

# TOWER SACCO LTD

*A Basket for All Your Financial Needs*



# 48<sup>th</sup>

## ANNUAL GENERAL MEETING

HELD ON 27TH JANUARY 2024

at Ol'Kalou Catholic Church Parish Grounds

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## **1.0 ANNUAL GENERAL MEETING PROGRAMME:**

- 1) 10.00 am- 10.05 am OPENING PRAYERS.
- 2) 10.05 am- 10.20 am INTRODUCTIONS.
- 3) 10.20 am- 10.25 am READING THE NOTICE CONVENING THE MEETING.
- 4) 10.25 am- 10.45 am CHAIRMAN'S ADDRESS AND REPORT.
- 5) 10.45 am- 11.00 am REACTIONS TO THE CHAIRMAN'S ADDRESS AND REPORT.
- 6) 11.05 am- 11.15 am SUPERVISORY COMMITTEE REPORT
- 7) 11.15 am- 11.25 am REACTIONS TO THE SUPERVISORY COMMITTEE REPORT.
- 8) 11.25 am -12.05 pm PRESENTATION OF THE AUDITED ACCOUNTS & STATEMENT OF FINANCIAL POSITION YEAR 2023.
  
- 9) 12.05 pm- 12.20 pm REACTIONS TO THE AUDITED ACCOUNTS & STATEMENT OF FINANCIAL POSITION.
  
- 10) 12.20 pm -12.25 pm CONSIDER & APPROVE THE DISPOSAL OF SURPLUS FOR THE YEAR 2023.
  
- 11) 12.25 pm-12.35 pm APPOINTMENT OF AUDITORS TO AUDIT THE YEAR 2024 BOOKS OF ACCOUNTS.
  
- 12) 12.35 pm-12.40 pm FIXING OF THE BORROWING POWER.
- 13) 12.40 pm-12.45 pm CHIEF GUEST
- 14) 12.55 pm-1.05 pm PRESENTATION OF SUCCESSFUL CANDIDATES TO THE AGM.
- 15) 1.05 pm-1.15 pm READING AND CONFIRMATION OF THE PREVIOUS AGM MEETING MINUTES.
  
- 16) 1.15 pm-1.25 pm MATTERS ARISING FROM THE MINUTES.
- 17) 1.25pm-1.35 pm PRESENTATION OF A. O. B.
- 18) 1.35 pm-1.40 pm CLOSING PRAYERS.
- 19) 1.40 pm-2.30 p.m. LUNCH



## **2.0 LIST OF DIRECTORS AND MANAGEMENT STAFF YEAR 2024**

### **BOARD OF DIRECTORS:**

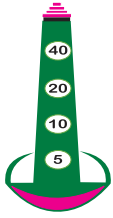
- |    |                     |                  |
|----|---------------------|------------------|
| 1) | PETER M. NGUGI      | - CHAIRMAN       |
| 2) | DAVID M. NJENGA     | - VICE CHAIRMAN  |
| 3) | GEORGE K. KAMAU     | - HON. SECRETARY |
| 4) | SAMUEL KURIA        | - TREASURER      |
| 5) | JOHN M.P. GITUNDU   | - BOARD MEMBER   |
| 6) | JOSEPH M. WAIGWA    | - BOARD MEMBER   |
| 7) | FRANCIS G. WANJAU   | - BOARD MEMBER   |
| 8) | BERNARD M. MURIITHI | - BOARD MEMBER   |
| 9) | PATRICK K. THOGO    | - BOARD MEMBER   |

### **SUPERVISORY BOARD:**

- |    |                       |             |
|----|-----------------------|-------------|
| 1) | PETER N. KURIA        | - CHAIRMAN  |
| 2) | JOSEPHINE W. MURIITHI | - SECRETARY |
| 3) | JOEL K. MUGWE         | - MEMBER    |

### **MANAGEMENT TEAM:**

- |    |                       |                               |
|----|-----------------------|-------------------------------|
| 1) | PATRICK K. NJENGA     | - CHIEF EXECUTIVE OFFICER     |
| 2) | ANNE N. KARANJA       | - DEPUTY CEO / HEAD OF CREDIT |
| 3) | MOSES K. KAMAU        | - HEAD OF FINANCE             |
| 4) | DANIEL K. WANYOIKE    | - HEAD OF OPERATIONS          |
| 5) | GEOFFREY M. NGUGI     | - HEAD OF ICT                 |
| 6) | VICTOR K. KIPTANUI    | - HEAD OF INTERNAL AUDIT      |
| 7) | JACINTA W. MAINA      | - HEAD OF MARKETING           |
| 8) | CATHERINE W. MATHENGE | - HEAD OF HUMAN RESOURCE      |



## **TOWER SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED.**

A DEPOSIT TAKING SACCO LICENCED AND REGULATED BY THE SACCO SOCIETIES REGULATORY  
AUTHORITY (SASRA) NO. 61

### HEAD OFFICE

TOWER SACCO PLAZA, OL'KALOU/NAKURU ROAD:

P.O. BOX 259-20303, OL'KALOU: TEL: 0792 333 111

Hotline No: 0731- 638 930

E-mail; [info@towersacco.co.ke](mailto:info@towersacco.co.ke)/Website: [www.towersacco.co.ke](http://www.towersacco.co.ke)

OUR REF: TSCCS/2024/4/1

DATE: 12<sup>th</sup> January, 2024

### **TO ALL MEMBERS OF TOWER SACCO SOCIETY LTD**

Dear Members,

#### **RE: NOTICE OF THE 48<sup>TH</sup> ANNUAL GENERAL MEETING:**

Notice is hereby given that our 48<sup>th</sup> Annual General Meeting for all members will be held on **Saturday the 27<sup>th</sup> day of January 2024** at **Ol'Kalou Catholic Parish Grounds in Ol'Kalou Town**. The meeting starts at 10.00 a.m. and you are all invited to attend.

#### **AGENDA:**

- 1) Reading the notice convening the meeting.
- 2) Chairman's Address and Report.
- 3) Supervisory Committee Report.
- 4) Presentation of the audited accounts and statement of financial position for the year 2023.
- 5) Consider and approve the disposal of surplus for the year 2023.
- 6) Appointment of Auditors to audit the year 2024 books of accounts.
- 7) Fixing of borrowing power.
- 8) To present to the AGM the successful candidates elected in Wanjohi/Geta, Miharati and Dundori/Tumaini as Directors and Nyandarua South as supervisory committee member.
- 9) Reading and confirmation of the previous meeting minutes
- 10) Matters arising from the minutes.
- 11) A.O.B. whose notice must be received in the office **seven days** prior to the date of the meeting.

Yours faithfully,

**GEORGE K. KAMAU**  
**HON. SECRETARY.**

cc

The Fr. In-charge,  
**OL'KALOU CATHOLIC PARISH CHURCH.**

Director of Co-operatives,  
**NYANDARUA COUNTY.**

Sub-County Co-operative Officer,  
**NYANDARUA CENTRAL.**

The Sub-County Police Commander  
**OL'KALOU POLICE STATION.**

The County Commissioner,  
**NYANDARUA COUNTY**

The O. C. S  
**NYANDARUA CENTRAL.**

## **CHAIRMAN'S ADDRESS AND REPORT TO THE 48<sup>TH</sup> ANNUAL GENERAL MEETING HELD ON 27<sup>TH</sup> JANUARY 2024:**

Our Chief guest, the Governor of Nyandarua County **His Excellency Dr. Moses Kiarie Badilisha**, distinguished guests, Board of Directors, Management team, our dear members, ladies and gentlemen, I am greatly pleased to welcome all of you to our 48<sup>th</sup> Annual General Meeting. Equally, I also wish to welcome our members in the Diaspora and those who have attended the meeting through our online channel.

Dear members, the year under review was faced by a myriad of economic challenges that really affected the business environment. The cost of imported goods and services really went up due to devaluation of our currency against other common currencies. This caused an increase in prices of common goods like fuel which consequently led to increased transportation and production cost, a factor that caused a rise in the prices of other goods and services. This scenario had an adverse effect on members' savings and uptake of the credit facilities. The members' disposable income and ability to take up loans was greatly affected due to the rise in cost of goods and services. The operational cost was high as a result of this fact.

Nevertheless, throughout the period, the Board of Directors and Management remained focused on the Vision and Mission of our organization. Members were sensitized and educated during various financial literacy programs all over the country emphasizing on the importance of savings and the credit facilities available to them.

Despite all the economic hardship experienced during the period, our members remained loyal and faithful to their great organization. I wish to commend you for that and urge you to continue embracing the savings culture for a better future and for generations to come. The only way to get out of the yoke of financial slavery is through savings. It is through savings that a person can achieve financial freedom.

I call upon you to fully participate in the deliberations of our meeting to ensure that we continue enriching this great organization.

The Sacco conducted its activities during the period under review and wish to report on the following;

### **SACCO Operations**

Our Chief guest, during the period under review, the Sacco endeavored to pursue the Mission of mobilizing, offering diversified sustainable financial products and services at competitive rates to uplift Social-economic standards of members within the republic of Kenya and beyond.

### **Membership**

During the year, the membership growth recorded a positive trajectory. The total membership at the end of the year under review was **225,933** compared to **186,065** during the same period in the previous year. This represents a growth of **39,868** or **21%**. It is my plea to all of us to continue enlightening the community within our vicinity and the general public on the importance and benefits of being Sacco members.

### **Share Capital and Member's deposits**

Members share capital and deposits grew from Kshs. **15,946,675,005** in December 2022 to **Kshs. 18,832,447,166** by 31<sup>st</sup> December 2023. This is a growth of **Kshs. 2,885,772,161** or **18%**. The returns at the end of the year and loan eligibility depend on one's savings. Let us continue saving for a better tomorrow. You can enhance your investments returns by adding to your Sacco savings.

## Loans

During the period, the Sacco disbursed loans of **Kshs. 12,506,021,844** compared to **Kshs. 9,771,442,236** in the year 2022. This is a growth of **Kshs. 2,734,579,608** or **28%**. The total gross outstanding loans with members as at 31<sup>st</sup> December 2023 amounted to **Kshs. 18,084,401,929** compared to **Kshs. 15,230,905,643** in the year 2022. This is a growth of **Kshs. 2,853,496,286** or **19%**. Let us continue patronizing the various tailor-made credit facilities in our Sacco. The Sacco endeavors to offer affordable credit to the members.

## Total Assets

The society's total assets have grown from **Kshs. 19,565,710,996** in the year 2022 to **Kshs. 23,229,096,796** in the year 2023. This reflects a growth of **Kshs. 3,663,385,802** or **19%**. We attribute the Sacco's steady growth to the support derived from the members and good corporate governance.

## SACCO's Overall Performance

Dear members, during the year under review, the Sacco recorded total revenue of **Kshs. 3,492,220,324** compared to **Kshs. 2,862,518,334** in the year 2022. This is a growth of **Kshs. 629,701,990** or **22%**. Surplus before payment of rebates amounted to **Kshs. 2,386,698,847** compared to **Kshs. 1,766,433,564** in the year 2022. This is a growth of **Kshs. 620,265,283** or **35%**.

In respect of the above results, the Board of Directors is pleased to recommend payment of dividends, rebates and Honoraria as at 31<sup>st</sup> December 2023 as follows;

	<u>Kshs</u>
i) Dividend on share capital- Kshs. 20 per share	– 299,344,050 at 20%
ii) Rebates on non-withdrawable deposits	– 1,686,805,038 at 13%
iii) Honoraria	– <u>3,600,000</u>
Total	– <u><u>1,989,749,088</u></u>

We shall get more insights on the Society's financial performance once the financial reports are presented to you by the External Auditor.

