



KASAMBYA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED

(CERTIFICATE NUMBER - 6682/RCS)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS 2024

FOR THE YEAR ENDED DECEMBER 31, 2024

MARCH 2025

KASAMBYA SACCO
Annual Report and Audited Financial Statements
For the Year Ended 31 December 2024

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List of Acronyms

AGM	-	Annual General Meeting
BoU	-	Bank of Uganda
CPA	-	Certified Public Accountant
EC	-	Executive Committee
IESBA	-	International Ethics Standard Board of Accountants.
IFRS	-	International Financial Reporting Standards
ISAs	-	International Standards on Auditing
ITA	-	Income Tax Act
SACCO	-	Savings and Credit Co-operative
UGX	-	Ugandan Shillings
UGSHS	-	Ugandan Shillings
URA	-	Uganda Revenue Authority

SACCO Information

Principal Place of Business: Kasambya Village
P. O. Box 96,
Mubende, Uganda.
Tel: +256-752-922520
+256-775-125122

Bankers: Post Bank (U) Limited
Mubende Branch, Mubende.

Centenary Bank
Mubende Branch
Plot 20 Main Street, Mubende.

Stanbic Bank
Mubende Branch
Plot 2, Block 13 Main Street, Mubende

External Auditors: Darmac and Associates
Spear house, 22 Jinja Road
P. O. Box 396,
Kampala, Uganda

SACCO Secretary: Mr. Kyewalyanga Wahabu
Kasambya Village
P. O. Box 96,
Mubende, Uganda.

SACCO Chairperson: Mr. Felix Tusingwire
Kasambya Village
P. O. Box 96,
Mubende, Uganda

Chairperson's Annual Statement

We are proud of the progress made by Kasambya Savings and Credit Cooperative Society (Kasambya SACCO) in 2024. It was a great year with strong growth. The asset base as of the end of 2024 is UGX 3,750 million compared to UGX 2,926 million at the end of 2023, representing a 28.2% increase in asset value. Significant achievements were made towards our growth milestones to the benefit of members. I, however, need to note that there has been an increase in the allowances for bad debts. On this note, I request and encourage our members to pay up their loans so that the SACCO can continue supporting all the members effectively.

Financial performance and Position

Kasambya SACCO's financial performance is strong. In 2024, we made a surplus of UGX 417.4 million compared to UGX 301.7 million for the year ended 31st December 2023. The Financial Year 2024 revenue was mainly comprised of interest income on individual and group loans worth UGX 888 million, Fees and commission income amounting to UGX 145.7 million and other incomes amounting to UGX 36.92 million.

Loan Portfolio

The loan portfolio increased by 41.4% from UGX 2,325 million in 2023 to UGX 3,287 million in 2024. This increment has, however, been revised downwards to 38.8% after factoring in the allowances for bad debts as required by the SACCO Act. When the allowances are considered, the increase in the portfolio is from UGX 2,280 million in 2023 to UGX 3,167 million in 2024. The loan portfolio is largely made up of individual member lending as well as group member lending as per the SACCO Regulations.

Membership

By December 31, 2024, the SACCO members totaled 4,143 depicting an increase from 3,643 in 2023.

Member deposits

The SACCO recorded an increase in member deposits of 19.2% from UGX 1,382 million in 2023 to UGX 1,646.9 million in 2024.

Declared member interest

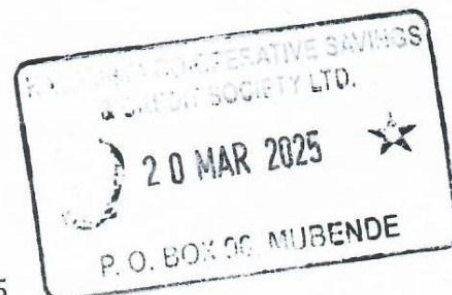
For the year ended December 31, 2024, the members of the SACCO that had savings balances received a total of Ushs 45.78 million as interest on members' deposits. This includes interest paid on time deposits.

On behalf of the Executive, I congratulate Kasambya SACCO and its members on their impressive results and achievements in 2024. We express our gratitude for your dedication and hard work. We fully appreciate the continuing commitment and support.


FELIX TUSINGWIRE

Board Chair | Kasambya SACCO

Dated: 20th / 03 / 2025



Executive Committee's Annual Report

1. Background

The Society's Executive Committee ("the Executive") submits its report and the audited financial statements for the year ended 31 December 2024 which discloses the state of affairs of Kasambya Savings and Credit Cooperative Society ("the SACCO" or "the Society").

2. Establishment and Legal Status

Kasambya SACCO was registered by the Registrar of Co-operatives on the 4th day of February 2014 as per registration certificate number 6682/RCS. Renewal of this registration was done on the 25th day of February 2025.

3. Principal Activities

The principal activity of the society is to provide its members with savings deposits and loan services earning competitive interest and minimizing the financial risk of such savings.

