

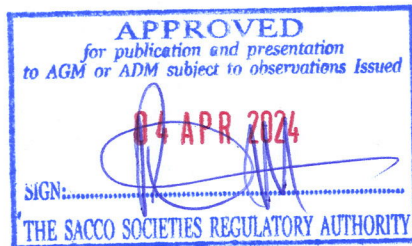


BLUE EAGLE REGULATED NWD T SACCO SOCIETY LIMITED

C/S 18418

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



**BLUE EAGLE REGULATED NWDI SACCO SOCIETY LIMITED C/S 18418
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

CONTENTS	PAGE
Society information	1
Report of the directors	2
Financial and statistical information	3
Statement of directors' responsibilities	4
Report of the independent auditor	5 - 7
Financial Statements:	
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes	12 - 21

**BLUE EAGLE REGULATED NWD T SACCO SOCIETY LIMITED C/S 18418
REPORT OF MANAGEMENT COMMITTEE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Committee members who held office during the year were:

Board Members

Yusuf Omari	Chairman
Beatrice Vulule	Vice Chairperson
Nelson Ofunja	Treasurer
Joyce Lihanda	Secretary
Charles Maina	Member
Maryanne Kagwe	Member
Joseph Wafula	Member
Hartnell Ndungi	Member
Samuel Lasoi	Member

Supervisory Committee

Laban Omangi	Chairperson
Zack Odegih	Secretary
Anita Otete	Member

Registered office

West End Towers
Waiyaki way, Westlands
P.O Box 30120- 00100
Nairobi.

Principal Place of Business

Bishops Gates Building
Fifth Ngong Avenue
P.O Box 30120- 00100
Nairobi.

Independent auditor

UHY Kenya
Certified Public Accountants (K)
Rainbow Tower, Muthithi Road, Westlands
P. O. Box 13550 - 00800
Nairobi.

Principal bankers

Absa Bank Kenya Plc
Westlands Branch
P.O Box 14403 - 00800
Nairobi.

The Manager

Charles Ngamau
P.O Box 14403 - 00800
Nairobi.

BLUE EAGLE REGULATED NWD T SACCO SOCIETY LIMITED C/S 18418
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors submits their report and financial statements for the year ended 31 December 2023 which disclose the state of affairs of the society.

INCORPORATION

The Blue Eagle Sacco society Ltd is incorporated in Kenya under the Cooperative Societies Act, Cap 490 and Licensed under the Sacco Societies Non-Deposit Taking Business regulations 2020 and is domiciled in Kenya.

PRINCIPAL ACTIVITIES

The principal activity of the society is to promote thrift amongst it's members by affording them an opportunity for accumulating their savings and to create there by a source of funds from which loans can be made.

RESULTS	2023	2022
	Kshs	Kshs
Surplus before tax	21,060,264	17,588,484
Income tax expense	(931,950)	(1,273,157)
Net surplus after Tax	20,128,314	16,315,327
Retained surplus for the year	16,102,651	13,871,150
Interest on members deposits	36,074,763	27,905,556

DIVIDENDS AND INTEREST

The Board of Directors recommends payment of the first and final dividends of 15% (2022:15%) the also recommend interest on members deposits of 9% (2022 : 9%).

DIRECTORS

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

INDEPENDENT AUDITOR

UHY Kenya, Certified Public Accountants of Kenya, have expressed their willingness to continue in office in accordance with the Sacco Societies Act No. 14 of 2008.

BY ORDER OF THE BOARD

Signature.....
 Hon. Secretary

Date.....3/4.....2024

BLUE EAGLE REGULATED NWDI SACCO SOCIETY LIMITED C/S 18418
REPORT AND FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2023

STATISTICAL DATA

	2023	2022
Membership		
Number of members : Active	1353	1165
Number of members : Dormant	39	29
Total	<u>1392</u>	<u>1194</u>

	Kshs	Kshs
Financials		
Total Assets	596,392,351	461,695,076
Members' deposits	465,196,327	363,503,431
Loans and advances to members	479,294,218	353,919,726
Provision for impairment of loans and advances	(16,675,390)	(7,755,028)
Investments	110,000	110,000
Financial assets	34,597	31,354,305
Share capital	43,234,999	35,271,999
Total revenue	78,524,104	62,770,228
Total interest income	57,682,727	41,102,454
Total expenses	13,924,754	9,081,671
Revenue reserves	29,241,493	19,064,079
Statutory reserves	8,514,359	4,488,696
Core capital	86,806,089	62,919,218
Institutional capital	37,755,853	23,552,775

