steps to recover them have failed.
- e** Interest bearing loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period they arise.
- f** Trade payables are stated at their nominal value.
- g** Loans and advances are carried at amortized cost using the effective interest method.
- h** 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.
- i** **Current Income Tax**
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax laws & rates used to compute the amounts are those enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income.
Deferred Income Tax
Where applicable, is provided using liability method on temporary differences at the reporting date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.
- j** 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

k The accounts are stated in Kenya shillings rounded off to the nearest one shilling. Previous years comparatives have also been restated by rounding them off to the nearest shilling.

l The financial risk management objectives and policies are outlined below:

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 managed by among others:

- (1) Ensuring that granting of loans is completely vetted by the credit committee
- (2) No member is granted loans exceeding three 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

Unearned Interest Income risk

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

Interest risk

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

Liquidity risk

The Society is exposed to the risk that it may have difficulties in meeting members loan obligations. Liquidity risk is 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.

m For the purpose of the Statement of Cash Flows, Cash and cash equivalents comprise cash in hand, deposits held at call with banks and investments in money market instruments.

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
2 Income		
a) Interest Income		
Interest from member loans	40,411,227	34,765,104
Total interest income	<u>40,411,227</u>	<u>34,765,104</u>
b) Interest Expenses		
Interest on Member Deposits	25,790,432	24,515,269
Total Interest Expenses	<u>25,790,432</u>	<u>24,515,269</u>
Net Interest Income	<u>14,620,795</u>	<u>10,249,835</u>
c) Other operating income		
Income from core operating activities		
Other Income	4,833,395	6,091,687
Commision Income	155,560	313,299
	<u>4,988,954</u>	<u>6,404,986</u>
d) Investment Income		
Interest from CCK Fixed Deposits	5,339,534	9,269,126
Interest from CCK Investment	4,419,443	-
Interest on KUSCCO SACCO special fixed deposits	2,465,000	2,906,000
Dividends from Co-operative	1,946,605	1,300,733
CIC Money Market Interest.	963,604	2,387,126
Interest from Madison	809,649	-
Dividends on KUSCCO shares	93,028	55,480
Interest from Call Deposit	17,103	258,163
Interest from CCK Current A/c	3,895	25,544
Total	<u>16,057,861</u>	<u>16,202,172</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
3 Cash & Cash Equivalents		
CCK PDA Current A/c	6,746,644	(492,439)
Paybill A/c (375900)	1,691,419	1,151,848
Co-operative Current A/c	1,456,508	6,895,849
M-Pesa Float	304,168	21,163
Equity Agency A/c	278,568	274,293
Co-op Kwa Jirani Agency	249,000	249,000
KCB Agency	144,828	148,350
Petty Cash	50	243
	<u>10,871,184</u>	<u>8,248,307</u>

(Kshs)

4 Receivables & Prepayments		
PRD Receivables(Check-off) Employers	28,851,405	27,673,214
Accrued Income	2,712,275	1,519,643
Control account	619,904	619,904
Prepayments and Sundry Receivables	-	381,576
Advances to Dhamini Housing	-	10,500
	<u>32,183,584</u>	<u>30,204,837</u>

NOTE

The Controll account comprises of unreconcilled receivables from the employers

In the opinion of the directors, the carrying amounts of the receivables and prepayments approximate to their fair value.

The directors are of the opinion that the Society's exposure is limited because the debt is widely held. There were no past due receivable that had been impaired as at 31 December 2023 (2022: Nil)

The carrying amounts of the Society's receivables & prepayments are denominated in Kenya Shillings

5 Inventory		
Balance b/f	16,000	16,000
Disposal during the year	<u>(16,000)</u>	<u>-</u>
Balance carried down	<u>-</u>	<u>16000</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
6 Loans and Advances		
At the start of the year - As previously stated	334,876,490	288,144,740.00
Disbursements during the year	279049606.6	261,076,560.00
Repayments during the year	<u>(216,333,682)</u>	<u>(214,344,810.00)</u>
Total	<u>397,592,415</u>	<u>334,876,490</u>
Movement in allowance for loss on loan impairment		
Balance at the beginning of the year	9,532,093	6,532,093.00
Allowance for loss on loan impairment for the year	<u>3,000,000</u>	<u>3,000,000</u>
	<u>12,532,093</u>	<u>9,532,093</u>
Net Loans and Advances	<u>385,060,322</u>	<u>325,344,397</u>