## Maralal Branch

Dear members, Maralal Branch is among the best performing branches. In the last year's budget, you approved the construction of Maralal Branch building, a project whose ground breaking was done on 6<sup>th</sup> June 2023. During the last Special General Meeting held on 30<sup>th</sup> September 2023, you also approved an additional budget to facilitate completion of the building. I am greatly pleased to inform you that the building was fully completed by 15<sup>th</sup> November 2023 and an occupational certificate has been issued by the relevant Authorities. The building has a ground floor and a mezzanine.

The branch was relocated to the newly constructed office on 13<sup>th</sup> and 14<sup>th</sup> January and the members started accessing services from the new office on Monday 15<sup>th</sup> January 2024.

Additionally, the official inauguration of the building was held on Saturday 20<sup>th</sup> January 2024, an occasion that was graced by the County Secretary of Samburu Mr. Wilson Lesuuda, a representative of His Excellency the Governor of Samburu County Hon. Jonathan Lati Leleliit among other invited guests. I wish to take this opportunity to thank our esteemed members from the region for the unwavering loyalty to the Sacco. The members in that region will access better service delivery from the new working environment which is quite spacious.



### **Sacco Alternative Channels**

Our Chief Guest, in the recent years, we have witnessed rapid advancement in technology which has really transformed the financial sector. People are able to access services at the comfort of their homes or workplaces. The Sacco has not been left behind and has invested in robust ICT systems that have enabled our members to access services anytime anywhere. Among the systems that we have put in place include Sacco Agency, Visa ATM Cards, mobile banking and online internet banking.

I urge all our members to embrace and subscribe to these alternative channels that we have put in place which are simple, convenient, fast, secure and cheap to use. Members are able to access their accounts through either of the above channels.

### **Tower CAARe Health Cover**

Dear members, in an effort to support our health care needs, the Sacco has partnered with AAR Insurance company in issuance of health insurance covers at subsidized premiums. You can enjoy good health care services by joining Tower CAARe health scheme. You can visit any of our branches for further information and on boarding to the scheme. Health is wealth.

### **Theme of the Year**

Our theme for this year is **“Impacting lives through offering of diversified and affordable credit facilities for enhanced growth.”**

The Sacco has created impact on the members lives through education, home ownership, Health care, Agriculture, business growth and development, construction, acquisition of movable assets and machinery amongst others.

During this year, through the theme, the Sacco confirms and affirms to the members of better services.

### **Strategic Plan**

Dear members, the Sacco's current strategic plan spans from the year 2021-2030. The plan has short, medium and long term goals. The strategic plan was reviewed towards the end of last year and the Board, Management and staff have strategized to grow the Sacco asset base to the tune of Kshs. 80 Billion by 2030. I am certain, through team work, prudent corporate governance and support from the members that the goal will be achieved. This growth will be coupled by improved savings and loan products, technology and high efficiency in total service delivery.

I urge all of us to be good ambassadors of our great Sacco to enable us achieve the intended goal.

### **Corporate Social Responsibility**

Under the Co-operatives' principle of “Concern for the Community”, the Sacco has continued to extend a hand of help to the bright and needy children. The Sacco, through Corporate Social Responsibility (CSR) program has sponsored an additional ten (10) students to National and Extra County schools. The Sacco has now sponsored a total of 33 students who are now currently in school.

Additionally, the Sacco has continued playing a pivotal role in environmental conservation and climate change. It has partnered with the government and other stakeholders in tree planting programs with an effort of conserving the environment. Let us all continue preserving the environment through planting of trees.

### **Appreciation of our Heroes**

During the last Special General Meeting, we launched a Heroes Card in appreciation of our elderly members. The card is issued to all our members who have attained the age of 65 years. The card has a privilege of accessing an express service anytime a member visits any of our branches. If you have attained this age limit, you can visit any of our branches to be issued with the card.

I would urge the young ones to open a stop gap account with us and save for the old age.

### **Conclusion**

Our chief guest, ladies and gentlemen, let me take this opportunity to thank all of you for attending the meeting. Finally, I wish to recognize and appreciate the support by the Ministry of Co-operatives, the County Government, C.I.C, our bankers and all other stakeholders.

Long live Tower Sacco, long live the Co-operative movement.

God bless us all.



**Peter M. Ngugi**  
**CHAIRMAN BOARD OF DIRECTORS**

**SUPERVISORY BOARD REPORT TO THE 48<sup>TH</sup> ANNUAL GENERAL MEETING HELD AT OLKALOU CATHOLIC GROUNDS ON 27<sup>TH</sup> JANUARY 2024**

The Guest of Honor, Governor of Nyandarua County **His Excellency Dr. Moses Kiarie Badilisha**, distinguished guests, Board of Directors, Management team, our dear members, ladies and gentlemen, I salute you all.

As we gather here as Tower Sacco fraternity in this 48<sup>th</sup> Annual General meeting to review our performance for the last year, the Supervisory Board has continually carried out its mandate as enshrined in the Co-operative Societies Act and all regulations governing deposit taking Saccos in Kenya.

We wish to present our report of the year under review 2023.

**SACCO GROWTH**

The Board wishes to assure members that the society is growing to a big financial institution in this country. Members have continued making deposits as an investment and borrowing various loan products in our society.

The table below illustrates our growth in the last four years;

	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>MEMBERSHIP</b>	84,316	168,539	186,065
<b>TOTAL ASSETS</b>	13,728,871,063	16,566,471,696	19,565,710,996
<b>LOANS</b>	12,404,851,363	13,312,361,672	15,230,905,643
<b>MEMBER DEPOSITS</b>	10,587,476,742	11,971,456,880	14,503,634,837

	<b>2023</b>	<b>% Growth Rate</b>
<b>MEMBERSHIP</b>	225,933	21.42%
<b>TOTAL ASSETS</b>	23,229,096,798	18.72%
<b>LOANS</b>	18,084,401,929	18.73%
<b>MEMBER DEPOSITS</b>	17,335,726,917	19.52%

The society is on the right trajectory and hence the need for all of us to continue supporting it. No organization can grow without prudent management.

We appreciate the loyalty of members reflected by member deposits but encourage the members to take more loans for personal development.

## **LOANS**

The total amount of loans with our members in the year under review totals to **Kshs. 18,084,401,929** in comparison to **Kshs. 15,230,905,643** in the year 2022. The Supervisory Board wishes to appreciate the Board for the great improvement in the appraisal system and the one-day arrears recovery strategy. We wish to notify members that loans are being managed on daily basis.

We commend all our branches for their timely response when loans fall due for repayment. We urge the members to pay their loans on time to avoid inconveniences when you apply for loans in future. We continue advising the members to sign fully filled loan forms and never sign blank forms.

Guarantorship is an agreement between the loanee and the guarantor that the loan granted by the Society is fully secure and will be paid as per the agreement.

## **CUSTOMER SERVICE**

It is the responsibility of the society to improve our customer experience in all our branches. The society has established a Call Centre that responds promptly to customer queries during the working hours.

The Sacco system connectivity and uptime has greatly improved a fact that has enabled members to access service at all times through alternative channels.

We encourage the members to utilize the services through USSD code, Lipa na Tower Paybill and Agencies.

## **COMPLIANCE**

The Sacco has continually complied with all prudential standards as per regulatory requirements for registered deposit taking Saccos. The regulator has rated our Society high for being compliant.

## **MEMBER EDUCATION**

Members education is very important as it enables them to understand Sacco policies, products and procedures. The forum helps members to become good ambassadors to potential members. We urge the Management to strategize on reaching out the diversity of our members.



## **DEMOGRAPHIC DATA**

<b>Age bracket</b>	<b>No. of Members</b>
Upto 35 years	103,106
36 – 45	62,785
46 - 60	45,899
61 and above	14,142
<b>Total</b>	<b>225,933</b>

There has been vigorous marketing in social media. We encourage members to visit our online forums in Facebook, Instagram and our Website where products and services are explained.

Youthful members can also share this information with their friends, acquaintances and relatives in various forums.

We appreciate creativity, sense of humor and information from the online marketing department.

## **BRANCH PERFORMANCE**

The first ten branches excelled in various aspects as outlined below;

<b>Position</b>	<b>Loan disbursement</b>	<b>Membership</b>	<b>Surplus</b>
1	Nakuru	Nyahururu	Olkalou
2	Maralal	Ol'kalou	Maralal
3	Nanyuki	Nakuru	Nyahururu
4	Ol'kalou	Naivasha	Nakuru
5	Naivasha	Ndaragwa	Ndaragwa
6	Ndaragwa	Kariobangi	Kariobangi
7	Kamakis	Rumuruti	Gilgil
8	Kariobangi	Kwa-haraka	Engineer
9	Nyahururu	Kamakis	Kwa-haraka
10	Murungaru	Maralal	Naivasha

## **MARALAL BRANCH**

We wish to inform the general membership that Maralal branch construction is complete to our satisfaction. The construction was well done within a short period of time. We appreciate the contractor's workmanship.

The branch opened its doors on 15<sup>th</sup> January 2024. Members from Samburu County and its environs should take advantage of brand visibility to market our services and products.

## **CONCLUSION**

We thank the members for their continued support and loyalty to the society. We assure you that with the team spirit and cohesiveness in the Board and the Management we shall attain our targets of Eighty Billion by 2030.

We urge the members to continue saving for a better tomorrow.

God bless you. God bless Tower Sacco.



**Peter N. Kuria**

**CHAIRMAN SUPERVISORY COMMITTEE**

CS NO. 2559

TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED

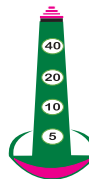
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 2023



**D.K. Wambua & Associates**  
Certified Public Accountants.

• Audit • Risk Assurance • Accountancy • Taxation • Consultancy



**TOWER SACCO**  
*A Basket for All Your Financial Needs*

**TOWER SACCO LTD**  
*A Basket for All Your Financial Needs*

**CS NO. 2559  
TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31ST DECEMBER 2023**

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**CS NO. 2559**

**TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED  
SOCIETY INFORMATION  
FOR THE PERIOD ENDED 31ST DECEMBER 2023**

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**LIST OF DIRECTORS AND MANAGEMENT STAFF YEAR 2024**

**BOARD OF DIRECTORS:**

- |    |                     |                  |
|----|---------------------|------------------|
| 1) | PETER M. NGUGI      | - CHAIRMAN       |
| 2) | DAVID M. NJENGA     | - VICE CHAIRMAN  |
| 3) | GEORGE K. KAMAU     | - HON. SECRETARY |
| 4) | SAMUEL KURIA        | - TREASURER      |
| 5) | JOHN M.P. GITUNDU   | - BOARD MEMBER   |
| 6) | JOSEPH M. WAIGWA    | - BOARD MEMBER   |
| 7) | FRANCIS G. WANJAU   | - BOARD MEMBER   |
| 8) | BERNARD M. MURIITHI | - BOARD MEMBER   |
| 9) | PATRICK K. THOGO    | - BOARD MEMBER   |

**SUPERVISORY BOARD:**

- |    |                       |             |
|----|-----------------------|-------------|
| 1) | PETER N. KURIA        | - CHAIRMAN  |
| 2) | JOSEPHINE W. MURIITHI | - SECRETARY |
| 3) | JOEL K. MUGWE         | - MEMBER    |

**MANAGEMENT TEAM:**

- |    |                       |                               |
|----|-----------------------|-------------------------------|
| 1) | PATRICK K. NJENGA     | - CHIEF EXECUTIVE OFFICER     |
| 2) | ANNE N. KARANJA       | - DEPUTY CEO / HEAD OF CREDIT |
| 3) | MOSES K. KAMAU        | - HEAD OF FINANCE             |
| 4) | DANIEL K. WANYOIKE    | - HEAD OF OPERATIONS          |
| 5) | GEOFFREY M. NGUGI     | - HEAD OF ICT                 |
| 6) | VICTOR K. KIPTANUI    | - HEAD OF INTERNAL AUDIT      |
| 7) | JACINTA W. MAINA      | - HEAD OF MARKETING           |
| 8) | CATHERINE W. MATHENGE | - HEAD OF HUMAN RESOURCE      |

**CS NO. 2559**  
**TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED**  
**SOCIETY INFORMATION (CONT'D)**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2023**

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**REGISTERED OFFICE**

Tower Savings & Credit Co-op Society Limited  
Tower Sacco Plaza  
P.O Box 259-20303  
Ol'Kalou

**PRINCIPAL BANKERS**

Co-operative Bank of Kenya  
Ol 'Kalou Branch  
P.O. Box 558-20303  
Ol Kalou, Kenya

Family Bank Limited  
Ol 'Kalou Branch  
P.O. Box 74145-00200  
Nairobi, Kenya

KCB Bank PLC  
Ol 'Kalou Branch  
P.O. Box 48400-20303  
Ol Kalou, Kenya

Sidian Bank  
Nakuru Branch  
P.O. Box 25363-00603  
Nairobi, Kenya

Equity Bank PLC  
Ol 'Kalou Branch  
P.O. Box 215-20303  
Ol Kalou, Kenya

**LEGAL ADVISORS**

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Nairobi. Kenya

Kaganzi & Associates advocates  
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P.O BOX 2051-00900  
Kiambu.