Permanent employees of the Sacco	Male	3	2
	Female	1	-
	Total	<u>4</u>	<u>2</u>

Key ratio:

Capital Adequacy Ratio

Core capital/Total assets	15%	14%
Minimum ratio	8%	8%
Core capital/Total deposits	19%	17%
Minimum ratio	5%	5%
Total retained & disclosed reserves/Core capital	43%	37%
Minimum ratio	50%	50%

Liquidity Ratio

Liquid assets/short term liabilities	10%	25%
Minimum ratio	10%	10%

Operating Efficiency/Loan quality ratios

Total expenses/total revenue	18%	14%
Interest on member deposit/total revenue	46%	44%
Interest rate on member's deposits	8%	8%
Dividend rate on members share capital	15%	15%
Total non-performing loans/gross loan portfolio	3%	2%

**BLUE EAGLE REGULATED NWD T SACCO SOCIETY LIMITED C/S 18418
STATEMENT OF MANAGEMENT COMMITTEE' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Sacco Societies Act No. 14 of 2008 requires the directors to ensure that the management maintains proper and accurate records that reflect the true and fair position of the society's financial condition, establish adequate and effective internal control systems and policies, safeguard the assets of the society and take reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for the production of annual audited financial statements.

The directors accept responsibility for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Sacco Societies Act No. 14 of 2008. They also accept responsibility for:

- i) Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparations of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) Selecting and applying appropriate accounting policies; and
- iii) Making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the society as at 31 December 2023 and of the society's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Sacco Societies Act No. 14 of 2008.

In preparing these financial statements the directors have assessed the society's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the society will not remain a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.


Approved by the board of directors on 3rd April 2024 and signed on its behalf by:-

1 Chairperson 

Dated at this 3rd day of April 2024

Treasurer 

Dated at this 3rd day of April 2024

Secretary 

Dated at this 3rd day of April 2024

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF BLUE EAGLE
REGULATED NWD T SACCO SOCIETY LIMITED CS/18418
FOR THE YEAR ENDED 31 DECEMBER 2023****Opinion**

We have audited the accompanying financial statements of Blue Eagle Regulated NWD T Sacco Society Limited, set out on pages 8 to 21 which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Sacco as at 31st December 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard and comply with requirements of The Sacco Societies Act No. 14 of 2008.

Basis of our opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our 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 matter

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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate company opinion on these matters.

Audit matter**Accuracy of interest income**

The accuracy and completeness of interest income is an inherent risk in the sector due to processing large volumes of data with a combination of several loan products and complete IT systems.

How our audit addressed the key audit matter

We evaluated the relevant IT system (Navision) and the design of controls, and tested the operating effectiveness of controls over the:

- i) Capture and recording of loan transactions and rates.
- ii) Approvals or authorisation of rates and interest running system.
- iii) Using the data extracted from the Society's accounting system, we verified the completeness and accuracy of a sample of interest charges.
- iv) We also received management confirmation the accumulated accrued interest receivable properly disclosed and supported and recorded from members gradually.

Based on our work done, we noted no significant issues in the accuracy of interest recorded in the year.

Provision for bad debts

The Society has provisions relating to bad and doubtful loans.

Provisions are based on judgements and estimates made by the management and as calculated and provided for by the system loan aging report.

We examined loans repayment and those that are falling in arrears and require provisioning. We held discussion with management to understand the risk associated with the performing loan portfolio with no provisions.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF BLUE EAGLE
REGULATED NWD T SACCO SOCIETY LIMITED CS/18418
FOR THE YEAR ENDED 31 DECEMBER 2023**

Audit matter**Provision for bad debts (Continued)**

The total non performing loans between 30 and over 360 days amount to Kshs 16,675,390.

However, this has come up from Kshs 7,755,028, previous year, the defaulting is still high.

How our audit addressed the key audit matter

For all provisions, we tested the calculation of the provisions based on the system, assessed the assumptions against available pronouncements and historical trends.

The management should consider providing for more bad debts so as to be secure in the long run in as far as the loans recovery management is concerned.

Full realization of IFRS 9 is yet to be achieved.