4. Executive Committee Members

Members who served on the Executive during the year ended 31 December 2024 are shown below:

No.	Name	Position
1	Mr. Tusingwire Felix	Chairperson – Board of Directors
2	Mr. Kitunzi Amiss	Vice Chairperson – Board of Directors
3	Mr. Bahati Robert	Treasurer – Board of Directors
4	Mr. Kweyalyanga Wahabu	Secretary
5	Mr. Nkunda Edward Mugisha	Member
6	Ms. Kasule Annet	Member
7	Mr. Habomugisha Robert	Member
8	Ms. Nambooze Khaniffah	Member
9	Mr. Kabagambe Munanula	Member

5. Loans committee Members

Members who served on this Sub-committee during the year ended 31 December 2024 are shown below:

No.	Name	Position
1	Mr. Kitunzi Amiss	Chairperson
2	Ms. Kasule Annet	Vice Chairperson
3	Mr. Nkunda Edward Mugisha	Member

6. Management Team

The Kasambya SACCO management is mainly comprised of the Executive Committee as well as the staff that carry out the day-to-day activities of the SACCO. Together, they manage the affairs of the SACCO to ensure that the funds are properly managed and accounted for. The staff of the SACCO have the duty to manage the day-to-day activities of the society on behalf of the Executive Committee as provided for in Article 50 of the SACCO bye-laws. They (the staff) are appointed by the Executive.

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7. Operating Results

The Operating results for the period are given on page 12.

8. Dividends

The directors of the SACCO proposed that UGX 75,308,128 be set aside to cater for dividend payments.

9. Independent Auditor

Darmac Associates Certified Public Accountants (CPA) were appointed as the SACCO Independent Auditor for the year ended 31 December 2024 under the Co-operative Societies Act 2021.

FELIX TUSINGWIRE

Chairperson, Executive Committee

Dated: 20th / 03 / 2025

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Statement of Responsibilities of the SACCO'S Executive

The Co-operative Societies Act Cap107, and Kasambya Savings and Credit Cooperative Society Ltd by-laws (the "by-laws") require the Executive Committee to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the SACCO as at the end of the financial period and of its operating results for that period in accordance with International Financial Reporting Standards. It also requires the committee to ensure that it keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the SACCO. The Board is also responsible for safeguarding the assets of the SACCO.

The Executive Committee accepts responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Uganda Co-operative Societies (Amendment) Act 2021 and the SACCO Bye-Laws.

The Executive Committee members are of the opinion that the financial statements give a true and fair view of the Statement of Financial Performance and the Statement of financial position as at 31 December 2024. The committee members further accept responsibility for the maintenance of accounting records that 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 committee members to indicate that the SACCO and its subsidiary will not remain a going concern for at least the next twelve months from the date of this statement.


The Executive Committee members have made an assessment of the SACCO's ability to continue as a going concern and have no reason to believe the SACCO will not be a going concern for the next twelve months from the date of this statement.


The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the International Financial Reporting Standards and the Co-operative Societies (Amendment) Act 2021 together with the SACCO Bye-Laws.

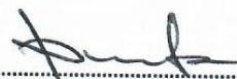
Approval of the Financial Statements

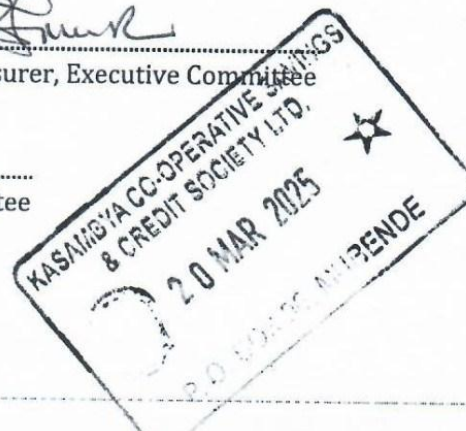
The Financial Statements, as indicated above, were approved by the Executive Committee on

20th 03 /2025 and were signed on its behalf by:


.....
Chairperson, Executive Committee


.....
Treasurer, Executive Committee


.....
Secretary, Executive Committee



Report of the Independent Auditors to the Members of Kasambya Savings and Credit Cooperative Society.

Opinion

We have audited the accompanying financial statements of Kasambya Savings and Credit Cooperative Society ("The SACCO") set out on pages 12-35, which comprise the statement of financial position as at 31 December 2024, and the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements do give a true and fair view of the financial position of the SACCO as at 31 December, 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), internal policies, the Cooperative Societies (Amendment) Act Cap107 and the Cooperative Regulation as amended in 2019.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Guidelines issued by the Institute of Certified Public Accountants of Uganda. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	How our Audit addressed the matter
<p>Loans and Advances to members</p> <p>As disclosed in Note 11 of the financial statements, the SACCO is predominantly focused on financing individual members/clients. The SACCO further assesses loans for expected credit loss.</p> <p>Assessment for impairment loss for individuals involves a high level of subjectivity and reliance on assumptions in relation to cash flows from a borrower's business activity and the sale of pledged security.</p> <p>The assessment of loans for expected credit loss is susceptible to a risk of error due to judgmental nature of source of data and models as well as allocation of loans to the probability of default.</p> <p>Due to the significance of these judgements and size of loans, we considered loans and advances to be a Key Audit Matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> i) We obtained an understanding of management's process relating to identifying impairment of loans. ii) We examined whether loan amounts issued to members are within the set limits as per the loan policy. iii) We examined whether the credit approval process for disbursing loans to members was being adhered to. iv) We tested a sample of loans to form our assessment of whether impairment events have occurred and to identify whether impairment had been identified in a timely manner.