**INDEPENDENT AUDITOR**

DK Wambua And Associates  
Certified Public Accountants  
Danny's Court 1st Floor Suite A3,  
Mombasa Road.  
P.O. BOX 5957-00100  
Nairobi.

**CS NO. 2559  
TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED  
REPORT OF THE BOARD OF DIRECTORS  
FOR THE PERIOD ENDED 31ST DECEMBER 2023**

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The Board of Directors submit their report together with the audited financial statements for the interim period ended 31 December 2023

**INCORPORATION**

The society 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 Society's principal activity is to receive deposits from members and advance loans on interest.

**RESULT**

	<b>2023</b> <b>Kshs</b>	<b>2022</b> <b>Kshs</b>
Surplus for the year	769,818,811	451,975,114
Tax charge	69,925,002	54,191,214
Retained surplus for the period	699,893,809	397,783,900
Dividend payable	299,344,050	288,608,034
Interest on members' deposits	1,686,805,038	1,368,649,664

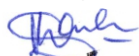
**INTEREST ON MEMBERS DEPOSITS AND DIVIDENDS ON SHARE CAPITAL**

The Board of Directors propose interest on members deposits and Dividends on share capital in 2023 at the rate of 13% and 20% respectively.

**INDEPENDENT AUDITOR**

D.K Wambua & Associates, Certified Public Accountants, were appointed for the year during the last AGM and express willingness to continue in office in accordance with Sacco Societies Act No. 14 of 2008.

**BY ORDER OF THE BOARD OF DIRECTORS**



.....  
**HON. SECRETARY**

**DATE** 17/01/2024.....

CS NO. 2559

TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED

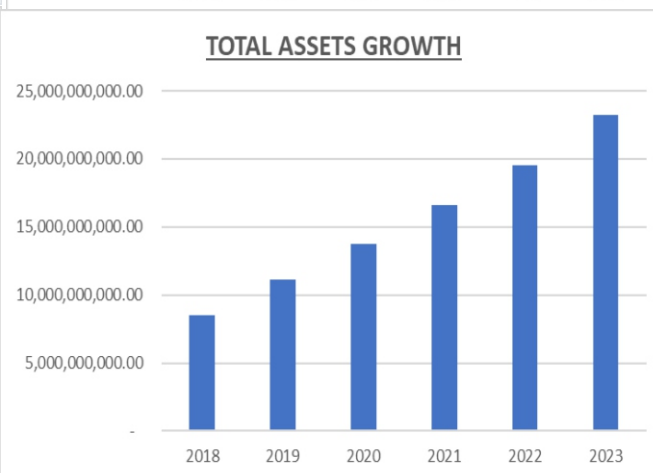
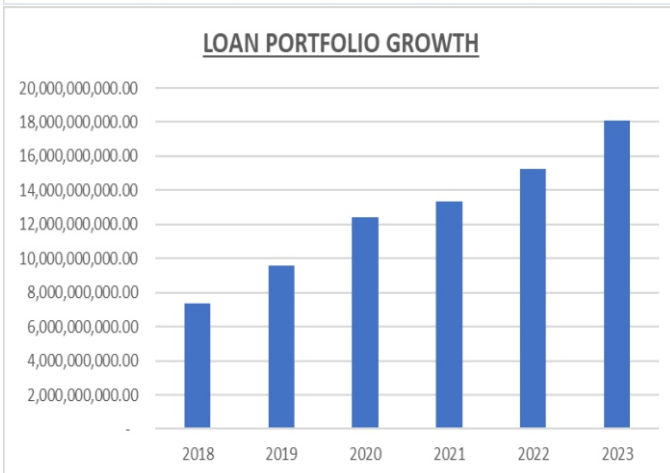
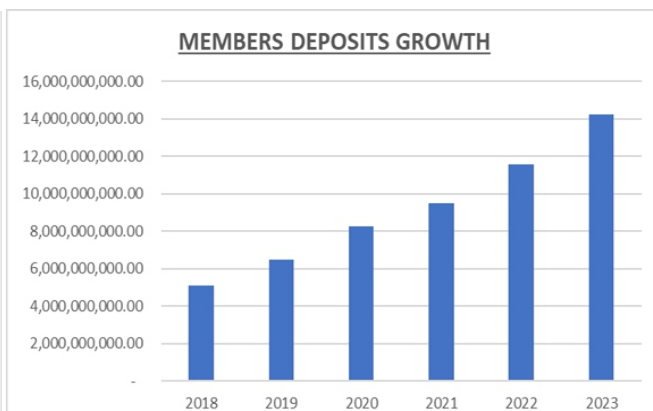
STATISTICAL INFORMATION

FOR THE PERIOD ENDED 31ST DECEMBER 2023

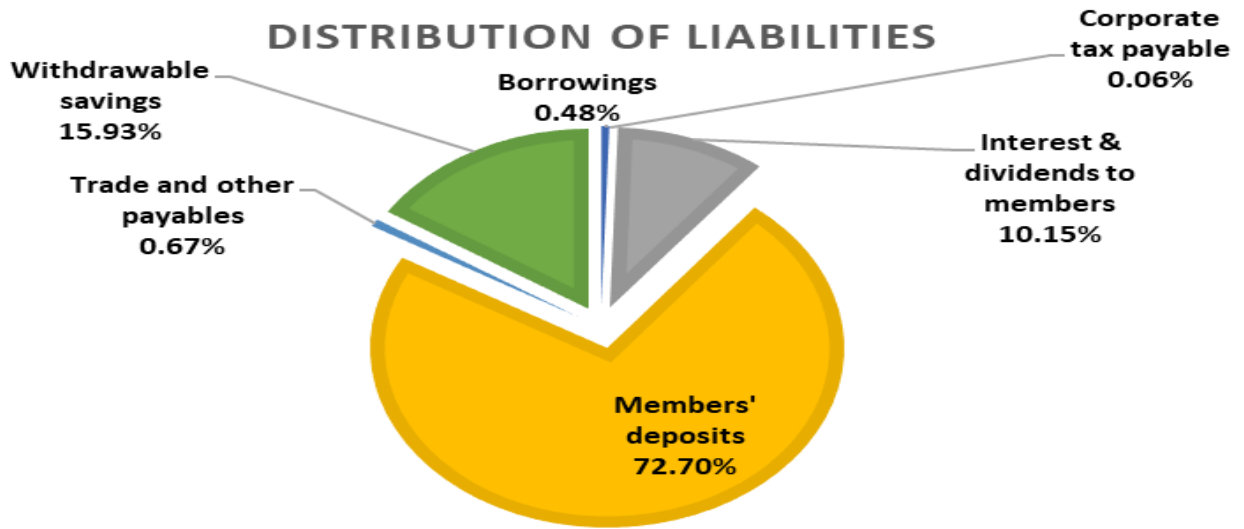
		2023	2022
Number of members	- Active	163,132	141,856
	- Dormant	62,801	44,209
		<u>225,933</u>	<u>186,065</u>
		<b>Kshs</b>	<b>Kshs</b>
Total assets		23,229,096,798	19,565,710,996
Liquid assets		4,617,949,521	3,935,693,942
Current assets		3,645,082,839	3,250,760,641
Loans and advances to members		17,132,809,953	14,380,342,551
Investments		101,259,361	100,988,235
Members' deposits & Savings		17,335,726,917	14,503,634,837
Core capital		3,670,521,472	3,228,035,219
Share capital		1,496,720,249	1,443,040,168
Institutional capital		2,173,801,223	1,784,995,051
Current liability		142,781,739	146,788,139
External borrowings		93,917,583	29,995,103
Total revenue		3,492,220,324	2,862,518,334
Total interest income		3,056,714,004	2,504,814,791
Interest on member savings		1,686,805,038	1,368,649,664
Total expenses		2,722,401,512	2,410,543,220
Net surplus before tax		769,818,811	451,975,114
Dividend payable		299,344,050	288,608,034
	<b>STDs</b>		
<b>Capital adequacy ratio</b>			
Core capital/ Total assets	>10%	15.80%	16.50%
Core capital/Total deposit	>8%	21.17%	22.26%
Share capital/Total assets	>2%	6.44%	7.38%
Institutional capital/ Total assets	>8%	9.36%	9.12%
Equities & investments/ Total deposits	<5%	0.58%	0.70%
External borrowings/Total assets	<25%	0.40%	0.15%
Net Loans / Total assets	70-80%	73.76%	73.50%
Saving/ Total assets	70-80%	74.63%	74.13%
<b>Liquidity ratio</b>			
Liquid assets/ Total deposits and short term liability	>15%	23.72%	24.13%
<b>Operating efficiency ratios</b>			
Total expenses/Total Revenue		77.96%	84.21%
Interest on member deposits/ Total revenue		48.30%	47.81%
Interest rate on member's deposits		13.00%	13.00%
Dividend rate on members share capital		20.00%	20.00%
Total delinquency loan /Gross loan portfolio	<5%	4.84%	5.89%



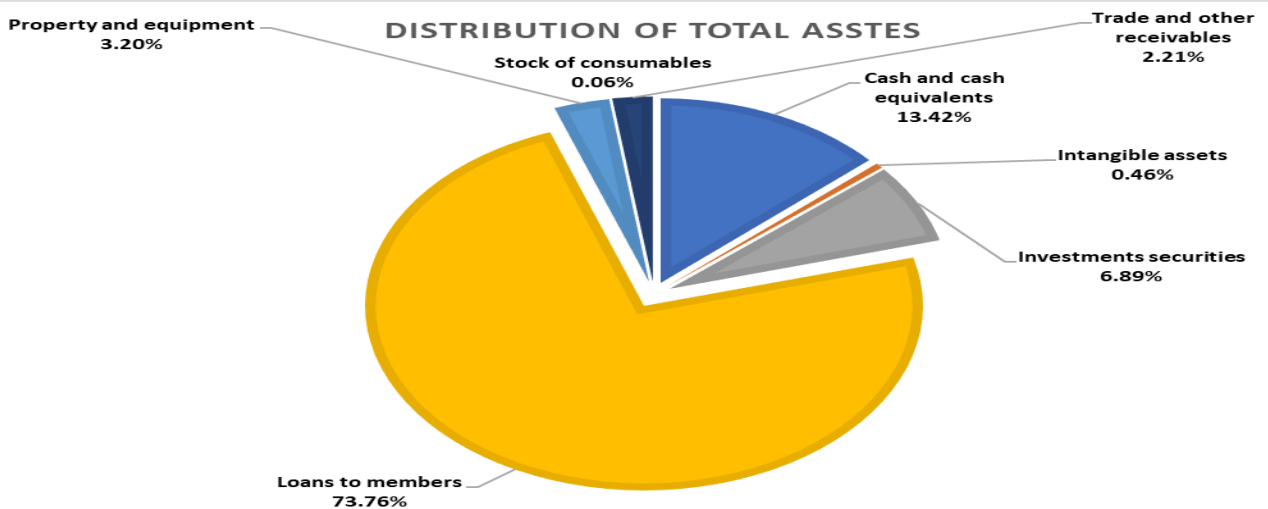
**CS NO. 2559**  
**TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED**  
**STATISTICAL INFORMATION**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2023**



### DISTRIBUTION OF LIABILITIES



### DISTRIBUTION OF TOTAL ASSETS



**CS NO. 2559  
TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED  
STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES  
FOR THE PERIOD ENDED 31ST DECEMBER 2023**

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The Sacco Society Act, No.14 of 2008 requires the Board of Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the society as at the end of the financial year and 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 society's general meeting.