Other information

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

Management committee responsibility for the financial statements

The board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard (IFRS) and the requirements of the Sacco Societies Act No. 14 of 2008., and for such internal control as the board may 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 are responsible for assessing the Sacco's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Sacco or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF BLUE EAGLE
REGULATED NWDI SACCO SOCIETY LIMITED CS/18418
FOR THE YEAR ENDED 31 DECEMBER 2023**

Auditor's responsibilities for the audit of the financial statements (continued)

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

- 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;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sacco's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sacco'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 the auditor's report. However, future events or conditions may cause the Sacco to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

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

Report on other Legal Requirements

As required by the Kenyan Co-operative Societies Act we report to you, based on our audit, that:

- (i) 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;
- (ii) In our opinion, proper books of account have been kept by the Society, so far as appears from our examination of those books (Sec 20(1) of Kenya 2008 Sacco Act), and
- (iii) The Society's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Daniel Kagunda Kabiru - P/No 1904.



For and on behalf of UHY Kenya
Certified Public Accountants of Kenya
Nairobi, Kenya

Date... 3 April 2024

BLUE EAGLE REGULATED NWD T SACCO SOCIETY LIMITED C/S 18418
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2023 Kshs	2022 Kshs
Revenue			
- Interest on loans and advances	2	57,682,727	41,102,454
- Other interest income	3	6,213,000	8,487,715
Total interest income		63,895,727	49,590,169
Interest expenses	5	(43,539,087)	(36,100,073)
Gross surplus		20,356,640	13,490,096
Other operating income			
Other members income	4	4,628,377	3,180,059
Dividend income	6	10,000,000	10,000,000
		14,628,377	13,180,059
Expenses			
Staff expenses	7	(2,342,077)	(2,031,601)
Administration expenses	8	(10,053,452)	(5,871,994)
Operating expenses			
-Financial expenses	10	(85,173)	(19,447)
-Governance expenses	9	(1,299,195)	(955,400)
-Depreciation and amortization expenses	11	(144,856)	(203,229)
Total expenses		(13,924,754)	(9,081,671)
Net operating surplus before income tax		21,060,264	17,588,484
Income tax expense	12	(931,950)	(1,273,157)
Net surplus for the year after tax		20,128,314	16,315,327
20% transfer to statutory reserve		(4,025,663)	(2,444,177)
Net surplus for the year		16,102,651	13,871,150

BLUE EAGLE REGULATED NWDT SACCO SOCIETY LIMITED C/S 18418
REPORT AND FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2023

STATEMENT OF FINANCIAL POSITION

	Notes	2023 Kshs	2022 Kshs
Assets			
Cash and cash equivalents	13	35,327,417	43,714,438
Short term investments	14	34,597	31,354,305
Trade and other receivables	15	9,959,745	16,856,413
Loans to members	16	479,294,218	353,919,726
Loans to related party	17	71,231,805	15,401,585
Investments	18	110,000	110,000
Computers	19	434,569	338,609
Intangible asset	20	-	-
Total Assets		596,392,351	461,695,076
Liabilities			
Members deposit	21	465,196,327	363,503,431
Interest payable on deposits	22	36,074,763	27,905,556
Risk Management Fund	23	5,687,883	5,250,778
Trade payables and other payables	24	1,585,339	842,936
Income tax	25	931,950	1,273,157
Total Liabilities		509,476,262	398,775,858
Equity			
Share capital	26	43,234,999	35,271,999
Revenue reserves	27	29,241,493	19,064,079
Statutory reserves	28	8,514,359	4,488,696
Proposed dividend	29	5,925,237	4,094,444
Total Equity		86,916,089	62,919,218
Total Liabilities & Equity		596,392,351	461,695,076



The financial statements set out on pages 8 to 21 were approved for issue by the board on 30 April 2024 and signed on its behalf by:

[Signature]
CHAIRMAN

[Signature]
TREASURER

[Signature]
HON. SECRETARY

BLUE EAGLE REGULATED NWD T SACCO SOCIETY LIMITED C/S 18418
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CHANGES IN EQUITY