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Other information

The Executive Committee is responsible for the other information. The other information comprises the Executive Committee's report and Chairperson's Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

SACCO's Executive Committee's responsibility for the Financial Statements

The SACCO's Executive Committee is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the SACCO regulations and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee is responsible for assessing the SACCO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intends to liquidate the SACCO or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

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

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SACCO's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Executive Committee Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Cooperative societies Act Cap107 as amended, we report to you, based on our audit, that:

1. 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;
2. In our opinion, proper books of account have been kept by the SACCO so far as appears from our examination of those books; and
3. The SACCO's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Darius Tugumisirize.



Darius Tugumisirize
Engagement Partner

Darmac & Associates
Certified Public Accountants of Uganda
P.O Box 396,
KAMPALA.

25 March /2025.



Financial statements

Statement of Financial Performance for the Year ended 31 December 2024

		2024	2023
		Ushs	Ushs
	Notes		
Interest income	3	888,038,950	673,005,000
Interest expenses	4	(73,546,778)	(32,856,203)
Net interest income		814,492,172	640,148,797
Fees and commissions income	5	145,715,230	107,787,404
Other income	6	36,922,561	42,152,050
Gross operating income		997,129,963	790,088,251
Non-interest expense	7	(579,707,140)	(488,391,040)
Surplus/(deficit) for the year before tax		417,422,823	301,697,211
Tax charge for the year		-	-
Net profit after tax		417,422,823	301,697,211

The accompanying notes on pages 16 to 35 form an integral part of these Financial Statements.

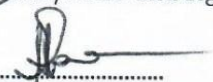
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Statement of Financial Position as of 31 December 2024

	Notes	2024 Ushs	2,023 Ushs
ASSETS			
Current Assets			
Loan portfolio	9	3,165,978,854	2,280,186,566
Cash and bank balances	10	193,439,019	305,665,147
Prepayments	11	1,161,300	1,361,300
Total current assets		3,360,579,173	2,587,213,013
Non-current assets			
Property, plant and equipment	12	365,201,210	259,031,067
Construction works in progress	12	-	69,022,300
MSACCO Software	13	13,979,400	-
Investments	14	10,900,000	10,900,000
Total non-current assets		390,080,610	338,953,367
Total assets		3,750,659,783	2,926,166,380
LIABILITIES AND EQUITY			
Non-current liabilities			
Long term loan [External]	15	327,786,096	288,622,275
Total non-current liabilities		327,786,096	288,622,275
Current liabilities			
Members' deposits	16	1,646,905,258	1,382,188,309
Accounts payables	17	141,604,108	62,937,450
Total current liabilities		1,788,509,366	1,445,125,759
Total liabilities		2,116,295,462	1,733,748,034
Shareholders' funds (Equity)			
Share capital	18	753,081,280	653,250,000
Statutory reserve fund	18	117,592,960	75,850,678
Cooperative development fund	18	58,987,397	38,116,256
Tax waiver reserve	18	125,226,847	-
Share transfer fund	18	112,632,522	70,890,240
Revaluation reserve	18	46,594,494	46,594,494
Retained earnings	18	420,248,820	307,716,678
Total shareholders' funds		1,634,364,321	1,192,418,346
Total equity and liabilities		3,750,659,783	2,926,166,380

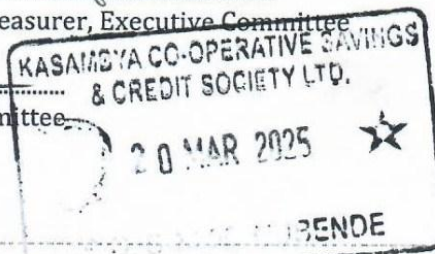
The Financial Statements were approved for issue by the Executive Committee on

20th / 03 / 2025 and signed on it by:


 Chairperson, Executive Committee


 Treasurer, Executive Committee


 Secretary, Executive Committee



Statement of changes in equity for the ended 31st December 2024
(All amounts are in Thousands ['000] of Ugandan Shillings)

	Share capital	Statutory reserve fund	Share transfer fund	Tax waiver reserve	Revolving development fund	Revaluation reserve	Retained earnings	Total
As at 1st January 2024	653,250	75,851	70,890	-	38,116	46,594	307,717	1,192,418
Issue of shares	133,410	-	-	-	-	-	-	133,410
Transfer to share savings	(33,579)	-	-	-	-	-	-	(33,579)
Proposed bonus issue in lieu of dividends	-	-	-	-	-	-	(75,308)	(75,308)
Surplus/(deficit)	-	-	-	-	-	-	417,423	417,423
Transfer to tax waiver reserve	-	-	-	125,227	-	-	(125,227)	-
Transfer to statutory reserve fund	-	41,742	-	-	-	-	(41,742)	-
Transfer to share transfer fund	-	-	41,742	-	-	-	(41,742)	-
Transfer to revolving development fund	-	-	-	-	20,871	-	(20,871)	-
As at 31st December 2024	753,081	117,593	112,633	125,227	58,987	46,594	420,249	1,634,364

Note:

1. A total of 10% of the Net Profit for the period was transferred to share transfer fund as required under S. 34(1) of the Cooperatives and Savings Act.
2. A total of 5% of Net Profit for the period was transferred to the revolving development fund as required under S.36(1) of the Cooperatives and Savings Act.
3. A total of 30% of Net Profit for the period was transferred to Tax waiver reserve.
4. The dividend proposed to be given the members of the SACCO based on the performance of 2024 is Ugshs 75,308, 128.
5. The transfers in '1', '2', and '3' above are only made when the profits (Surplus/deficit) are positive.