Portfolio loans ageing report-2023

Classification	NO.OF A/C's	Amount (Ksh)	Rate (%)	Amount (Ksh)
Performing	1403	257,247,110	1%	2,572,471
Watch	322	65,575,275	5%	3,278,764
Sub Standard	162	32,857,353	25%	8,214,338
Doubtful	3	466,619	50%	233,310
Loss	<u>335</u>	<u>9,327,174</u>	100%	<u>9,327,174</u>
	<u>2225</u>	<u>365,473,531</u>		<u>23,626,057</u>

Restructured 2023

Classification	NO.OF A/C's	Amount (Ksh)	Rate (%)	Amount (Ksh)
Performing	19	6,346,581	1%	63,466
Watch	9	5,074,964	5%	253,748
Sub Standard	12	20,400,862	25%	5,100,215
Doubtful	1	289,032	50%	144,516
Loss	<u>1</u>	<u>7,445</u>	100%	<u>7,445</u>
	<u>42</u>	<u>32,118,883</u>		<u>5,569,390</u>
	2,267	397,592,415	-	29,195,447

7 Financial Assets

Investment

CIC Shares	773,737	773,737
Coop Bank Shares	10,947,619	10,947,619
KUSCCO Shares	1,460,001	1,460,001
Co-operative Insurance soc shares	2,598,372	2,598,372

Other Investments

The Church Commissioners for Kenya Fixed Deposit A/c	58,828,209	59,263,559
The Church Commissioners for Kenya Investment	34,950,930	41,214,362
Kuscco special Fixed Dep	13,637,000	28,000,000
Madison Investment	10,809,649	-
CIC Money Market Inv.	6,353,640	19,748,882
Government Investment	-	5,000,000

Total Investments	<u>140,359,157</u>	<u>169,006,531</u>
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 (a) Property, Plant and Equipment