	Share Capital Kshs	Revenue Reserves Kshs	Statutory Reserves Kshs	Proposed Dividends Kshs	Total Kshs
2023					
As at 1 January 2023	35,271,999	19,064,079	4,488,697	4,094,444	62,919,219
Additions	7,963,000	-	-	-	7,963,000
Surplus for the year	-	20,128,314	-	-	20,128,314
Transfer (to)/from statutory reserve	-	(4,025,663)	4,025,663	-	-
2022 - Proposed dividend paid	-	-	-	(4,094,444)	(4,094,444)
2023 - Proposed Dividends	-	(5,925,237)	-	5,925,237	-
At 31 December 2023	43,234,999	29,241,493	8,514,359	5,925,237	86,916,089
2022					
As at 1 January 2022	21,804,999	9,287,373	2,044,520	2,178,831	35,315,723
Additions	13,467,000	-	-	-	13,467,000
Surplus for the year	-	16,315,327	-	-	16,315,327
Transfer to statutory reserve	-	(2,444,177)	2,444,177	-	-
2021 - Proposed dividend paid	-	-	-	(2,178,831)	(2,178,831)
2022 - Proposed Dividends	-	(4,094,444)	-	4,094,444	-
At 31 December 2022	35,271,999	19,064,079	4,488,697	4,094,444	62,919,219

BLUE EAGLE REGULATED NWDI SACCO SOCIETY LIMITED C/S 18418

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CASH FLOWS

		2023	2022
	Notes	Kshs	Kshs
Cash generated from operations			
Interest receipts on loans	2	57,682,727	41,102,454
Other operating income	4	4,628,377	3,180,059
Payment to employees and suppliers	7 & 8	(4,859,534)	(4,306,772)
Interest payments	5	(35,369,880)	(31,015,686)
Cash used in operations		<u>22,081,690</u>	<u>8,960,055</u>
<i>(Decrease)/increase in operating assets</i>			
Loans to members	16	(134,294,855)	(93,954,288)
Loan to related parties	17	(55,830,220)	(15,401,585)
Increase in trade and other receivables	15	6,896,668	(14,580,867)
Increase /(decrease) in operating assets		<u>(183,228,407)</u>	<u>(123,936,739)</u>
<i>(Decrease)/increase in operating liabilities</i>			
Deposits from members	21(a)	95,886,426	70,150,810
Withdrawable savings	21(b)	5,806,470	5,595,313
Risk management fund	23	437,105	938,802
Increase in trade and accrued expenses	24	742,403	546,389
Increase in operating liabilities		<u>102,872,404</u>	<u>77,231,314</u>
Net cash used in operating activities before income taxes		(58,274,312)	(37,745,370)
Income tax paid	25	(1,273,157)	-
Net cash used in operating activities		<u>(59,547,469)</u>	<u>(37,745,370)</u>
Investing activities			
Purchase of computers	19	(240,816)	(451,479)
Interest from saving and other investments	4	6,213,000	8,487,715
Dividend income	6	10,000,000	10,000,000
Placements with short term investments	14	31,319,708	15,419,031
Net cash generated form/(used) in investing activities		<u>47,291,892</u>	<u>33,455,267</u>
Financing activities			
Increase in share capital	26	7,963,000	13,467,000
Dividend paid	29	(4,094,444)	(2,178,831)
Net cash from financing activities		<u>3,868,556</u>	<u>11,288,169</u>
Net (decrease)/increase in cash and cash equivalents		<u>(8,387,021)</u>	<u>6,998,066</u>
Cash and cash equivalent at the beginning of the year	13	43,714,438	36,716,372
		<u>35,327,417</u>	<u>43,714,438</u>
Cash and cash equivalents at the end of the year	13	<u>35,327,417</u>	<u>43,714,438</u>

BLUE EAGLE REGULATED NWD T SACCO SOCIETY LIMITED C/S 18418**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2023**

1 Accounting policies

The principal accounting policies of the society, which are set out below, conform with standards issued by the International Accounting Standards Board and which have been applied.

a) Basis of accounting

The financial statements are prepared in accordance and comply with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention.

Adoption of new and revised International Financial Reporting Standards (IFRSs)***i) Standards and interpretations effective in the current period***

• IFRS 9 Financial Instruments - Amendments - The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment.

IFRIC 23 Uncertainty over Income Tax Treatments - IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments.

IFRS 3 Reference to the Conceptual Framework (Amendments) - (The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

IAS 16 Property, Plant and Equipment - Amendments - The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The above accounting standard did not have any impact on the Blue Eagle Sacco Financial Statements.

(ii) New and revised standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, The Sacco has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and, in some cases, had not yet been adopted by the:

IFRS 17 Insurance Contracts - Effective for accounting periods beginning on or after 1 January 2023.