The Board of Directors accepts responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Co-operatives Societies Act, Cap 490. The Board of Directors is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the society and of its operating results in accordance with the International Financial Reporting Standards (IFRS). The Board of Directors further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Approved by the Board of Directors on 17/01/.....2024 and signed on its behalf by:

  
.....  
**CHAIRMAN**

  
.....

  
.....  
**DIRECTOR**



# **D.K Wambua & Associates**

## **Certified Public Accountants.**

• Audit • Risk Assurance • Accountancy • Taxation • Consultancy

**CS NO. 2559**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2023**

#### **Opinion**

We have audited the accompanying financial statements of Tower Savings and Credit Cooperative Society Limited set out on pages 10 to 26 which comprise the Society's statement of financial position as at 31st December 2023 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, the financial position of the Sacco as at 31st December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Co-operative Societies Act Cap 490.

#### **Basis for our Opinion**

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

#### **Key audit matters during the year**

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



**D.K Wambua & Associates**  
**Certified Public Accountants.**

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CS NO. 2559

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
 TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED  
 FOR THE YEAR ENDED 31ST DECEMBER 2023**

<b>(1) Property, Plant and Equipment/Fixed Assets Register</b>	<b>How Our Audit Addressed the Matter:</b>
<p>During our audit, we observed that the Sacco did not have an adequate and complete asset register which means the Sacco assets cannot be fully ascertained, as to disclosure, ownership, valuation and existence.</p>	<p><b>(1)</b> We tested the ledgers and the reconciliations provided by the Sacco on the movement of the fixed assets.</p> <p><b>(2)</b> We advised the Sacco board and management that going forward, they need to come up with a proper asset register and an updated fixed asset management policy.</p>
<p><b>(2) Third Party Confirmations</b></p> <p>We observed that the Sacco has quoted Investments, Borrowings and some key creditors and although our audit requested for the confirmations, the same was not availed from the institutions to enable our verification and ascertaining the accuracy and completeness of the balances.</p>	<p><b>(1)</b> We tested the opening balances, documents, ledgers and the analysis provided by the Sacco to enable us to establish the accuracy and completeness of these key items/accounts.</p> <p><b>(2)</b> We have advised the management to be always ensure the third-party confirmations for these key items are secured early before closure of audits.</p>

**Other Information**

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

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

**Directors' Responsibility for The Financial Statements**

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

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



**CS NO. 2559**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

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

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
4. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We communicate with Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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





# D.K Wambua & Associates

## Certified Public Accountants.

• Audit • Risk Assurance • Accountancy • Taxation • Consultancy

CS NO. 2559

### REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2023

#### Report On Other Legal Requirements

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

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. We have obtained reasonable assurance that society is solvent and have not identified any significant concerns with respect to the financial condition of the society's business.
3. We are not aware of any violation of prudential standards or conditions of the license.
4. In our opinion, the Society's management practices and procedures are sufficient to safeguard member's assets.

As required by the Co-operative Society's Act No. 12 of 1997, we report to you based on our audit that, in our opinion, the Society's business has been conducted:

1. in accordance with the provision of this Act and, the books of accounts kept by the Society are in agreement therewith and give a true and fair view of the state of the affairs of the Society; and
2. In accordance with the Society's objectives and by-laws.

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

  
D.K Wambua & Associates

Certified Public Accountants  
Nairobi, Kenya.

Dated 17<sup>th</sup> Jan, 2024.

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

**CS NO. 2559  
TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED  
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31ST DECEMBER 2023**


	Notes	2023 Kshs	2022 Kshs
<b>Revenue</b>			
Interest on loans and advances	4	2,927,204,109	2,421,329,824
Other interest income	5	129,509,895	83,484,967
<b>Total interest income</b>		<b>3,056,714,004</b>	<b>2,504,814,791</b>
Interest expense	6	(1,749,806,113)	(1,450,135,741)
<b>Net interest income</b>		<b>1,306,907,890</b>	<b>1,054,679,050</b>
Other operating Income	7	435,506,320	357,703,543
		<b>1,742,414,210</b>	<b>1,412,382,593</b>
<b>Expenditure</b>			
Administrative expenses	8	(252,383,061)	(294,504,579)
Personnel expenses	9	(295,312,673)	(260,641,619)
Financial expenses	10	(174,917,341)	(212,158,161)
Marketing expenses	11	(102,570,278)	(48,525,014)
Governance expenses	12	(51,908,682)	(49,210,840)
Other operating expenses	13	(95,503,364)	(95,367,266)
<b>Surplus for the year</b>		<b>769,818,811</b>	<b>451,975,114</b>
Tax charge	28	(69,925,002)	(54,191,214)
<b>Net surplus for the year</b>		<b>699,893,809</b>	<b>397,783,900</b>


**CS NO. 2559  
TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED  
STATEMENT OF FINANCIAL POSITION  
FOR THE PERIOD ENDED 31ST DECEMBER 2023**

	Notes	2023 Kshs	2022 Kshs
<b>ASSETS</b>			
Cash and cash equivalents	14	3,117,949,521	2,884,792,742
Trade and other receivables	15	513,420,162	346,805,015
Stock of consumables	16	13,713,156	19,162,884
Loans to members	17	17,132,809,953	14,380,342,551
Investments securities	18	1,500,000,000	1,050,901,200
Quoted investments	18	3,634,182	3,634,182
Unquoted investments	18	97,625,179	97,354,053
Intangible assets	19	107,364,778	112,659,403
Work in progress	20	62,810,988	305,093,612
Property and equipment	21	679,768,879	358,988,487
Deferred tax	22	-	5,976,867
<b>TOTAL ASSETS</b>		<b>23,229,096,798</b>	<b>19,565,710,996</b>
<b>LIABILITIES</b>			
Withdrawable savings	23	3,116,432,329	2,933,988,760
Members' deposits	24	14,219,294,588	11,569,646,077
Interest & dividends to members	25	1,986,149,088	1,657,257,698
Trade and other payables	26	131,856,737	128,640,291
Borrowings	27	93,917,583	29,995,103
Corporate tax payable	28	10,925,002	18,147,848
<b>TOTAL LIABILITIES</b>		<b>19,558,575,325</b>	<b>16,337,675,777</b>
<b>FINANCED BY</b>			
Reserves	29	2,173,801,223	1,784,995,051
Share capital	30	1,496,720,249	1,443,040,168
		<b>3,670,521,472</b>	<b>3,228,035,219</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>		<b>23,229,096,798</b>	<b>19,565,710,996</b>

The financial statements were approved and authorized for issue by the Board of Directors on 17/01/2024 and signed on its behalf by:

  
CHAIRMAN

  
TREASURER

  
DIRECTOR



CS NO. 2559

TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31ST DECEMBER 2023

	Share capital Kshs	Retained earnings Kshs	Statutory reserve Kshs	Capital reserve Kshs	General reserve Kshs	Total Kshs
<b>Balance as at 01.01.2022</b>	<b>1,399,419,707</b>	<b>666,940,046</b>	<b>361,816,144</b>	<b>635,895,048</b>	<b>12,956,687</b>	<b>3,077,027,632</b>
Surplus for the year	-	397,783,900	-	-	-	397,783,900
Transfer to statutory reserves	-	(79,556,780)	79,556,780	-	-	-
Movement during the year	43,620,461	-	-	-	1,545,815	45,166,276
Proposed honoraria	-	(2,400,000)	-	-	-	(2,400,000)
Revaluation of quoted investments	-	-	-	(934,555)	-	(934,555)
Final 2022 proposed dividends	-	(288,608,034)	-	-	-	(288,608,034)
<b>Balance as at 31.12.2022</b>	<b>1,443,040,168</b>	<b>694,159,132</b>	<b>441,372,924</b>	<b>634,960,493</b>	<b>14,502,502</b>	<b>3,228,035,219</b>
<b>Balance as at 01.01.2023</b>	<b>1,443,040,168</b>	<b>694,159,132</b>	<b>441,372,924</b>	<b>634,960,493</b>	<b>14,502,502</b>	<b>3,228,035,219</b>
Surplus for the year	-	699,893,809	-	-	-	699,893,809
Transfer to statutory reserves	-	(139,978,762)	139,978,762	-	-	-
Movement during the year	53,680,080.90	-	-	-	(5,976,867)	47,703,214
Proposed honoraria	-	(3,600,000)	-	-	-	(3,600,000)
Revaluation of quoted investments	-	-	-	-	-	-
Final 2023 proposed dividends	-	(299,344,050)	-	-	-	(299,344,050)
<b>Balance as at 31.12.2023</b>	<b>1,496,720,249</b>	<b>948,963,409</b>	<b>581,351,686</b>	<b>634,960,493</b>	<b>8,525,635</b>	<b>3,670,521,472</b>

CS NO. 2559

**TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED**

**STATEMENT OF CASHFLOWS**

**FOR THE PERIOD ENDED 31ST DECEMBER 2023**

		<b>2023</b>	<b>2022</b>
	<b>Notes</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cashflow from operating activities</b>			
Interest receipts	2,3	3,056,714,004	2,504,814,791
Other operating income	7	435,506,320	357,703,543
Interest expense	6	(1,431,650,740)	(1,160,551,428)
Payment to employees and suppliers		(431,436,717)	(691,138,887)
		<u>1,629,132,867</u>	<u>1,010,828,019</u>
<b>Decrease in operating assets</b>			
Loans to members	15	(2,853,496,286)	(1,918,543,971)
Stock of consumables		5,449,728	(2,924,884)
Trade and other receivables	19	(166,615,147)	(231,919,282)
		<u>(1,385,528,838)</u>	<u>(1,142,560,118)</u>
<b>(Decrease)/ Increase in operating liabilities</b>			
Deposits from members	24	2,814,496,098	2,532,177,957
Trade and other payables	26	(18,510,248)	11,344,548
		<u>1,410,457,012</u>	<u>1,400,962,387</u>
<b>Net Cash from operating activities before tax</b>			
		<u>1,410,457,012</u>	<u>1,400,962,387</u>
Income tax paid	28	(77,147,848)	(60,643,341)
		<u>1,333,309,164</u>	<u>1,340,319,046</u>
<b>Net cash generated from operations</b>			
		<u>1,333,309,164</u>	<u>1,340,319,046</u>
<b>Cashflow from investing activities</b>			
Purchase of intangible assets	19	(26,572,700)	(28,170,607)
Work in progress	20	(62,810,988)	(119,351,934)
Proceeds from disposal of land		17,048,677	27,560,000
Purchase of government securities	18	(449,098,800)	(1,050,901,200)
Financial assets movement	21	(271,126)	-
Purchase of property and equipment	18	(401,465,108)	(99,562,583)
<b>Net cash (used in) investing activities</b>		<u>(923,170,045)</u>	<u>(1,270,426,324)</u>
<b>Cashflow from financing activities</b>			
Borrowings movement	27	63,922,480	(7,018,531)
Share capital contribution movement	30	53,680,081	43,620,461
General reserves		(5,976,867)	1,545,815
Dividends paid		(288,608,034)	(279,883,941)
		<u>(176,982,341)</u>	<u>(241,736,196)</u>
<b>Net cash generated from(used in) financing activities</b>			
		<u>(176,982,341)</u>	<u>(241,736,196)</u>
Cash and Cash equivalents at the start of the year		2,884,792,742	3,056,636,214
Net cash increase during the year		233,156,779	(171,843,474)
<b>Cash and Cash equivalents at the end of the year</b>	14	<u>3,117,949,521</u>	<u>2,884,792,742</u>

**CS NO. 2559**  
**TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED**  
**ACCOUNTING POLICIES**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2023**

---

**1 Summary of Significant Accounting Policies**

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

**a) Statement of compliance & basis of preparation**

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

These financial statements are presented in the functional currency, Kenya shillings (KShs) and prepared under the historical cost convention, except as specified below under fair value measurement in accordance with applicable IFRSs.