	Computer & Accessories <u>Kshs</u>	Furniture & Fittings <u>Kshs</u>	Office Partitions <u>Kshs</u>	Total <u>Kshs</u>
Rate	25%	10.0%	12.5%	
Year ended 31st December 2023				
Cost				
As at 1.1.2023	2,057,540	1,074,724	1,794,702	4,926,966
Additions	<u>725,763</u>	<u>111,000</u>	<u>-</u>	<u>836,763</u>
As at 31.12.2023	<u>2,783,303</u>	<u>1,185,724</u>	<u>1,794,702</u>	<u>5,763,729</u>
Depreciation				
As at 1.1.2023	2,035,955	621,481	1,124,797	3,782,233
Charge for the year	<u>539,818</u>	<u>118,367</u>	<u>164,930</u>	<u>823,114</u>
As at 31.12.2023	<u>2,575,773</u>	<u>739,848</u>	<u>1,289,727</u>	<u>4,605,348</u>
Net Book Value 31.12.2023	<u>207,530</u>	<u>445,876</u>	<u>504,975</u>	<u>1,158,339</u>
Year ended 31st December 2022				
Cost				
As at 1.1.2022	<u>2,057,540</u>	<u>1,074,724</u>	<u>1,794,702</u>	4,926,966
As at 31.12.2022	<u>2,057,540</u>	<u>1,074,724</u>	<u>1,794,702</u>	<u>4,926,966</u>
Depreciation				
As at 1.1.2022	1,691,476	508,946	979,395	3,179,817
Charge for the year	<u>344,479</u>	<u>112,535</u>	<u>145,402</u>	<u>602,416</u>
As at 31.12.2022	<u>2,035,955</u>	<u>621,481</u>	<u>1,124,797</u>	<u>3,782,233</u>
Net Book Value 31.12.2022	<u>21,585</u>	<u>453,243</u>	<u>669,905</u>	<u>1,144,689</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023	2022
	<u>Kshs</u>	<u>Kshs</u>
8 (b) Property & Equipment (continued)		
Rate	20%	20%
Intangible assets		
Cost		
At start of year	7,593,045	4,434,045
Additions	938,662	3,159,000
At end of the year	<u>8,531,707</u>	<u>7,593,045</u>
Amortisation		
At start of year	4,050,918	3,165,386
Charge for the year	668,049	885,532
At end of the year	<u>4,718,967</u>	<u>4,050,918</u>
Net book value	<u>3,812,740</u>	<u>3,542,127</u>
9 Trade & other Payables		
Overdeductions by Employer	10,903,611	12,657,951
Insurance Fund	2,435,556	2,435,556
Rent	1,144,726	-
System Support Payable	946,560	249,541
Trade Creditors/Suppliers	301,893	176,800
CRB Fee Payable	150,178	(15,162.00)
Dividend & Interest payable	5,991,837	3,102,507
Audit Fees	104,400	-
Junior account	91,317	180,623
Provision for Legal Fee	75,800	(17,358)
Personnel Liabilities	62,409	112,383
Corporate tax payable	26,296	-
Members Deposits Account	26,673	120,044
Honoraria	-	350,000
	<u>22,261,255</u>	<u>19,352,885</u>
10 Members' Deposits		
At the start of the year	420,221,971	389,383,217
Deposits during the year	78,220,471	54,240,937
Refunds during the year	(52,793,224.06)	(23,402,183)
At end of year	<u>445,649,218</u>	<u>420,221,971</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Dividends and Interest	2023	2022
11(a) Interest on Member Deposits Movement	<u>Kshs</u>	<u>Kshs</u>
Bal b/f	16,875,821	20,636,987
		-
Paid during the year	(24,105,334)	(28,276,435)
Provision for the year	25,790,432	24,515,269
Bal c/f	<u>18,560,919</u>	<u>16,875,821</u>
11 (b) Dividends on Member Shares		
Bal b/f	4,252,859	8,125,002
		-
Paid during the year	(4,488,486)	(4,198,443)
Provision for the year	4,636,781	4,252,859
Transfer to retained earning	-	(3,926,559)
Bal c/f	<u>4,401,154</u>	<u>4,252,859</u>
Interest on Deposits is charged at 6% (2022: 6%) and Dividends 10% (2022: 10%)		
12 Reserves		
Included in the members' balances are the following reserves which are as a result of statutory requirements:-		
a) Statutory Reserves		
The total transfer to statutory reserve for the year is 20% of net surplus for the year after tax.		
At start of year - as previously stated	11,715,410	9,954,925
20% transfer	1,848,487	1,760,485
	<u>13,563,897</u>	<u>11,715,410</u>
b) Dividends Account		
Proposed dividends	4,636,781	4,252,859
	<u>4,636,781</u>	<u>4,252,859</u>
c) Honoraria		
Bal b/f	350,000	-
Paid during the year	(350,000)	(350,000)
Proposed honoraria to committee members	350,000	350,000
	<u>350,000</u>	<u>350,000</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023	2022
	<u>Ksh</u>	<u>Ksh</u>
d) Revenue Reserves		
At start of year - as previously stated	6,682,605	2,077,452
Surplus for the year	7,393,947	7,041,938
Transfer to statutory reserve	(1,848,487)	-
Proposed dividends	(4,636,781)	(4,252,859)
Transfer from unpaid dividend		3,926,559
Proposed Honoraria	(350,000)	-
At end of year	<u>7,241,284</u>	<u>6,682,605</u>
13 Share Capital		
At start of year	44,881,902	42,003,002
Contributions during the year	3,479,637	2,878,900
At the end of the year	<u>48,361,539</u>	<u>44,881,902</u>
14(a) Governance Expenses		
Committee Sitting Allowances	966,428	830,000
AGM Expenses	455,670	326,990
Board Training and Seminars	404,185	577,800
Honoraria	350,000	315,000
Members Education Expenses	259,000	426,106
Board Travel Allowances	152,251	259,000
Startegic Plan Expenses	-	370,080
Total Governance Expenses	<u>2,587,534</u>	<u>3,104,976</u>
BOARD COMMITTEE MEMBERS ALLOWANCES		
14(b) Administrative Expenses	2023	2022
Printing & Stationery	480,763	508,121
Telephone & Postage	608,788	432,785
Office Expenses	294,100	335,598
Software Support & Maintainace	946,560	285,200
Internet Access & Connections	381,514	128,194
Travelling & Subsistence	187,500	112,140
Computer Repairs & Maintainance		78,450
Website Expenses		19,000
Newspapers and Periodicals	12,986	12,720
Subscriptions and Publications	47,861	81,282
Audit fees	208,800	161,082
End year Party	194,000	-
Total Administrative Expenses	<u>3,362,872</u>	<u>2,154,572</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023	2022
	<u>Ksh</u>	<u>Ksh</u>
14(c) Personnel Expenses		
Salaries & Wages (Net pay)	5,041,403	4,595,861
House Allowances	2,736,630	2,244,671
Other Allowances	1,030,175	1,094,518
Staff Medical Cover/Insurance	911,552	783,423
Other Personnel Costs	562,298	-
Commuter Allowances	438,000	336,000
NSSF	197,598	22,600
PAYE	250,352	100,451
Staff Training & Seminars	240,950	499,400
Employee Leave Allowances	221,322	224,961
Responsibility Allowances	66,000	39,255
Overtime Pay	-	534,703
Acting Allowances	-	61,020
Total Personnel Expenses	<u>11,696,281</u>	<u>10,536,863</u>
14(d) Operating Expenses		
Rent and Rates	2,098,665	2,060,996
Repair and Maintainance	324,110	128,181
Security Expenses	254,040	185,322
Licences and Permits	95,000	34,200
Professional fees	-	75,000
Total Operating Expenses	<u>2,771,815</u>	<u>2,483,699</u>
14(e) Financial Expenses		
Bank Charges	243,417	314,368
Loan Provisioning	3,000,000	3,000,000
Total Financial Expenses	<u>3,243,417</u>	<u>3,314,368</u>
14(f) Marketing Expenses		
Marketing & Branding	529,749	169,851
Publication & Subscription	75,500	-
Total Marketing Expenses	<u>605,249</u>	<u>169,851</u>
14(g) Depreciation And Amortisation		
Depreciation	823,114	602,416
Ammortisation	668,049	885,532
Total depreciation & amortization	<u>1,491,164</u>	<u>1,487,948</u>