IAS 1 Classification of Liabilities as Current or Non- Current (Amendments) - Effective for accounting periods beginning on or after 1 January 2023.

IAS 1 Disclosure of Accounting Policies (Amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2) - Effective for accounting periods beginning on or after 1 January 2023.

IAS 8 Definition of Accounting Estimates (Amendments) - Effective for accounting periods beginning on or after 1 January 2023.

The above accounting standard did not have any impact on the Blue Eagle Sacco Financial Statements.

Impact of other standards and interpretations

The directors anticipate that the adoption of the other standards and interpretations and amendments to other IFRSs resulting from the International Accounting Standards Board (IASB)'s annual improvements project published, when effective, are not expected to have a material impact on the financial statements of the society.

The directors are currently assessing the impact and expected timing of adoption of these amendments on the society's results and financial position.

**BLUE EAGLE REGULATED NWDT SACCO SOCIETY LIMITED C/S 18418
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2023**

1 Accounting policies(continued...)

b) Revenue recognition

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

i) Interest income on member loans and advances

Interest on loans to members is calculated on a reducing balance method at monthly rates ranging between 1% to 10% per month. Interest income is recognised on a time proportion basis by reference to the principal outstanding and the effective interest rate applicable.

ii) Other interest income

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

ii) Other member dealing income

Other members income, including account entrance fees and loan application fees are generally recognised on an accrual basis when the service has been provided.

c) Investments

All purchases and sales of investments are recognized on the trade date, which is the date the society commits to purchase or sell the asset. The cost of purchase includes transaction costs. Investments that have a fixed redemption value and have been acquired to match the obligations of the fund, or specific parts thereof, are carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity. All other investments are carried at fair value. In the case of marketable securities fair value is Fair value gains/(losses) arising on investments as shown in note 17 are credited/ (debited) to the comprehensive income.

d) Investment income

i) Interest income is recognized for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments.

ii) Dividends are recognized as income in the period in which the right to receive payment is established.

e) Property and equipment

All property and equipment are initially recorded at cost and subsequently stated at historical cost less depreciation. Depreciation is calculated on a reducing balance basis to write down the cost of each asset annually to their residual values over their estimated useful life as follows:-

Computers & accessories	25%
-------------------------	-----

A full year's depreciation is charged in the year of acquisition. No depreciation is charged in the year of disposal. Gains or losses arising from disposal of property, plant and equipment are computed by reference to the sales proceeds and the net carrying amounts at the date of disposal. The gains or losses are dealt with through the income statement.

Intangible assets

The expenditure on acquisition of computer software is capitalized and amortized over its useful life on a straight line basis at a rate of 20%.

f) Taxation

Current taxation is provided for on the basis of the results for the year as shown in the financial statements adjusted in accordance with the tax legislation. The current tax rate is 30% of 50% non-mutual income.

BLUE EAGLE REGULATED NWDT SACCO SOCIETY LIMITED C/S 18418
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting Policies (continued...)

g) Employee entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for estimated liability for annual leave as a result of services rendered by the employees up to the balance sheet date.

h) Translation of foreign currencies

Monetary assets and monetary liabilities expressed in foreign currencies are translated into Kenya shillings at the rate of exchange ruling at the statement of financial position date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and losses arising from the translation are dealt with in the income statement.

i) Financial instruments

Financial assets and liabilities are recognized on the society's balance sheet when the society has become a party to the contractual provisions of the instruments.

(i) Financial assets

The society classifies its financial assets into the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the appropriate classification of its investments at initial recognition.

Financial assets at fair value through income statement

This category has two sub-categories: Financial assets held for trading and those designated at fair value through income statement at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains and losses arising from changes in fair value are recognized in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the society provides money, goods or services directly to a debtor with no intention of trading the receivable.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity where the bank has the positive intent and ability to hold to maturity other than loans and receivables originated by the bank are measured at amortized cost.

Available-for-sale financial assets

Financial assets that are not (a) loans and receivables originated by the society, (b) held-to-maturity investments, or (c) financial assets held for trading are measured at fair values. Gains and losses arising from changes in fair values are recognized in equity.

Trade receivables

Trade receivables are carried at amortized invoice amount less estimate made for bad and doubtful receivables based on the review of all outstanding amounts, on account by account basis, at the year end. Bad debts are written off in the year in which they are identified as irrecoverable.