**b) Revenue recognition**

**Interest income and expense**

Interest on members loans and any other income is recognized on the year it is earned by the Society. Revenue shall be measured at the fair value of the consideration received or receivable. 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.

**Other income**

- i) Entrance fee is recognised when a new member joins the society;
- ii) Dividend is recognized when the right to receive income is established. Dividend are reflected as a component of other operating income based on the underlying classification of the equity instrument;
- iii) Commission income is recognized upon successful completion of the transaction;
- iv) Miscellaneous income is recognized upon performance of the services agreed on.
- v) Interest income is recognized on an accruals basis in the profit or loss for the year using the effective yield

**c) Property, plant and equipment**

All property, plant and equipment are initially recorded at cost. Certain classes of property, plant and equipment are subsequently shown at revalued amounts, based on periodic valuations by the independent valuers, less subsequent. All other property plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

	<b>Rates</b>
Buildings	2.5%
Motor vehicles	25%
Computers	20%
Fixtures & Fittings	12.5%

Intangible assets include computer software recognized in the books at cost and amortized over an estimated useful life based on the circumstances at an annual rate of 20% per annum based on reducing balance method.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of a revalued asset, amount in the revaluation reserve relating to that asset is transferred to retained earnings.

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**ACCOUNTING POLICIES (CONT'D)**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2023**

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**De recognition**

The carrying amount of an item of property, plant and equipment shall be derecognized:

(a) on disposal; or

(b) when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the De recognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognized (unless IAS 17 requires otherwise on a sale and leaseback). Gains shall not be classified as revenue.

**(d) IFRS 9: Financial instruments**

Issued on 24<sup>th</sup> July 2014 this standard replaces earlier version of IFRS9 and superseded IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption permitted.

The Sacco is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

**The Sacco classifies its financial instruments into the following categories:**

i) **Financial assets at fair value**, which comprise of those held at Fair Value through Other Comprehensive Income (FVOCI) which meet the Solely Payments of Principal and Interest (SPPI) test and are held in a business model in which assets are managed both to collect contractual cash flows and for sale and those held at Fair Value through Profit or Loss (FVTPL) which are all other financial assets that do not qualify for measurement at FVOCI

ii) **Financial assets at amortized cost**, which comprise of financial assets which meet the Solely Payments of Principal and Interest (SPPI) test and are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows only.

iii) **Financial liabilities at fair value through profit or loss**, which comprise of those held for trading and those designated at FVTPL upon initial recognition.

iv) **Financial liabilities at amortized cost**, which comprises of all other financial liabilities except for those that the fair value option has been elected.

**e) IAS 7: Statement of Cash flows**

Statement of cash flows states that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities. This amendment had no impact on the Financial Statements of the Sacco.

**(f) IAS 12: Income Taxes**

According to IAS 12, current tax for current and prior periods shall, to the extent unpaid, be recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset. Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.



**(g) Financial liabilities and equity instruments issued by the Sacco**

**Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**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 Sacco 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 Sacco.

**Financial guarantee contract liabilities**

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

All financial liabilities are recognized 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 recognized at fair value and the transaction costs are expensed in the statement of comprehensive income.

Subsequently, all financial liabilities are carried at amortized 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.

**Derecognition of Financial Liabilities**

Financial liabilities are derecognized only when the obligation specified in the contract is discharged or cancelled or expires.

**Provision for liabilities and charges**

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow 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.

**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 amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

**(h) Employee entitlements**

Employee entitlement to long service awards are recognized when they accrue to employees. Provision is made for the estimated liability of such entitlements as a result of services rendered by employees up to the reporting date. The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

**(I) 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.

**(J) 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.

**(K) Provisions for liabilities and other charges**

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

**(L) Collateral**

The Sacco discloses:

(a)the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with paragraph 37(a) of IAS 39; and

(b)the terms and conditions relating to its pledge

When the Sacco holds collateral (of financial or non-financial assets) and is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, it shall disclose:

(a)the fair value of the collateral held;

(b)the fair value of any such collateral sold or repledged, and whether the entity has an obligation to return it; and

(c)the terms and conditions associated with its use of the collateral.

**2(a) Key source of estimation uncertainty**

These are assumptions applied in estimating the carrying amounts and the underlying estimation uncertainty may lead to those amounts changing materially in the next 12 months. Examples of situations involving estimation uncertainty:

- (a) In the absence of recently observed market prices, future oriented estimates are necessary to measure the recoverable amounts of classes of property, plant and equipment.
- (b) The effect of technological obsolescence on inventories
- (c) Provisions subject to future outcome of litigation in progress
- (d) In determining the liability for long-service payments, management must make an estimate of salary increases over the following five years, the discount rate for the next five years to use in the present value calculation, and the number of employees expected to leave before they receive the benefits.

**2(b) Significant judgment(s) in applying the Society's accounting policies**

Disclosure is made of significant judgements (apart from those involving estimations) made in applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements.

Examples of judgments,

- (1) When substantially all the significant risks and rewards of ownership of financial assets are transferred to other entities
- (2) Whether the relationship with a special purpose entity indicates control of the Special Entity

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TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31ST DECEMBER 2023**

	<b>2023 Kshs</b>	<b>2022 Kshs</b>
<b>4 Interest Income</b>		
Loan Interest	2,927,204,109	2,421,329,824
	<b><u>2,927,204,109</u></b>	<b><u>2,421,329,824</u></b>
<b>5 Other interest income</b>		
Fixed deposit interest income	67,283,594	40,370,967
Interest on treasury bonds	49,079,985	33,514,000
Dividends from investments	13,146,316	9,600,000
	<b><u>129,509,895</u></b>	<b><u>83,484,967</u></b>
<b>6 Interest Expense</b>		
Interest on member's savings	63,001,076	81,486,077
Interest on member's deposits	1,686,805,038	1,368,649,664
	<b><u>1,749,806,113</u></b>	<b><u>1,450,135,741</u></b>
<b>7 Other Operating Income</b>		
Entrance Fees	17,245,568	12,913,900
Other operating income	418,260,752	344,789,643
	<b><u>435,506,320</u></b>	<b><u>357,703,543</u></b>
<b>8 Administrative expenses</b>		
Printing and stationery	17,900,735	15,514,859
Postage and telephone	3,143,949	2,868,027
Fuel water and electricity	9,813,441	7,002,550
Motor vehicle running expenses	4,075,980	1,797,911
Subscription and license fees	38,543,370	26,521,476
Office expenses	8,142,131	5,018,810
Data management	12,303,523	7,628,979
Rent and rates	29,045,393	26,399,356
Repairs and maintenance- office equipment	18,023,070	13,591,368
Repairs and maintenance- buildings	6,527,864	5,695,576
System audit fees	450,000	1,366,710
Strategic plan and Policy reviews	4,305,028	5,574,500
Insurance on loan and deposits	-	89,287,549
Professional fees	10,060,897	11,632,538
Security expenses	32,268,728	25,900,153
Insurance	8,472,613	8,484,455
Bank charges	37,415,516	34,425,842
Audit & supervision fees	1,332,255	791,860
External Audit fee	458,200	446,600
Contingency expenses	170,000	4,555,460
Cleaning services	9,930,369	
	<b><u>252,383,061</u></b>	<b><u>294,504,579</u></b>

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**TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>9 Personnel Expenses</b>		
Salaries and wages	221,768,247	195,547,379
Medical allowance	4,462,496	4,295,308
Staff training	18,248,899	17,044,657
Staff travelling and subsistence	13,991,751	15,861,660
Insurance	5,019,569	4,115,992
Staff bonus	17,926,694	15,639,360
Service pay	3,800,000	-
NSSF and pension contribution	2,653,640	456,400
Housing Levy	1,494,169	
Staff welfare	5,947,208	4,293,037
Casual wages	-	3,387,826
	<u><b>295,312,673</b></u>	<u><b>260,641,619</b></u>
<b>10 Financial expenses</b>		
Provision for non performing loans	101,028,884	169,448,117
Interest on loan	9,038,575	1,435,911
Sacco agency commission	64,849,882	41,274,133
	<u><b>174,917,341</b></u>	<u><b>212,158,161</b></u>
<b>11 Marketing expenses</b>		
Marketing and publicity expenses	100,292,224	45,045,683
Corporate social responsibility	2,278,054	3,479,331
	<u><b>102,570,278</b></u>	<u><b>48,525,014</b></u>
<b>12 Governance expenses</b>		
Education to board members	6,594,680	5,598,455
Board sitting allowance	4,166,396	3,366,720
Board travel and subsistence	13,138,835	11,080,625
Medical expenses	253,375	313,606
Annual general meeting	6,189,088	4,620,382
Inspection and monitoring	8,725,965	7,798,364
Education member	7,845,423	10,900,888
Sacco affiliation	4,994,920	5,531,800
	<u><b>51,908,682</b></u>	<u><b>49,210,840</b></u>
<b>13 Other Operating Expenses</b>		
Depreciation	63,636,039	51,398,259
Amortization	31,867,325	43,969,007
	<u><b>95,503,364</b></u>	<u><b>95,367,266</b></u>
<b>14 Cash and Cash Equivalents</b>		
Cash in hand	94,117,817	59,753,285
M-pesa	12,054,211	29,818,067
M-banking account	87,599,598	44,490,159
Cooperative bank	437,827,013	80,910,856
Equity bank	313,487,016	158,955,549
KCB bank	140,106,704	509,165,421
UAP old mutual	2,319,728	2,165,374
Sidian bank	757,211,310	741,116,083
Kenya teachers sacco association	22,104,861	18,313,446
Family bank	1,128,321,244	1,092,038,161
CIC unit trust	10,032,045	9,717,512
Consolidated bank	2,385	2,385
Kingdom Bank	11,277,038	735
Kuscco savings	101,488,551	138,345,709
	<u><b>3,117,949,521</b></u>	<u><b>2,884,792,742</b></u>

For the purposes of the statement of cashflows, cash and cash equivalents comprise the above.