The accompanying notes on pages 16 to 35 form an integral part of these Financial Statements.

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Statement of Cash Flows for the Year Ended 31 December 2024

	2024	2023
	Ushs	Ushs
Profit for the period	417,422,823	301,697,211
<u>Non-cash flow transactions</u>		
Depreciation	24,384,918	15,827,614
Profit on disposal	(2,432,561)	-
Dividends provision	(75,308,128)	-
Transfer from share capital to share savings	(33,578,720)	-
<u>Operating activities</u>		
Movement in prepayments	200,000	(313,600)
Movement in Loans to members	(885,792,288)	(799,974,334)
Movement in members' deposits	264,716,949	307,926,625
Movement in accounts payable	78,666,658	(27,202,170)
<u>Financing activities</u>		
Acquisition of external loan	200,000,000	288,622,275
Repayment of external loan	(160,836,179)	-
Issue of shares	133,410,000	109,440,000
<u>Investment activities</u>		
Acquisition of MSACCO Software	(13,979,400)	-
Acquisition of non-current assets	(65,550,200)	(21,523,800)
Disposal of non-current assets	6,450,000	-
Net movements in cash and cash equivalents	(112,226,128)	174,499,821
Opening cash and cash equivalents	305,665,147	131,165,326
Closing cash and cash equivalents	193,439,019	305,665,147

The accompanying notes on pages 16 to 35 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. The Accounting Entity

The SACCO is incorporated in the Republic of Uganda under the Cooperative Societies Act Cap 112 and is domiciled in the Republic of Uganda. The address of its registered office is located is Kasambya Village next to the market and General Parking. The postal address of the SACCO is P. O. Box 96, Mubende.

2. Principal Accounting Policies

The following are the principal accounting policies that have been applied consistently by the SACCO to all years presented unless otherwise stated. The principal accounting policies that applied in the preparation of these financial statements are set out below;

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS includes International Accounting Standards (IAS), IFRS pronouncements and interpretations issued by the International Accounting Standard Board (IASB). The requirements of the Cooperative Societies (Amendment) Act 2021 and the Cooperative Societies Regulation have also been observed. The financial statements are presented in Uganda shillings (UGX) which is the functional as well as reporting currency and are prepared under the historical cost convention.

b) Basis of Measurement

The financial statements are presented in Uganda shillings (Ushs) which is the SACCO's functional currency. The historical cost convention and going concern basis were considered while preparing these financial statements.

c) Going concern

The financial performance of the SACCO is set out in the report of the Executive Committee and in the statement of financial performance. The financial position of the SACCO is set out in the statement of financial position. Based on the financial performance and position of the SACCO and its risk management policies, the Executive Committee members are of the opinion that the SACCO is well placed to continue in business for the foreseeable future, and as a result, the financial statements are prepared on the going concern basis.

d) Statement of Compliance

The Society's financial statements have been prepared in conformity with the International Financial Reporting Standards (IFRSs) and the requirements of the Cooperatives Societies (Amendment) Act 2021. The applied Accounting Principles require the use of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, results may ultimately differ from these estimates

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e) Application of new and revised international financial reporting standards (IFRSs)

i) Standards, Amendments to published Standards and Interpretations, effective in the reporting period

The following amendments are the applicable standards, amendments, and interpretations, effective for the first time for periods beginning on or after 1 January 2024, and have been adopted by the SACCO as at their effective date, despite having no impact on the SACCO's financial statements;

Standard	Effective date	Executive summary
Classification of Liabilities as Current Or Non-current (Amendments to IAS 1)	1 January 2024	The amendment clarifies that an entity's right to defer settlement must exist 'at the end of the reporting period'. Classification of current/non-current requires an assessment of whether an entity has the right to defer settlement of a liability and not whether the entity will exercise that right. In addition, if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Same principal has always been applied by the SACCO and thus, no expected significant impact on its financial statements.
IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants).	1 January 2024	Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current. Same principal has always been applied by the SACCO in the disclosures for maturity analysis purposes. Thus, no

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Standard	Effective date	Executive summary
<p>IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2 Climate-related Disclosures.</p>	<p>1 January 2024, but subject to Jurisdictional pronouncement</p>	<p>expected significant impact on its financial statements.</p> <p>IFRS S1 and IFRS S2 were issued in June 2023. IFRS S1 and S2 set out general requirements; for the disclosure of material information about sustainability-related financial risks, opportunities & other broad reporting requirements; and that are specific to climate-related matters respectively. IFRS S1 and IFRS S2 require an entity to disclose information about its climate-related risks & opportunities useful to users of general-purpose financials in entity's decision making relating to providing resources. Given the fact that the Society has always been producing an integrated (annual) report, there will be less impact on the Society's financial statements except for the need to disclose more information about climate-related risks and opportunities that could reasonably be expected to affect the Society's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects'). These will be considered at the effective date of the standards.</p>

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ii) Standards, Amendments to published Standards and Interpretations, issued but not yet effective

At the date of authorization of the SACCO's financial statements for the year ended 31 December 2024, the following standards were applicable to the SACCO and were in issue but not yet effective;