BLUE EAGLE REGULATED NWD T SACCO SOCIETY LIMITED C/S 18418
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting Policies (continued...)

i) Financial instruments (continued...)

(ii) Financial liabilities

Bank borrowings

Interest bearing bank loans and bank overdrafts are recorded at the proceeds received, net of direct issue cost. Finance charges including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period they arise.

Trade payables

The liabilities for trade and other payables are carried at cost, which is measured at the fair or contractual value to be paid in respect of goods or services supplied to the society, whether billed or not.

j) Provisions

Provisions for liabilities are recognized when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation.

k) Related party transactions

Related party transactions are taken as transfer of resources or obligations between related parties, regardless of whether a price is charged. Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

l) Retirement benefit

The society contributes to a defined contribution benefit pension scheme for its employees. It also makes contribution to statutory pension fund, the CIC Pension Fund and National Social Security Fund. The society's contributions are charged against income for the year.

m) Registration

The society is registered under the Co-operatives Societies Act No. 12 of 1997. The registration number is CS/18418.

n) Entrance fees

This is recognized as income as per Co-operative Act.

o) Dormant members

For the purposes of these financial statements, dormant members balances have been merged with members deposits.

p) Cash flow

For the purpose of the cash flow statement, Cash and cash equivalents include short term liquid investments which are readily convertible to known amounts of cash.

q) Interest on members deposits

This is declared at end of the accounting year depending on the performance of the Sacco during the year.

r) Membership

Membership in the Sacco is restricted to individual persons who are employees of Absa Bank Kenya PLC, its Subsidiaries and other financial institutions employees that are recruited by at least two existing members and other organizations vetted by the Committee and approved at the Annual general meeting or is a spouse of any of the members above.

s) Statutory reserve

This is undistributable reserve set aside in accordance with the Co-operative Act. This is currently computed at 20% of surplus after tax but before other distributions.

BLUE EAGLE REGULATED NWDI SACCO SOCIETY LIMITED C/S 18418
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting Policies (continued...)

t) Revenue reserve

This represents accumulated distributable reserves held by the Sacco to finance future growth.

u) Members deposits

This represent money contributed by members over their share contribution.

v) Critical Accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

Income taxes

The Society is subject to income taxes in Kenya. Management judgment is required in determining the Society's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Society recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Property and equipment

Critical estimates are made by the management committee in determining depreciation rates for property, plant and equipment. The rates used are set out in Note (e) above.

(iii) Fair values of financial instruments

The fair values of financial instruments that are not traded in an active market (for example, investments held for trading is determined by using valuation techniques). The society uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each statement of financial position date.

w) Financial risk management objectives and policies

The Society's activities expose it to a variety of financial risks, including credit risk and the interest rates. The Society's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on its financial performance, but the Society does not hedge against risks.

x) Comparatives

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

BLUE EAGLE REGULATED NWDT SACCO SOCIETY LIMITED C/S 18418
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 Kshs	2022 Kshs
2 Interest income		
Normal loans	57,682,727	41,102,454
	<u>57,682,727</u>	<u>41,102,454</u>
3 Interest from saving and other investments		
Absa Money Market	1,376,142	1,319,773
CIC Money Market	943,861	3,481,784
British-American Asset Managers Limited	3,892,997	3,686,158
Interest from bond plus fund	-	-
	<u>6,213,000</u>	<u>8,487,715</u>
4 Other members income		
Entrance fees	274,000	120,000
Loan application fee	3,910,377	2,724,059
Top up fees	394,000	290,000
Exit fees	50,000	46,000
	<u>4,628,377</u>	<u>3,180,059</u>
5 Interest expense		
Interest payable on member deposits	36,074,763	27,905,556
Interest on Holiday savings	7,464,324	8,194,517
	<u>43,539,087</u>	<u>36,100,073</u>
6 Dividend income		
Blue Eagle Investments Limited	10,000,000	10,000,000
Kusco Limited	-	-
	<u>10,000,000</u>	<u>10,000,000</u>
7 Staff costs		
Salaries and wages	2,082,474	1,951,830
Staff medical	259,603	79,771
	<u>2,342,077</u>	<u>2,031,601</u>
The number of permanent employees as at end of the year were:	2023	2022
	4	2