Cash at bank and cash	<u>3,117,949,521</u>	<u>2,884,792,742</u>
	<u><b>3,117,949,521</b></u>	<u><b>2,884,792,742</b></u>

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**TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>15 Trade and other receivables</b>		
Salary remittances	348,864,625	286,489,570
Rent deposit and prepayments	6,498,447	7,666,205
Prepaid licenses	530,000	510,000
Kuscco risk management claims	8,534,941	47,559,680
Other receivables	<u>148,992,149</u>	<u>4,579,560</u>
	<b><u>513,420,162</u></b>	<b><u>346,805,015</u></b>
<b>16 Consumables</b>		
Inventory	<u>13,713,156</u>	<u>19,162,884</u>
	<b><u>13,713,156</u></b>	<b><u>19,162,884</u></b>
<b>17 Loans to Members</b>		
Balance at start of the year	15,230,905,643	13,312,361,672
Issued during the period	11,122,781,989	9,761,893,036
Repayments	<u>(8,269,285,704)</u>	<u>(7,843,349,065)</u>
Gross balance	18,084,401,929	15,230,905,643
Provision for impairment	(951,591,976)	(850,563,092)
<b>Net loans</b>	<b><u>17,132,809,953</u></b>	<b><u>14,380,342,551</u></b>
<b>Ageing analysis</b>	<b>No of Accounts</b>	<b>Portfolio</b>
Performing 1% provision	39,819	16,762,759,578
Watch 5% provision	3,752	446,000,832
Substandard 25% provision	787	78,190,125
Doubtful 50% provision	358	110,669,173
Loss 100% provision	2,434	686,782,221
		<u>18,084,401,929</u>
		<b><u>951,591,976</u></b>
		<b><u>850,563,092</u></b>
<b>18 Financial Assets</b>		
<b>Investments securities</b>		
Available for sale:		
Kenya Government Securities	<u>1,500,000,000</u>	<u>1,050,901,200</u>
	<b><u>1,500,000,000</u></b>	<b><u>1,050,901,200</u></b>
<b>Quoted Investments</b>		
Kenya Re	13,195	13,195
Kcb	1,532,388	1,532,388
Barclays	572,749	572,749
Safaricom	<u>1,515,850</u>	<u>1,515,850</u>
	<b><u>3,634,182</u></b>	<b><u>3,634,182</u></b>
<b>Unquoted Investments</b>		
Kuscco	40,784,652	40,784,152
Investment in CIC	31,679,719	31,679,719
Coop bank shares	14,671,300	14,671,300
KMRC shares	10,000,000	10,000,000
Codic shares	6,702	6,702
KETSA shares	<u>482,806</u>	<u>212,180</u>
	<b><u>97,625,179</u></b>	<b><u>97,354,053</u></b>
<b>19 Intangible Assets</b>		
<b>Computer software</b>		
As at 1st January	112,659,403	128,457,803
Transfer from work in progress	-	-
Additions	26,572,700	28,170,607
Amortization	<u>(31,867,325)</u>	<u>(43,969,007)</u>
<b>Total</b>	<b><u>107,364,778</u></b>	<b><u>112,659,403</u></b>
<b>20 Work in progress</b>		
<b>Head Office Construction</b>		
At start of the year (Head Office Construction)	305,093,612	185,741,678
Additions	-	119,351,934
Reclassification (Head Office Construction)	<u>(305,093,612)</u>	<u>-</u>
At end of the year	-	<b><u>305,093,612</u></b>
<b>Maralal Construction</b>		
At start of the year	-	-
Additions	62,810,988	-
Reclassification	-	-
At end of the year	<b><u>62,810,988</u></b>	<b><u>-</u></b>
<b>Total</b>	<b><u>62,810,988</u></b>	<b><u>305,093,612</u></b>

**TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2023**

**21 Property and Equipment**

	Land	Buildings	Leasehold improvements	Plant & machinery	Motor vehicle	Computers	Furniture & fittings	Office equipment	Loose tools	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Cost or Valuation</b>										
As at 1 January 2022	78,102,950	52,004,595	59,123,111	15,680,339	10,141,883	149,146,521	28,718,577	149,296,842	3,760,933	545,975,751
Additions	27,676,098	-	12,425,450	4,048,204	-	27,505,629	10,924,195	16,894,208	88,799	99,562,583
Disposal	(16,429,129)	-	-	-	-	-	-	-	-	(16,429,129)
Reclassification	-	-	-	-	-	-	(3,699,416)	-	-	(3,699,416)
As at 31 December 2022	89,349,919	52,004,595	71,548,561	19,728,543	10,141,883	176,652,150	35,943,356	166,191,050	3,849,732	625,409,789
<b>Depreciation</b>										
As at 1 January 2022	-	12,960,773	19,822,387	11,303,250	7,415,813	91,709,700	10,516,510	59,174,678	3,474,628	266,421,302
Charge for the period	-	976,096	6,461,797	1,053,162	681,517	25,482,733	3,178,356	13,377,046	187,552	51,398,259
Write off	-	-	-	-	-	-	(1,354,696)	-	-	(1,354,696)
As at 31 December 2022	-	13,936,869	26,284,184	12,356,412	8,097,330	117,192,433	12,340,170	72,551,724	3,662,180	316,464,865
<b>Net book value</b>										
As at 31 December 2022	89,349,919	38,067,726	45,264,377	7,372,131	2,044,553	59,459,717	23,603,186	93,639,326	187,552.00	358,988,487
<b>Cost or Valuation</b>										
As at 1 January 2023	89,349,919	52,004,595	71,548,561	19,728,543	10,141,883	176,652,150	35,943,356	166,191,050	3,849,732	625,409,789
Additions	65,948,40	325,420,860	22,405,867	2,387,884	9,029,500	23,181,858	3,825,593	14,645,418	502,180	401,465,108
Disposal	(17,048,677)	-	-	-	-	-	-	-	-	(17,048,677)
Reclassification	185,628	(185,628)	-	-	-	-	-	-	-	-
As at 31 December 2023	72,552,818	377,239,827	93,954,428	22,116,427	19,171,383	199,834,008	39,768,949	180,836,468	4,351,912	1,009,826,219
<b>Depreciation</b>										
As at 1 January 2023	-	13,936,869	26,284,184	12,356,412	8,097,330	117,192,433	12,340,170	72,551,724	3,662,180	266,421,302
Charge for the year	-	9,087,215	8,458,781	1,220,002	2,768,513	24,792,473	3,428,597	13,535,593	344,866.00	63,636,039
As at 31 December 2023	-	23,024,084	34,742,965	13,576,414	10,865,843	141,984,906	15,768,767	86,087,317	4,007,046	330,057,341
<b>Net book value</b>										
As at 31 December 2023	72,552,818	354,215,743	59,211,464	8,540,013	8,305,540	57,849,103	24,000,182	94,749,151	344,866	679,768,879



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**FOR THE PERIOD ENDED 31ST DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>22 Deferred tax asset</b>		
Deferred tax was calculated, on all temporary differences under the liability method in year 2022. The movement on the deferred tax account was charged off from general reserves in year 2023		
At start of year	5,976,867	1,744,769
Charge to General reserves	<u>(5,976,867)</u>	<u>4,232,098</u>
At end of year	<u><b>-</b></u>	<u><b>5,976,867</b></u>
<b>23 Members Savings</b>		
Balance at start of the period	2,933,988,760	2,458,381,220
Contributions during the period	16,205,714,691	20,207,619,588
Withdrawals during the period	<u>(16,023,271,122)</u>	<u>(19,732,012,048)</u>
	<u><b>3,116,432,329</b></u>	<u><b>2,933,988,760</b></u>
<b>24 Members' Deposits</b>		
Balance at start of the period	11,569,646,077	9,513,075,660
Contributions during the period	2,998,544,498	3,205,533,929
Refunds during the period	<u>(348,895,987)</u>	<u>(1,148,963,512)</u>
	<u><b>14,219,294,588</b></u>	<u><b>11,569,646,077</b></u>

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**TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>25 Interest &amp; dividends to members</b>		
<b>Interest on member deposits paid</b>		
Balance as at start of the year	1,368,649,664	1,079,065,351
Interest on member deposits paid	(1,368,649,664)	(1,079,065,351)
Provision for the year	1,686,805,038	1,368,649,664
	<u>1,686,805,038</u>	<u>1,368,649,664</u>
<b>Dividends</b>		
Balance as at start of the year	288,608,034	279,883,941
Dividends paid during the year	(288,608,034)	(279,883,941)
Proposed dividends	299,344,050	288,608,034
	<u>299,344,050</u>	<u>288,608,034</u>
<b>Total interest &amp; dividends to members</b>	<u><b>1,986,149,088</b></u>	<u><b>1,657,257,698</b></u>
<b>26 Trade and other payables</b>		
DPEC fund A/c	530,297	610,297
Accrued expenses	233,130	350,764
Sacco agency POS deposit	1,346,800	1,253,500
Unreceipted remittances	35,791,973	23,797,511
Nyandarua County Collection	-	30,000,000
Tender security	-	650,000
Tax payable- Paye, Housing, Withholding & excise	11,332,309	9,033,408
Honoraria	5,766,720	2,400,000
Service pay	24,768,871	22,952,159
Interest on fixed deposits	20,995,033	21,953,292
Staff bonus	17,926,694	15,639,360
Other trade payables	13,164,911	-
	<u><b>131,856,737</b></u>	<u><b>128,640,291</b></u>
<b>27 Borrowings</b>		
Kenya Mortgage Refinance Company	21,049,990	24,957,611
Mespt	71,180,050	-
Women Enterprise Fund	1,687,543	5,037,492
	<u><b>93,917,583</b></u>	<u><b>29,995,103</b></u>

**CS NO. 2559**  
**TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>28 Taxation</b>		
Profit before tax	769,818,811	451,975,114
<b>Tax thereon:</b>		
Tax calculated at a tax rate of 30%	230,945,643	135,592,534
Effect of exempt incomes	(913,741,279)	(739,208,762)
Effect of expenses not deductible for tax purposes	752,720,637	658,563,083
<b>Tax charge</b>	<b>69,925,002</b>	<b>54,946,855</b>
Balance b/f	18,147,848	20,367,877
Tax charge	69,925,002	58,423,312
Taxes Paid	(77,147,848)	(60,643,341)
<b>Balance c/f</b>	<b>10,925,002</b>	<b>18,147,848</b>
<b>29 Reserves</b>		
General reserves	8,525,635	14,502,502
Capital reserves	634,960,493	634,960,493
Statutory reserves	581,351,686	441,372,924
Retained earnings	948,963,409	694,159,132
	<b>2,173,801,223</b>	<b>1,784,995,051</b>
<b>30 Share capital</b>		
<b>a) Paid up share capital</b>		
Balance brought forward	1,443,040,168	1,399,419,707
Contributions during the year	53,680,081	43,620,461
	<b>1,496,720,249</b>	<b>1,443,040,168</b>
<b>31 Insider loans</b>		
<b>a. Loans to Directors</b>		
As at 1st January	287,690,228	251,162,432
Movement during the year	(43,111,240)	36,527,796
As at 31st December	<b>244,578,988</b>	<b>287,690,228</b>
<b>b. Loans to Staff Members</b>		
As at 1st January	259,424,818	172,591,936
Movement during the year	61,236,827	86,832,882
As at 31st December	<b>320,661,645</b>	<b>259,424,818</b>
<b>c. Board &amp; Supervisory Committee remuneration</b>		
Honorarium and allowances	3,600,000	2,400,000
	<b>3,600,000</b>	<b>2,400,000</b>

**TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED**  
**TAX COMPUTATION**  
**PIN: P051140064L**  
**PERIOD OF INCOME: 2023**

**TOWER SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED**  
**Tax computation for the financial year 2023**

	<b>Gross</b>	<b>Exempt</b>	<b>Taxable</b>
<b>Revenues</b>			
Interest from members deposit	2,976,284,094	2,976,284,094	-
Dividends from investment	13,146,316	13,146,316	-
Interest on bank deposits	67,283,594	33,641,797	33,641,797
Other operating income	435,506,320	-	435,506,320
Rental income	-	-	-
	<u>3,492,220,324</u>	<u>3,023,072,207</u>	<u>469,148,117</u>
	100%	87%	13%
<b>Expenses</b>			
Interest expense	1,749,806,113	1,749,806,113	-
Financial expenses	174,917,341	151,418,783	23,498,558
Personnel expenses	295,312,673	255,640,094	39,672,578
Operating expenses	252,383,061	218,477,687	33,905,374
Governance Expenses	51,908,682	44,935,222	6,973,460
<b>Marketing expenses</b>	102,570,278	88,790,892	13,779,386
Depreciation/ amortization	-	-	-
	2,626,898,149	2,509,068,791	117,829,357
Total Taxable income			351,318,759
less: wear & Tear	118,235,420	-	(118,235,420)
			233,083,339
<b>Tax at 30%</b>			69,925,002
<b>Less:</b>			
<b>Withholding tax certificates</b>			-
Instalment taxes			(59,000,000)
Balance of tax paid			-
<b>Tax due</b>			10,925,002
Penalty			-
<b>Interest at 1%</b>			-
<b>Total tax payable</b>			10,925,002