Standard	Effective Date	Executive summary
Lack of exchangeability – Amendments to IAS 21	1 January 2025	The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. However, no expected significant impact on the Organization.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	1 January 2025	<p>The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.</p> <p>The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.</p> <p>Based on the nature of Organization's operations, there's no expected impact on the financial statements.</p>

f) Revenue recognition

Interest income and expense are recognized in the Statement of Financial Performance on accrual basis using the effective interest method.

i) Net interest income

Interest income and expense include the amortization of any discount at premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and charges paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the Statement of Comprehensive Income include Interest on financial assets and liabilities on an accrual basis taking into account the effective interest rate basis

ii) Fees and commission

- Fees, and commission income, and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.
- Other fees and commission income and expenses, including account servicing fees, investment management fees, placement fees, and syndication fees, are recognized as the related services are performed.
- Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

g) Recognition and measurement of financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. Financial instruments held by the SACCO include loans and advances and balances with banks. Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio on a regular basis to ensure that all financial instruments are appropriately classified.

i) Recognition

The SACCO initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date at which they are originated.

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Regular way purchases and sales of financial assets are recognised on the trade date at which the SACCO commits to purchase or sell the asset. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the SACCO becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

ii) Measurement

Financial instruments are measured initially at cost, including transaction costs. Subsequent to initial recognition all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Gains and losses arising from a change in the fair value of available-for-sale assets and trading instruments are recognised in the equity reserve and Statement of Comprehensive Income respectively.

Amortised cost measurement

All non-trading financial liabilities, loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument. The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

iii) De-recognition

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iii) De-recognition

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The SACCO derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the SACCO is recognised as a separate asset or liability. The SACCO writes off certain loans and investment securities when they are determined to be uncollectible (see below).

iv) **Impairment**

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the SACCO on terms that the SACCO would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the SACCO, or economic conditions that correlate with defaults in the SACCO. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In assessing collective impairment the SACCO uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates, and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

h) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the SACCO does not

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intend to sell immediately or in the near term. Loans and advances are shown at the gross amount adjusted for any provision for impairment losses.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

Identification and measurement of impairment

The SACCO considers evidence of impairment for loans and advances at both specific asset and collective level. All individually significant loans and advances are assessed for specific impairment. All individually significant loans and advances found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

When a loan is deemed uncollectible, it is written off against the related provision for impairment. Subsequent recoveries are credited to the provision for loan losses in the Statement of comprehensive income.

Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost and current fair value to equity. When a subsequent event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through the Statement of comprehensive income.

i) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with the banks and highly liquid financial assets with original maturities of less than twelve months, which are subject to insignificant risk of changes in their fair value, and are used by the SACCO in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

j) Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the SACCO acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognized and subsequently measured at fair value in the Statement of Financial Position with transaction costs taken directly to the Statement of Comprehensive Income. All changes in fair value are recognized as part of net trading income in the Statement of Comprehensive Income. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

k) Income tax expense

The SACCO is an exempt organization under the Uganda Income Tax laws. Income tax has therefore not been provided for in the financial statements.

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l) Impairment of non-financial assets

The carrying amounts of the SACCO's non-financial assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss recognized within the Statement of Comprehensive Income whenever the carrying amount of assets exceeds its recoverable amount.

m) Dividends

Dividends are recognized as a liability in the year in which they are declared. Proposed dividends are disclosed as a separate component of equity.

n) Provisions

A provision is recognized if, as a result of a past event, the SACCO has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

o) Comparatives

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

p) Share Capital

Ordinary shares are classified as equity. The value of the amount paid over and above the nominal price of the ordinary shares is classified as share premium.

q) Reserve Fund (Statutory reserve)

The Society maintains a reserve fund in which it pays at the end of each financial year 10% of the net gain or surplus resulting from the operations of the Society during the financial year. This is done in accordance with Section 34 and 35 of the Co-operative Societies Regulations. The reserve funds are to be utilized in case of the Society's dissolution, in which they will be applied to discharging the liabilities of the Society and to the repayment of the share capital. Any portion of the reserve fund that may remain after discharging the liabilities of the society and the repayment of its share capital, shall be distributed or otherwise disposed of in such manner as the members may, in general meeting, decide.

r) Share Transfer Fund

The Society maintains a share transfer fund, in which 5% of the net surplus is transferred to the fund, up to an amount not exceeding 5% of the registered Society's share capital. This is done in accordance with Section 43 of the Cooperative Societies Regulations. These funds are to be used in line with Section 38 of the Cooperatives Societies (Amendment) Act 2021, for share redemption at the time when the Society needs to pay the nominee or legal personal representative of the deceased member, a sum representing the value of the member's share as determined in accordance with the Society's Byelaws.

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s) Education Fund

Section 49 of the Cooperative Societies (Amendment) Act 2020 requires every Society to provide for 1% per year of its net surplus to an education fund. The Society computes the education fund at year end, based on the Society's net surplus. The education fund in addition to at least 5% of the net surplus as provided-for in the budget as the funds for cooperative member education, is supposed to be used to provide cooperative member education to the Society's Members.

t) Cooperative Development / Revolving Fund

Regulation 36 of the Cooperative Societies Regulation requires every registered Society to allocate 5% of its surplus into the Cooperative.

u) Depreciation

Depreciation of the assets of the business is charged fully for all assets. This includes all the assets, those that were in the business at the beginning of the year and those that were acquired during the financial year. This depreciation is charged on a reducing balance method. The rates of depreciation that applied for the non-current assets;

i) Building	2%
ii) Motorcycle	25%
iii) Furniture and fittings	12.5%
iv) Office equipment	12.5%
v) Other equipment	20%
vi) Computer and accessories	33%

Additional explanatory notes are provided in the respective headings below.