BLUE EAGLE REGULATED NWD T SACCO SOCIETY LIMITED C/S 18418
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 Kshs	2022 Kshs
8 Administrative expense		
Audit fees	209,200	190,000
VAT on Audit fees and disbursements	50,000	50,000
Supervision fees	-	19,200
Group insurance	-	-
Marketing expenses	131,300	140,000
License & subscriptions	30,000	80,000
Computer and software expenses	443,945	832,399
Software license	-	300,000
Office expenses	77,127	81,158
Telephone & travel expenses	167,178	149,363
Provision for bad debts	8,920,362	3,931,963
Professional fees	-	95,200
Printing and stationery	24,340	2,711
	<u>10,053,452</u>	<u>5,871,994</u>
9 Governance expenses		
Education expenses	115,000	75,000
Committee expenses	808,050	510,000
AGM expenses	7,500	12,000
Governance & Strategic plan expenses	368,645	358,400
	<u>1,299,195</u>	<u>955,400</u>
Board and committee allowances during the year		
Name Position		
YUSUF OMARI Board	74,600	50,000
BEATRICE AFWANDI V Board	99,600	50,000
NELSON ODUKE OFUNJ Board	99,600	50,000
CHARLES KAGUORA M Board	74,600	50,000
MARYANNE WAMBUI K Board	99,600	50,000
SAMUEL KIPSIGEI LAS Board	74,600	50,000
JOSEPH WAFULA WAM Board	74,600	50,000
JOYCE KADENYI LIHAN Board	74,600	50,000
HARTNELL KITHUSI M Board	74,600	50,000
LABAN MAKIYA OMAN Supervisory	20,550	20,000
ZACK ODEGIH Supervisory	20,550	20,000
JAMES NJOROGE MUCI Supervisory	-	5,000
ANITA OTETE Supervisory	20,550	15,000
Total	<u>808,050</u>	<u>510,000</u>
10 Finance expenses		
Mpesa charges	-	-
Bank charges	85,173	19,447
	<u>85,173</u>	<u>19,447</u>
11 Depreciation and amortization expenses		
Depreciation charge	144,856	112,870
Amortization	-	90,359
	<u>144,856</u>	<u>203,229</u>
12 Taxation		
Corporation tax at a rate of 30% based on 50% of	<u>931,950</u>	<u>1,273,157</u>
13 Cash and cash equivalents		
Absa Bank Kenya Plc - Current a/c code 35	30,840,725	26,737,217
Absa Bank Kenya Plc - Savings a/c	4,407,192	16,897,721
Safaricom MPESA pay bill account	79,500	79,500
	<u>35,327,417</u>	<u>43,714,438</u>

BLUE EAGLE REGULATED NWD T SACCO SOCIETY LIMITED C/S 18418
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	Kshs	Kshs
14 Short term investments		
Absa Money Market	34,597	10,000,773
CIC Money Market	-	10,255,121
British-American Asset Managers Limited	-	11,098,411
	<u>34,597</u>	<u>31,354,305</u>
15 Trade and other receivables		
Interest receivable	4,649,169	2,882,346
Dividend income	-	10,000,000
Other receivable - Insurance prepaid	5,310,576	3,974,067
	<u>9,959,745</u>	<u>16,856,413</u>
16 Loan to Members		
As at 1 January	361,674,754	263,897,401
Advances during the year	679,650,798	528,829,142
Repayments during the year	(545,355,943)	(431,051,789)
Provision for bad debts	(16,675,390)	(7,755,028)
As at 31 December	<u>479,294,218</u>	<u>353,919,726</u>
As per MPA	<u>495,969,609</u>	<u>361,674,754</u>
Difference	(16,675,391)	(7,755,028)

No.	Classification	No. Of A/C's	Outstanding Loan Portfolio (Kshs.)	Required Provision	Required Provision Amount (Kshs)
1	Performing	9,757	472,472,571	1%	4,724,726
2	Watch	-	-	5%	-
3	Substandard	30	12,760,998	25%	3,190,249
4	DoubtFul	24	3,751,916	50%	1,875,958
5	Loss	41	6,884,457	100%	6,884,457
	SUB TOTAL	9,852	<u>495,869,942</u>		<u>16,675,390</u>

The variance on the listing and outstanding loan portfolio is due to prepaid loans.

17 Related party balance		
Blue Eagle Investments Limited	71,231,805	15,401,585
	<u>71,231,805</u>	<u>15,401,585</u>

Related party balance relates to expenses paid for Blue Eagle Investments Limited.