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Tax Computation	2023	2022
	<u>Ksh</u>	<u>Ksh</u>
Interest Income from Investment		
Interest from The Church Commissioners for Kenya Fixed Dep	5,339,534	9,269,126
Interest from The Church Commissioners for Kenya Investment	4,419,443	-
Interest on KUSCCO SACCO special fixed deposits	2,465,000	2,906,000
Dividends from Co-op	1,946,605	1,300,733
CIC Money Market Int.	963,604	2,387,126
Interest from Treasury Bill	809,649	-
Dividends on KUSCCO shares	93,028	55,480
Interest from call deposit	17,103	258,164
Interest from The Church Commissioners for Kenya Current A/c	3,895	25,544
	<u>16,057,861</u>	<u>16,202,173</u>
Operating Revenues (100%)		
Other income	4,833,395	6,091,687
Commision Income	155,560	313,299
	<u>4,988,954</u>	<u>6,404,986</u>
Total Taxable Income	<u>4,988,954</u>	<u>14,506,073</u>
Adjustments for Expenses		
Total expenses	24,267,168	22,972,211
Less back provision other assets	(3,000,000)	(3,000,000)
Less back depreciation & amortization	(1,491,164)	(602,416)
Add wear and tear	-	(231,761)
	<u>19,776,004</u>	<u>19,138,034</u>
Expenses Atributed to the Revenues	2,766,139	3,730,677
Taxable Revenues	2,222,815	2,674,309
Tax Payable @ 30%	666,844	802,293
Tax payable B/F	815,365	2,174,344
Tax charge for the year	666,844	802,293
Penalties	4,846	-
Less tax paid during the year	(789,069)	(2,161,272)
Tax Payable C/F	<u>697,986</u>	<u>815,365</u>