3. Interest income (revenue)

This is generated from the loans that the SACCO gives out to members. During the period under review, the following balances were reported.

Interest income (revenue)		
	2024	2023
	Ugshs	Ugshs
Interest received on individual loans	849,128,950	639,153,750
Interest received on group loans	38,910,000	33,851,250
	888,038,950	673,005,000

4. Interest expense

These relate to the expenses that the SACCO has incurred in relation to savings interests as well as other interest expenses in relation to debt financing. The results for the period are indicated below.

Interest expenses		
	2024	2023
	Ugshs	Ugshs

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Interest on savings - individual	275,800	985,450
Interest paid on time deposits	45,505,800	29,405,000
Interest and fees paid on external loan	27,765,178	2,465,753
	<u>73,546,778</u>	<u>32,856,203</u>

5. Fees and commission income

This reflects the revenue that the SACCO generates from fees, sales of passbooks as well as surcharges. The details of these for the period under review are reported below.

Fees and commission income		
	2024	2023
	Ugshs	Ugshs
Cash withdrawal charges	3,590,000	-
Account closure charge	10,000	15,000
Commitment fees	95,593,000	69,429,000
Loan application fees	22,180,000	9,000,000
Surcharge on loans	8,185,022	14,184,550
Commissions	6,000	24,000
Commission on mobile money	16,000	3,156,506
Membership fees	4,450,000	3,550,000
Passbook sales	3,388,000	1,990,000
Withdrawal penalty charges	15,000	-
Ledger fees	1,964,000	708,000
Revenue from link banks	6,318,208	5,730,348
	<u>145,715,230</u>	<u>107,787,404</u>

6. Other incomes

This refers to revenue generated from any other transaction which has not been classified in any of the previous groups. For the period under review, the results below were obtained;

Other incomes		
	2024	2023
	Ugshs	Ugshs

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Profit on disposal of assets	2,432,561	-
Re-instatement of written off loans	16,250,000	18,540,550
Annual subscription	16,560,000	22,960,000
Fees and commission on school fees deposits	1,680,000	421,500
Unclaimed savings-compulsory savings	-	230,000
	<u>36,922,561</u>	<u>42,152,050</u>

7. Non-interest expense

This refers to all expenses that the SACCO incurs in a given year. They comprise of operating, travel, finance and general expenses. The details of the results for this item for the period under review are contained in a table below.

Non-interest expenses		
	2024	2023
	Ugshs	Ugshs
Operating expenses		
Loan recovery costs	8,620,500	12,900,700
Loan appraisal	3,293,000	3,675,000
Loan monitoring costs	4,460,000	2,254,000
Rent and rates	14,240,000	10,900,000
Power	2,000,000	1,970,000
Legal fees	7,466,000	12,388,000
Consultancy	1,000,000	-
Trainings	3,271,500	2,930,000
Repairs and maintenance	2,753,300	37,983,100
Entertainment of visitors	114,000	60,000
Realized insurance costs	4,645,200	4,331,600
Networking	17,480,000	5,920,000
Internet services	1,220,000	340,000
Telephone and postage	681,000	675,000
Members' education	3,208,000	8,540,000
Lobbying and advocacy	4,782,000	3,184,000
Professional fees (valuation)	-	1,320,000
Motorcycle running costs	1,346,400	563,500
Generator fuel	2,386,600	1,381,000
Generator offloading cost	30,000	-
Licensing and registration	3,666,800	8,017,100
Committee costs	90,676,000	79,329,500
Annual general meeting	36,451,000	33,670,000
Security costs	23,854,000	21,228,000
External audit costs	4,500,000	4,000,000
Depreciation	24,384,918	15,827,614
Rewards	-	28,123,020
Obsolete inventory	-	2,408,000
Loan processing fee [External loan]	1,000,000	-

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Finance expenses		
Bank charges	1,389,789	7,072,806
Bad loans - Individual	75,052,550	-
Bad loans - Group	1,109,180	-
Dividends paid out	79,743	-
Transport expenses		
Travel and transport	24,804,000	16,605,000
Staff transport	23,496,000	16,012,000
Office expenses		
Stationary	14,247,200	12,526,200
General office expenses	2,572,000	2,958,000
Water	-	278,000
Photocopying cost	130,000	-
Main staff costs		
Staff salaries (Net)	67,056,590	53,701,100
Salary arrears	3,959,400	3,168,000
Staff meals	39,200,000	27,672,000
Staff field contingency	250,000	-
Staff clothing	2,250,000	1,380,000
NSSF (10%)	9,196,460	6,722,400
Wages	4,217,000	1,976,000
Supervisory costs	12,570,000	8,245,000
Statutory charges		
NSSF (5%)	4,292,430	3,361,200
PAYE	14,499,580	10,161,700
Marketing and advocacy		
Advertising and publicity	6,158,000	2,074,000
Mobilization	3,815,000	3,204,500
Fundraising	102,000	-
Public relations	1,730,000	7,354,000
	<u>579,707,140</u>	<u>488,391,040</u>

8. Taxation

During the period under review, the SACCO did not have any tax liability to be paid. This is as a result of a directive from the government of Uganda exempting SACCOs from paying tax.