**WEAR AND TEAR ALLOWANCE SCHEDULE**

	<b>Class 10.00%</b>	<b>Class 25.00%</b>	<b>Others 0%</b>	<b>TOTAL</b>
As at 01.01.2023	546,650,186	183,408,470	129,389,983	493,915,500
Additions	52,796,442	49,754,558	65,948	102,616,948
Disposal	-	-	(17,048,677)	(17,048,677)
	<u>599,446,628</u>	<u>233,163,028</u>	<u>112,407,254</u>	<u>579,483,771</u>
Wear and Tear Allowance	59,944,663	58,290,757	-	118,235,420
WDV at 31.12.2023	<u><b>539,501,965</b></u>	<u><b>174,872,271</b></u>	<u><b>112,407,254</b></u>	<u><b>461,248,351</b></u>

**MINUTES OF THE 47<sup>TH</sup> ANNUAL GENERAL MEETING HELD ON 28<sup>TH</sup> JANUARY 2023  
AT OLKALOU CATHOLIC PARISH GROUNDS.**

**MEMBERS PRESENT:**

- |                          |   |                                   |
|--------------------------|---|-----------------------------------|
| 1. John M.P. Gitundu     | - | Chairman                          |
| 2. Peter M. Ngugi        | - | Hon. Secretary                    |
| 3. Samuel Kuria          | - | Treasurer                         |
| 4. James M. Kiiru        | - | Board Member                      |
| 5. Joseph M. Waigwa      | - | Board Member                      |
| 6. George G. Kamau       | - | Board Member                      |
| 7. David M. Njenga       | - | Board Member                      |
| 8. Bernard M. Muriithi   | - | Board Member                      |
| 9. Josephine W. Muriithi | - | Chairperson supervisory committee |
| 10. Peter K. Njenga      | - | Secretary supervisory committee   |
| 11. Joel K. Mugwe        | - | Member supervisory committee      |

**ABSENT WITH APOLOGY**

- |                      |   |               |
|----------------------|---|---------------|
| 1. Francis G. Wanjau | - | Vice Chairman |
|----------------------|---|---------------|

**IN ATTENDANCE:**

- |                       |   |   |
|-----------------------|---|---|
| 1. Patrick K. Njenga  | - | Chief Executive Officer   |
| 2. John K. Maina      | - | Head of finance/Deputy CEO  |
| 3. Anne N. Karanja    | - | Head of credit  |
| 4. Catherine Mathenge | - | Head of Human Resource  |
| 5. Milkah Kimani      | - | Personal Assistant  |
| 6. JM Associates LLP  | - | External Auditors   |
| 7. Veronicah Kahura   | - | Director Co-operatives  |
| 8. Simon Mwangi       | - | Head of government and Institution Banking –<br>Sidian Bank       |
| 9. Jesse Karimi       | - | Branch Manager – Sidian Bank Naivasha                             |
| 10. Boniface Mwangi   | - | Regional Manager KUSCCO LTD – Nyeri Branch                        |
| 11. Peris Cheron      | - | Marketing Manager Shrend Publisher Education<br>news/Sacco Review |
| 12. Margaret Wachira  | - | Sub- County Co-operative Officer -Nyandarua<br>North.             |
| 13. David Irungu      | - | Sub- County Co-operative Officer -Nyandarua<br>South/Kinangop     |
| 14. Daniel Mwangi     | - | SACCO Banking Co-operative Bank                                   |
| 15. Kiragu Muriithi   | - | Branch Manager Family Bank Ltd- Ol'kalou                          |
| 16. Jane Waiharo      | - | Branch Manager Family Bank Ltd- Nyahururu                         |
| 17. Faith Kamau       | - | Branch Manager CIC Insurance – Nyahururu                          |
| 18. Rahab Muriu       | - | Sub- County Co-operative Officer – Kipipiri.                      |

19. Winfred Wamuyu	-	Sub- County Co-operative Officer -Njabini /South Kinangop
20. Wallace Chege	-	Co-operative Auditor – County
21. Job Karitu	-	Co-operative Auditor Nyandarua North
22. Erastus Mureithi	-	Sub-County Co-operative officer – Nyandarua Central
23. Lucy Njogu	-	Sub- County Co-operative officer – Nyandarua North
24. Jacinta Wachira	-	Co-operative Auditor – Nyandarua North
25. Hellen Gichuki	-	Sub- County Co-operative Officer –Nyandarua West.
26. Martha Nyoro	-	Sub- County Co-operative Officer –Ol'kalou
27. Moses Ruoro	-	County Co-operative Auditor
28. Patriciah Maina	-	Sub-County Co-operative Officer- Nyandarua west
29. Anastasiah Kimani	-	Sub-County Co-operative Officer- Njabini.
30. Agnes Mwangi	-	Sign language interpreter

Also, in attendance were **1169** members and in YouTube viewers were 502 totaling to 1671 members.

### **Agenda**

- 1) Reading the notice convening the meeting.
- 2) Chairman's Address and Report.
- 3) Supervisory Committee Report.
- 4) Presentation of the audited accounts and statement of financial position for the year 2022.
- 5) Consider and approve the disposal of surplus for the year 2022.
- 6) Appointment of Auditors to audit the year 2023 books of accounts.
- 7) Fixing of borrowing power.
- 8) To present to the AGM the successful candidates elected in Ol-Kalou, Ol-Joro Orok and Ndaragwa East as Directors and Nyandarua North as supervisory committee member.
- 9) Reading and confirmation of the previous meeting minutes
- 10) Matters arising from the minutes.
- 11) A.O.B. whose notice must be received in the office **seven days** prior to the date of the meeting.

## **PRELIMINARIES**

The Chairman called the meeting to order at 10.00 a.m. Opening prayers were said by Mr. Joseph Kabatha M/No. 7073.

## **INTRODUCTIONS:**

Called upon, the Treasurer carried out introductions on behalf of the vice chairman who was absent with apology. Those introduced were the board of directors, the supervisory board, the staff through the C.E.O, Ministry of Co-operatives through the Director, invited guests and the general membership.

Some pioneer members of the SACCO were also recognized who included Mr. Francis Kanyugo M/No. 25, Mr. Harris Mukabi Makumbi M/No. 34, Mr. John Mutune Kihara M/No.27, Mr. David Wachira Mbatia M/No.10 and Mr. Lukas Thiga M/No. 152. The above were highly appreciated and commended for their loyalty in the SACCO.

## **MIN. AGM. 1/2023: READING THE NOTICE CONVENING THE MEETING:**

The Hon. Secretary read the notice convening the meeting.

## **MIN. AGM. 2/2023: CHAIRMAN'S ADDRESS AND REPORT:**

The chairman took the members through his lengthy address and report. The report was proposed for discussion amendment and approval by Francis Mugo M/No. 5183 seconded by Stevens Mburu Muiru M/No.41389.

## **REACTIONS FROM MEMBERS:**

On a point of order M/No.7608 notified the Chairman that there were some members without his address and report. The chairman in response directed the staff to distribute the reports.

M/No. 4811 observed that the gift hampers were only received by members from a certain region who could arrive very early. Due to this the board should come up with another methodology.

M/No. 6798, in a question as to why the interest rate had raised to 13%, the head of finance explained that the cost of operations had gone up due to inflation and this had been the practice in the industry.

On the same, the director of Co-operatives informed the members that the country was undergoing hard economic times and raising the interest was on the minimal comparing to the charges in other commercial institutions.

M/No.7608 appreciated the board for coming up with such a magnificent building which is now a landmark in Ol'kalou.



Elizabeth Mbuguah was explained by the C.E.O that Mapato instalments are deducted upfront and hence the reason why the dividend proceeds are left in member's account.

Michael Muita M/No.4561 commended the board for maintaining 13% and 20% respectively in spite of the harsh economic condition.

John Kungu M/No. 3844 thanked the SACCO for its scrupulous members recruitment exercise ongoing. He urged the SACCO to be in liaison with him at Subukia where the government has intentions to recruit 68 new teachers.

M/No.4380 sought to know why Mapato loan required guarantors. In response the Chairman informed the members always guarantee other loans using their deposits and hence this becomes a basic requirement as a way of mitigating risk.

As to why honoraria had risen to 2.4 million from 1.8 million, the Chairman explained that the board had brought on the table 1.66 billion and the 2.4 million was only 0.14% of the return to members.

Members agreed that the board of directors carry out feasibility study on the following areas with an intention of establishing branches/satellites/marketing office;

- 1) Wamba Branch- Samburu County
- 2) Kinamba Satellite- Laikipia County
- 3) Njoro Satellite-Nakuru County
- 4) Subukia Marketing- Nakuru County
- 5) Kiambu Branch- Kiambu County

If the opening of these offices is achieved, the Society will be able to onboard more members from these regions. This resolution was proposed by Mr. Francis Mugo M/No. 5183 seconded by Mr. Lucas Thiga M/No. 152.

M/No.276 requested that the meeting be using Kiswahili in order to allow many to follow the proceedings. The Chairman responded in affirmative.

On the issue of health wellness, a question raised by M/No. 25616, the Chairman explained that the SACCO was in collaboration with NHIF and other insurance companies for the above purpose.

M/No. 3615 wondered why some branches were not considered in the Tower SACCO scholarship foundation. In response the Chairman informed the members that it is not about a region or a branch but a Kenyan child who is needy.

On the issue of the inauguration of the New Tower SACCO Plaza the Chairman explained that the board was looking for the President to be the Chief guest. This proposal received majority backing.

Joseph Ndungu M/No. 6588 urged the SACCO through KMRC on affordable housing to consult with him since there was much favourable land in Nakuru and he had knowledge on land matters. He urged the board to invest in Nakuru.

Agnes Mwangi M/No. 9010 urged the board to consider children living with disabilities since such children attaining 350 marks was a tall order. The education scholarship foundation should considerably work on this request according to the Chairman as from next year. A consideration of 250 marks was proposed for such children.

On CSR M/No. 8003 urged the SACCO to consider special needs schools such as Ngare Naro primary for food stuff among other schools. In response the Chairman promised to put the matter into consideration.

Mr. Eric Mwangi, M/No. 9190 and M/No. 8993 raised issues on the digital platform, which they described as unfriendly. In response the head of ICT explained the strategies the SACCO was undertaking.

On the issue of registration for the use of USSD code \*655# the member was informed that the person has to appear before a Tower SACCO staff in the effort to promote the principle of KYC.

Julius Mugu M/No.50007 urged the SACCO to open a branch in Narumoru and Chaka. In response the member was informed that the SACCO may look into this in future.

Esther Wanja requested the office to speed up FOSA cards processing and the ATM cards an issue that was seconded by Grace Nyambura M/No.7660. On the issue of LPO financing, members were asked to visit the office for explanation on how to go about it.

The C.E.O promised to look into the matter of the FOSA and ATM cards. Any pending cards in the office would be released with immediate effect.

### **MIN. AGM.3/2023: SUPERVISORY COMMITTEE REPORT:**

The report was read by the chairperson supervisory board Madam Josephine Muriithi. It was proposed for discussion, amendment and approval by Henry Johnson Gichinga M/No.4811 and seconded by Mary Muriithi M/No.3663.

### **REACTIONS FROM MEMBERS:**

There were no reactions since much of what was in the report had been covered in the Chairman's report and had been discussed at length and exhaustively.