	2023	2022
	Kshs	Kshs
18 Investments		
Investment in unquoted companies:		
Blue Eagle Investments Limited	100,000	100,000
KUSCCO shares - 100 shares of Kshs 100 par value each.	10,000	10,000
	<u>110,000</u>	<u>110,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

19 Computers	2023	2022
Year ended 31 December	Kshs	Kshs
Cost		
As at 1 January	451,479	-
Additions	240,816	451,479
As at 31 December	<u>692,295</u>	<u>451,479</u>
Depreciation		
As at 1 January	112,870	-
Charge for the year	144,856	112,870
As at 31 December	<u>257,726</u>	<u>112,870</u>
Net book value	<u>434,569</u>	<u>338,609</u>
20 Intangible assets		
Computer software		
Year ended 31 December		
Cost		
As at 1 January	2,394,220	2,394,220
As at 31 December	<u>2,394,220</u>	<u>2,394,220</u>
Amortization		
As at 1 January	2,394,220	2,303,861
Charge for the year	-	90,359
As at 31 December	<u>2,394,220</u>	<u>2,394,220</u>
Net book value	<u>-</u>	<u>-</u>
21 Deposits		
a) Members deposits		
As at 1 January	347,089,245	276,938,435
Deposits received during the year	116,926,221	96,118,468
Deposits refunded during the year	(21,039,795)	(25,967,658)
As at 31 December	<u>442,975,671</u>	<u>347,089,245</u>
Listing balance	<u>442,975,671</u>	<u>347,089,245</u>
Variance	<u>-</u>	<u>-</u>
b) Term Withdrawable Savings (Holiday Savings)		
As at 1 January	16,414,186	10,818,873
Deposits received during the year	157,873,924	138,353,559
Deposits refunded during the year	(152,067,454)	(132,758,246)
As at 31 December	<u>22,220,656</u>	<u>16,414,186</u>
Listing balance	<u>22,220,656</u>	<u>16,414,186</u>
Variance	<u>-</u>	<u>-</u>
Total member deposits	<u>465,196,327</u>	<u>363,503,431</u>

BLUE EAGLE REGULATED NWDI SACCO SOCIETY LIMITED C/S 18418
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	Kshs	Kshs
22 Interest payable on deposits		
As at 1 January	27,905,556	22,821,169
Paid during the year	(27,905,556)	(22,821,169)
Proposed during the year	36,074,763	27,905,556
As at 31 December	<u>36,074,763</u>	<u>27,905,556</u>
23 Risk Management Fund		
As at 1 January	5,250,778	3,572,268
Contributions in the year	3,187,200	2,654,400
Payments in the year	(2,750,095)	(975,890)
As at 31 December	<u>5,687,883</u>	<u>5,250,778</u>
24 Trade and other payables		
Audit fees	259,200	240,000
Supervision fees	-	19,200
Interest on deposits	867,862	394,388
Other payables	458,277	189,348
	<u>1,585,339</u>	<u>842,936</u>
25 Taxation		
Balance at start of the year	1,273,157	-
Charge for the year	931,950	1,273,157
	2,205,107	1,273,157
Less: Tax paid	(1,273,157)	-
Balance at end of the year	<u>931,950</u>	<u>1,273,157</u>
26 Share capital		
Balance brought forward	35,271,999	21,804,999
Additions during the year	7,963,000	13,467,000
Balance carried forward	<u>43,234,999</u>	<u>35,271,999</u>
27 Revenue reserves		
Balance brought forward	19,064,079	9,287,373
Provided during the year	10,177,414	9,776,706
Balance carried forward	<u>29,241,493</u>	<u>19,064,079</u>
28 Statutory reserves		
Balance brought forward	4,488,696	2,044,520
Additions during the year	4,025,663	2,444,176
Balance carried forward	<u>8,514,359</u>	<u>4,488,696</u>
29 Proposed dividend		
Balance brought forward	4,094,444	2,178,831
Dividends paid	(4,094,444)	(2,178,831)
Proposed dividend	5,925,237	4,094,444
	<u>5,925,237</u>	<u>4,094,444</u>
29 Contingent liabilities		
The society did not have any contingent liabilities in 2023 (2022: Nil).		
30 Currency		
These accounts are stated in Kenya Shillings (Kshs)		