9. Loan portfolio

This section summarizes all loan balances of the SACCO for the period under review. Only the principal components are included in this section. The details are indicated in a table below.

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Loan portfolio		
	2024	2023
	Ugshs	Ugshs
Principle outstanding - individual	3,120,482,554	2,231,789,586
Principle outstanding - group	166,524,900	93,263,850
Allowance for doubtful debts (loans) - IFRS 9		
Individual doubtful debts	(118,778,600)	(43,726,050)
Group doubtful debts	(2,250,000)	(1,140,820)
	<u>3,165,978,854</u>	<u>2,280,186,566</u>

10. Cash and bank balances

During the period under review, the cash and bank balances were as reported in a table below.

Cash and Bank balances		
	2024	2023
	Ugshs	Ugshs
CERUDEB	12,167,196	28,617,626
Post bank	132,420	34,677,259
Point of sale	63,284	63,284
UCCFS Account	24,687,563	24,687,563
Stanbic Bank	2,262,645	84,693,004
Reserve cash	141,725,450	120,010,450
Mobile Money (Inclusive of mobile banking balances)	12,400,461	12,915,961
	<u>193,439,019</u>	<u>305,665,147</u>
Breakdown of Mobile Money balances		
MTN Mobile Money 1	3,105	3,105
Airtel Money	1,437,951	1,953,451
MTN Mobile Money 2	5,874,405	5,874,405
MTN Mobile Banking	4,501,000	4,501,000
Airtel Mobile Banking	584,000	584,000
	<u>12,400,461</u>	<u>12,915,961</u>

11. Prepayments

This refers to the money that the SACCO paid out in advance for a service to be received sometime in the future. During the period under review, the amounts reported in a table below indicate prepayments that remained outstanding by the end of the financial period.

Prepayments		
	2024	2023
	Ugshs	Ugshs

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Prepaid insurance	1,161,300	1,161,300
MSACCO Credit (Prepaid)	-	200,000
	<u>1,161,300</u>	<u>1,361,300</u>

12. Property, plant and equipment

During the period under review, the SACCO had a balance of Ugshs 365,201,210 as net non-current assets (after depreciation). The details of this are reflected in a table on page 35 of this report. The table has the details of PPE computation for the period ending 31st December 2024.

Additionally, the SACCO embarked on construction works in the year 2022. By 31st Dec 2024, the SACCO had spent a total of Ugshs 72,590,300 in this project. This amount was capitalized and included in the PPE in the year 2024 after the completion of the construction works. The building was commission and put to use in the year 2024.

13. Intangible assets

During the period under review, the SACCO acquired a new software to manage its records and other accounting operations of the SACCO. This software formed a component of intangible assets of the SACCO as indicated in the table below.

	Intangible asset	
	2024 Ugshs	2023 Ugshs
Acquisition of the MSACCO Software	13,979,400	-
	<u>13,979,400</u>	<u>-</u>

14. Investments

During the period under review, an additional investment in UCCFs was made. The balances are reported in the table below.

	Investments	
	2024 Ugshs	2023 Ugshs

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Shares in UCCFS	10,100,000	10,100,000
Shares in UCUSCU	800,000	800,000
	<u>10,900,000</u>	<u>10,900,000</u>

15. External loan balances

Following increased demand of loanable funds by the members of the SACCO, it was established that the savings balances were not enough to respond to the loan requests of the members. Because of this, the board and management secured a loan of Ugshs 300 million from Stanbic Bank. This was in 2023. In 2024, an additional loan of Ugshs 200,000,000 was secured from Micro Finance Support Center (MSC). The details of these loans and their repayments are presented in a table below. All the amounts presented below relate to the principal values only.

External loan		
	2024	2023
	Ugshs	Ugshs
Opening balance	288,622,275	-
Loan amount acquired - Stanbic	-	300,000,000
Loan amount acquired - MSC Ltd	200,000,000	-
Payments made (principal only) - MSC	(17,987,583)	-
Payments made (principal only) - Stanbic	<u>(142,848,596)</u>	<u>(11,377,725)</u>
Closing balance	<u>327,786,096</u>	<u>288,622,275</u>

16. Members' savings (deposits)

These refer to the savings balances that the SACCO maintained with the members. For the period under review, the balances in the tables below were obtained.

Members deposits		
	2024	2023
	Ugshs	Ugshs

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Savings deposits	1,241,315,258	1,036,843,309
Time deposits (Fixed deposits)	405,590,000	345,345,000
	1,646,905,258	1,382,188,309

Breakdown of the savings deposits

Individual voluntary savings	953,353,722	850,676,286
Group voluntary savings	242,841,036	174,704,986
Share savings	45,120,500	11,462,037
Total savings deposits	1,241,315,258	1,036,843,309

17. Accounts payable

The SACCO had the following payable balances during the period under review.

Accounts payable		
	2024	2023
	Ugshs	Ugshs
PAYE payable	1,310,020	957,800
NSSF payable (5%)	381,670	305,800
NSSF payable (10%)	1,374,940	611,600
Provisions		
Dividends provision	75,308,128	-
Insurance expense payable		
Loan insurance cover payable (1% of disbursed loans - [Development fee])	63,229,350	61,062,250
	141,604,108	62,937,450

18. Statement of changes in equity

This reflects the equity balances for the period under review. These balances are reflected in the statement of changes in equity on page 14 of this report.