### **MIN.AGM.4/2023: PRESENTATION OF THE AUDITED ACCOUNTS AND STATEMENT OF FINANCIAL POSITION FOR THE YEAR 2022:**

The external auditor namely JM Associates LLP based at West park Towers Nairobi took the members through the audited accounts for the year ended 31<sup>st</sup> December 2022. The report was proposed for discussion, amendment and approval by M/No. 46159 and seconded by Peter Wanjaga M/No.3615.

### **REACTIONS FROM MEMBERS:**

M/No. 140373 sought to know how the SACCO was mitigating on loan delinquency. In response the Chairman informed the members that the Credit department had been strengthened by a debt recovery department which was doing a commendable job. The other thing was comprehensive appraisal process, members education and the use of collaterals which are fully charged.

Kahindu Macharia M/No. 6798 sought to know why liquidity was too high. In response the members were informed that the general membership had a lot of confidence with the SACCO and hence had continued to deposit heavily with it.

M/No.7608 asked to know how the SACCO was investing the collected funds. In response the Chairman informed the members that the SACCO had invested in government securities and in Commercial banks.

M/No. 68625 asked the purpose of the loan reflected in the audited accounts. In response the C.E.O informed the members that the Kshs.29 million was a KMRC reimbursement for the purposes of affordable housing facilities. The Kenya government is working in collaboration with the World Bank through KMRC in which Tower SACCO was a recognized share holder.

### **MIN. AGM.5/2023: CONSIDER AND APPROVE THE DISPOSAL OF SURPLUS FOR THE YEAR 2022:**

Members unanimously agreed that the surplus generated be disposed to them in form of dividends and rebates. This was proposed by Francis Mugo M/No. 5183 seconded by Hezron Kimani M/No.2909.

### **MIN. AGM. 6/2023: APPOINTMENT OF AUDITORS TO AUDIT YEAR 2023 BOOKS OF ACCOUNTS:**

J.M Associates LLP contract has expired after he has done his 3 years audit work. Three applications were received as follows;

1. Gladchar Associates from Nairobi  
Charged Kshs.1,260,000 which is inclusive VAT.

2. D.K. Wambua & Associates from Nairobi  
Charged Kshs.458,200 inclusive of all government taxes.
3. Henry Smith & Wilson from Nairobi  
Charged Kshs.580,000 inclusive of all government taxes.

After deliberations, the members unanimously resolved to grant D.K. Wambua the audit work. This was proposed by Mr. Francis Mugo M/No.5183 seconded by Mr. Macharia Kahindu M/No.6798.

**MIN. AGM. 7/2023: FIXING OF THE BORROWING POWER AND CREATION OF A CHARGE:**

The members approved a borrowing of up to Kshs.1 billion on the maximum. This power was granted having been proposed by Lucas Magira Thega M/No. 152 seconded by Peter Nyaga M/No.185136.

**MIN. AGM. 8/2023: TO PRESENT THE SUCCESSFUL CANDIDATES ELECTED IN OL'KALOU, OL-JORO OROK AND NDARAGWA EAST AS DIRECTORS AND NYANDARUA NORTH AS SUPERVISORY COMMITTEE MEMBER:**

The returning officer Mrs. Margaret Wachira released the results to the AGM as follows;

1. **OL'KALOU ZONE**

James M. Kiiru – 219 votes

Patrick Kariuki Thogo – 222 votes

**Winner: Patrick Kariuki Thogo**

2. **OL-JORO OROK ZONE** - Mr. Joseph Maina Waigwa went through unopposed.

3. **NDARAGWA EAST ZONE** - Mr. Peter M. Ngugi went through unopposed.

4. **SUPERVISORY – NYANDARUA NORTH** - Mrs. Josephine Wanjiru Muriithi went through unopposed.

She commended the general members for the peaceful elections. The general meeting appreciated those elected and wished them well.

**MIN. AGM. 9/2023: READING AND CONFIRMATION OF THE PREVIOUS MINUTES:**

The previous minutes were proposed for discussion, amendment and approval by Ann Njeri M/No. 21112 seconded by Peter Ndurere M/No. 8545.

**MIN. AGM.10/2023: MATTERS ARISING FROM THE MINUTES:**

Peter Gachoka M/No.2724 notified the Chairman of a printing error in figure that read 3,699,416 on depreciation instead of 3,474,628. The error was corrected.

M/No. 5183 proposed that any bloggers or members tarnishing the name of the SACCO should be suspended from membership awaiting dismissal by the General membership. The proposal was seconded by M/No. 7608. In response the chairman promised to be on the look-out and any member or members caught on the wrong would be punished as

per the by-laws governing the SACCO.

M/No.7608 requested that the SACCO works on the by-laws by amending them and exposing them to the general membership. In response the Chairman confirmed that already amendment had started.

**MIN. AGM. 11/2023: A.O.B**

**i) Elose Karima Mchiro M/No. 8003**

She presented her AOB on elections and proposed lowering the indemnity and deposit holding in the SACCO from 1.5 million to 1 million. Her case was found out of order since a similar AGM had passed the same. She failed to attend the previous AGM. According to the Chairman the AGM cannot keep going forth and back on its resolutions.

**ii) John Kamau Ngugi M/No. 45256**

He read his AOB on elections. In response the Chairman informed the member that his AOB was misplaced since he kept referring to an ambiguous law that he could not confirm and which never was. The by-laws in any way did not block such a member from contesting as purported otherwise this was just a mere misunderstanding.

**iii) Message from out-going board member Mr. James Kiiru**

He appreciated and thanked members from Ol'Kalou for his many years of service to them. He confirmed to them that indeed Tower SACCO had continued to do very well and it held position 8 out of 176 Deposit Taking SACCOs nationally as per the SASRA supervision report.

He promised to continue supporting the members and the SACCO in general. It was noted with appreciation that the member had served in various capacities in the SACCO including Chairmanship for a period of 6 years.

**iv) Lucas Magira Thega**

Mr. Thega was a former Tower SACCO Chairman. He thanked the Board for the job well done. He appreciated the good results and returns to the members of 13% and 20% respectively. Impressively to him was the current modern Tower SACCO Plaza which was a landmark in Ol'Kalou town and Nyandarua County in general. He urged members to avoid cheap politics and to know that the SACCO was supporting thousands of Kenyan citizens.

**v) Word from the County Director of Co-operatives Madam Veronicah Kahura**

She thanked the Board for the good work and for the nice building 'Tower SACCO Plaza'.

She reminded the members that they need to invest heavily in their SACCO not only for election purposes but consider their investment as a passive

earner at the end of every year since the SACCO was stable and sound. She further informed the members that any disputes from co-operatives should be directed to her before landing anywhere else.

The next of kin forms were vital documents since they demonstrated good wealth distribution processes. The forms discouraged disputes in the families and they also saved on time and other unnecessary costs.

**vi) Word from the Chief Guest**

The Chief Guest, CEC Department of Tourism, Co-operatives Development Trade and Industrialization Madam Agnes Njunji started by passing a message of goodwill from the Governor Nyandarua County His excellency Dr. Moses Kiarie Badilisha. She read a speech from the Governor who promised to work closely with the SACCO and to support it grow further.

As an individual she expressed her commitment to work with the SACCO management for the betterment of the SACCO. She said she was proud of Tower SACCO and no leader would ignore such an organization.

In conclusion, she expressed the county government's commitment to collaborate with the SACCO in realizing better and improved growth.

The SACCO according to the Chief guest had done value addition to its members. Members had improved businesses, educated their children and improved both commercial and residential houses. This was a great milestone.


Having concluded the business of the day, the meeting adjourned at 2.20 p.m. with a word of prayer led by Rev. Stephen Mburu Muriu.

**MINUTES TAKEN BY:**

  
.....

**PETER M. NGUGI**  
**HON. SECRETARY**

**CONFIRMED BY: CHAIRMAN:**

  
.....

**MEMBER:**

  
.....

**DATE:**

**28/1/2023**





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- **Cash Withdrawal**
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# ASSET FINANCE

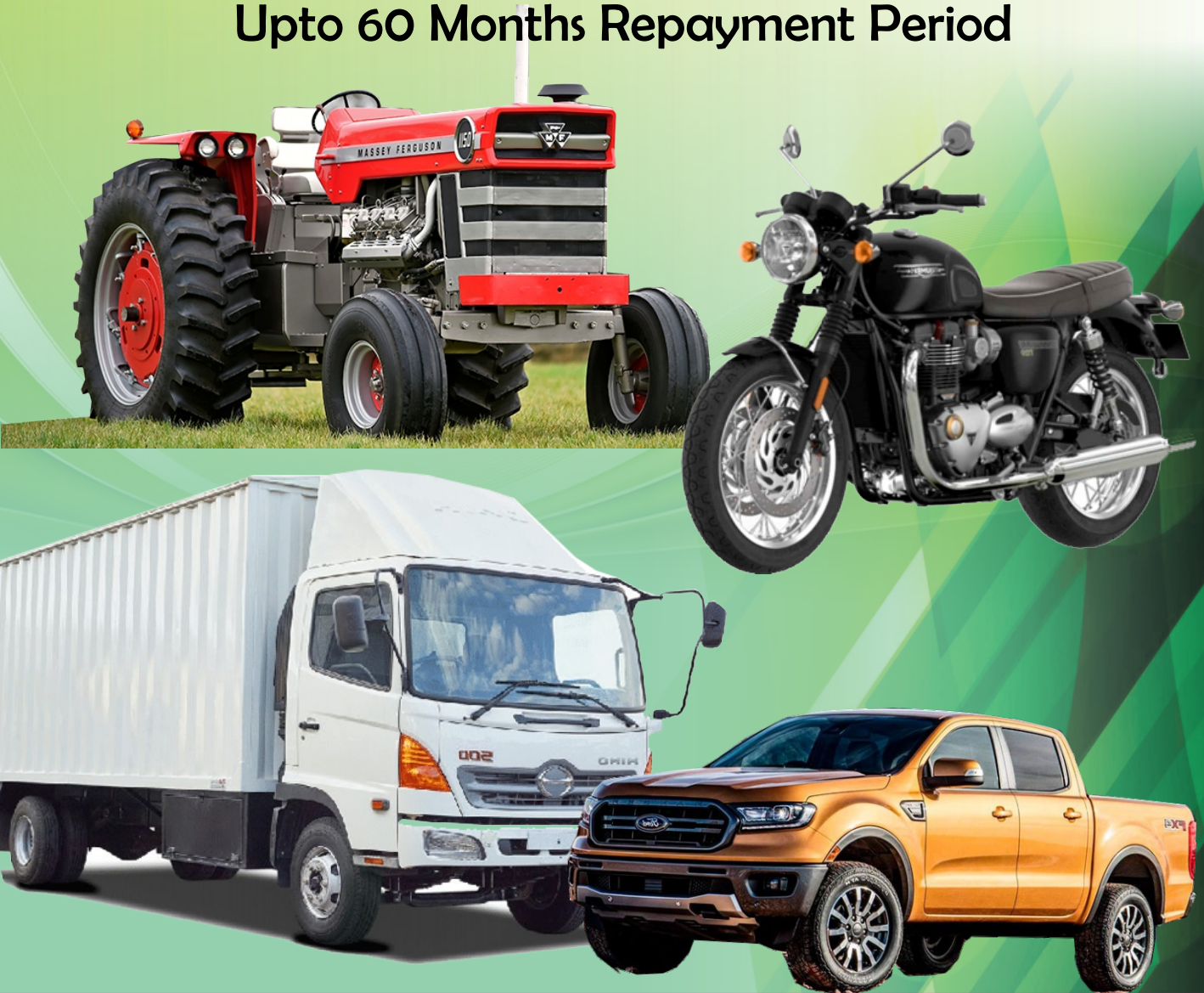
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