19. Share capital

This is reported in the section of "statement of changes in equity". During the year that ended on 31st December 2024, an additional amount of Ugx 133,410,000 in cash purchase of shares. During the year 2024, a total of Ugx 33,578,720 was transferred to share savings account as dividends of 2023 to be given out to members. The net effect of these transactions was an increase in share capital value to Ugx 753,081,280 by 31st December 2024.

20. Retained earnings

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is reported in the section of "statement of changes in equity". During the year ended on 31st December 2024, an additional amount of Ugx 417,422,823 in retained earnings was reported. The management and board agreed to issue dividends of Ugx 75,308,128. Additionally, the directors agreed to distribute part of the profits for the period to 4 reserve accounts as indicated in the statement of changes in equity.

Financial risk management and policies

a) Overview

The SACCO's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The SACCO's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the SACCO's financial performance.

Risk management is carried out by the management under policies approved by the Executive Committee. Management identifies, evaluates and hedges financial risks in close cooperation with various departmental heads. The Committee provides written principles for overall risk management, as well as written policies covering specific areas.

The SACCO has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Operational risks.
- Market risks

The independent risk control process does not include business risk such as changes in the environment, technology and industry. They are monitored through the SACCO's strategic planning process.

b) Credit risk

Kasambya SACCO takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss for the SACCO by failing to discharge an obligation in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date.

Significant changes in the economy, or in the health of a particular industry segment that represents a concentration of SACCO's portfolio, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

Kasambya SACCO structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers. Such risks are monitored on a revolving basis and subject to annual or more frequent review. Limits on the level of credit risk by product and industry are approved by the Committee. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by

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changing lending limits where appropriate. Exposure of risk is also managed in part by obtaining collateral and personal guarantees.

c) Collateral

The SACCO employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is a common practice. The SACCO implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are impaired loans and advances.

Impaired loans and advances

Individually impaired loans and securities are loans and advances for which the SACCO determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loan agreement.

d) Risk management structure

The Executive Committee is ultimately responsible for identifying and controlling risks; however, the selected service providers are also responsible for managing and monitoring risks.

e) Executive committee

The Executive Committee is responsible for the overall risk management approach and for approving the risk strategies and principles.

f) Risk mitigation

As part of its overall risk management, the SACCO uses different instruments to control exposures to liquidity risk, and interest rate risks and other risks.

g) Liquidity risk

Liquidity risk arises from the inability of a SACCO's assets or liabilities to generate enough cash to meet deposit withdrawals or contractual loan funding. Various liquidity risk policies, limits, and procedures are enforced in the SACCO to actively manage liquidity risk. These include:

- Monitoring and reporting on a periodic basis by the fund managers under supervision of the
- Executive Committee
- Proper management of the SACCO to avoid reputation risk resulting from a run on deposits.
- Establishing the maturity profile of assets and liabilities helps in cash flow forecasting.

h) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices.

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Interest rate risk consists of the potential adverse impact on earnings and economic value of equity due to changes in net interest income and interest rates. The SACCO's exposure to market risk for changes in interest rates relates to the investments held. The SACCO enters into financial agreements at favorable rates as a hedge against this risk.

22. Contingent liabilities and capital commitments

In the opinion of the Executive Committee, there are no anticipated liabilities in the period of the next 12 months. The SACCO has the ability to meet its obligations and pay member benefits in the next 12 months period. Any future losses suffered due to economic disruptions are not expected to significantly affect the SACCO's liquidity position.

23. Related party transactions

There were no reportable Related Party transactions during the year.

PROPERTY, PLANT AND EQUIPMENT

Below is a presentation of the non-current assets that were maintained in the SACCO operations in 2024.

	Land	Buildings	Motor Cycles	Furniture & Fittings	Computer and accessories	Other equipment	Office equipment	TOTAL
Cost								
As at 1st Jan 2024	47,006,581	190,647,413	38,100,000	29,267,950	50,563,408	34,149,500	12,914,500	402,649,352
Acquisition	-	72,590,300	17,658,200	12,224,000	9,220,000	21,510,000	1,370,000	134,572,500
Disposal	-	-	(6,840,000)	(350,000)	(5,000,000)	-	-	(12,190,000)
As at 31st Dec 2024	47,006,581	263,237,713	48,918,200	41,141,950	54,783,408	55,659,500	14,284,500	525,031,852
Depreciation								
As at 1st Jan 2024	-	25,945,007	23,535,807	17,622,966	45,442,018	23,499,577	7,572,910	143,618,285
Charge for the year	-	4,745,854	6,345,598	2,939,873	3,082,659	6,431,985	838,949	24,384,918
Disposal	-	-	(3,308,594)	-	(4,863,967)	-	-	(8,172,561)
As at 31st Dec 2024	-	30,690,861	26,572,811	20,562,839	43,660,710	29,931,562	8,411,859	159,830,642
Net Book Value								
As at 1st Jan 2024	47,006,581	164,702,406	14,564,193	11,644,984	5,121,390	10,649,923	5,341,590	259,031,067
As at 31st Dec 2024	47,006,581	232,546,852	22,345,389	20,579,111	11,122,698	25,727,938	5,872,641	365,201,210