

unaitas 



30th
ANNUAL
REPORT
Financial Statements

2022



About Us

Unaitas is a deposit-taking Sacco licensed by SASRA. Unaitas was registered in 1993 as a co-operative society under the Cooperatives Act. Through visionary leadership in the course of its rich history, Unaitas has prospered in leaps and bounds and grown to be the largest SACCO in Africa in membership.

Unaitas has been a pacesetter in the SACCO industry having been the first SACCO to automate its operations, open its common bond and adopt a bold brand in line with its growth and expansion strategy.

Today Unaitas through its transformative agenda, has impacted millions of lives and continues to audaciously actualize the dreams & aspirations of its members.

God Bless Unaitas

VISION, MISSION & VALUES

Our Core Values

Boldness,
Innovation,
Excellence,
Unity,
Integrity,
Sound Governance.



Our Vision

To Be The Preferred
Financial Solution Provider.



Our Mission

Transforming Lives Through
Provision Of Socio-economic
Solution.



BRANCHES



We have a national footprint of 28 Branches and 3 Marketing Offices spread across 13 Counties; Nairobi, Nakuru, Kisumu, Kiambu, Murang'a, Kisii, Uasin Gishu, Meru, Machakos, Kajiado, Nyeri, Mombasa, and Embu County.



Branch	Location	Phone Number
Muranga Branch	Unaitas Building Hospital Road	0734 582 819
Kangari Branch	Unaitas Building - Along Kangari Njiiri Road	0786 973 654
Kanyenyaini Branch	Kanyenyaini Shopping Centre Near Holy Rosary Catholic Church	0703 980 366
Gatura Branch	Unaitas Building Gatura	0728 758 336
Kahatia Branch	Unaitas Kahatia Building, Kahatia Market, Along Kahatia Githambo Road	0700 095 252
Kiria-ini	Kiria-ini - Muranga Road, Kiria-ini Town	0714 726 079
Mununga Branch	Mununga Town	0708 210 946
Kangema Branch	Kangema, Near Gakira Market	0715 637 007
Githumu Branch	Githumu Town	0704 980 522
Thika Branch	Kwame Nkurumah Road Kigio Buiding	0711 302 967
Juja Branch	Next To Jomo Kenyatta University Of Agriculture & Technology	0700 776 477
Temple Road	Gatkim Plaza, Temple Road, Nairobi, Near OTC	0743 813 925
Kasarani Branch	Kasarani Mwiki Road, 300M Off Thika Super Highway	0700 324 901
Ongata Rongai Branch	Inside Rongai Business Hub Behind Tuskys Supermarket	0750 564 764
Nakuru Branch	Pioneer Plaza, Opposite Jamia Mosque, Along Mburu Gichua Road	0703 627446
Mlolongo Branch	Along Mombasa Road Next To Impala Building	0721 442 408
Gatundu Branch	Gatundu House Opposite Gatundu Modern Market	0703 844 266
Cardinal Otunga Branch	Cardinal Otunga Plaza, Cardinal Otunga Street	0771 198 565
Kawangware Branch	Muhu Holdings House Along Naivasha Road	0705 482 161
Naivasha Branch	Penibrah Building, Next To Total Petrol Station , Along The Moi Road; Naivasha Town	0719 378 288
Embu Branch	Located At Highway Court Hotel Building, At The Junction Of Kutus- Meru- Kiritiri Roads, Opposite N.S.S.F Embu Offices.	0716 702 874
Meru Branch	Union Plaza, Meru-Makutano Road	0777 100 015
Kisii Branch	Lengetia Place, Groundfloor, Near Mocha Place	0706 000 894
Head Office	Cardinal Otunga Plaza, Cardinal Otunga Street	0709 253 000
Eldoret Branch	Uganda Rd-Kenyatta Street Junction Next To Standard Chartered Bank	0776 713 004
Kisumu Branch	Along Kisumu Kakamega Highway Opposite Kibuye Market Next To Avenue Hsp	0778 328 691
Gikomba Branch	Opp. Mt. Kenya Hardware, Gikomba Market	0793 288 138
Kongowea Branch	Opp. Kengeleni Business Park, Off links Road Fidel Odinga Road Nyali.	0110 093 197
Githurai Branch	Githurai, Ngumba Road, near Kahawa West Stage	0796 811 517
Marketing Office	Location	Phone Number
Othaya Office	Along biashara street next to Merks Distributors/opposite Jumbo agrovet	0110 569 516
Maa Mahiu Office	ZZ Building near Total Petrol Station	0797 283 777
Juja Farm	Juja Farm Shopping Centre	0700 776 477



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF UNAITAS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

Opinion

We have audited the financial statements of Unaitas Savings and Credit Co-operative Society Limited (the society) set out on pages 9 to 64, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the society's financial position as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Sacco Societies Act, 2008.

Basis for 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 other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional 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 we do not provide a separate opinion on these matters.

Loan impairment provisions

The directors exercise significant judgement in classification of loans and advances to customers into the various credit grades/stage as described in note 1(b) and note 27 to the financial statements as well as the level of expected credit loss provisions necessary for each grade/stage of loan which is based on the society's past experience and reference to the regulatory guidelines, industry standards and consideration of relevant forward looking factors. Because of the significance of these judgements and the quantum of loans and advances, the audit of loan expected credit loss provisions is a key audit matter. Further details of the loans and advances balances and expected credit loss provisions are included in note 7 to the financial statements.



**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF UNAITAS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
(CONTINUED)**

Key audit matters (continued)

Loan impairment provisions (continued)

Our audit procedures included testing the model used by the directors in classifying loans and advances into their respective credit grades and stages of performance which included understanding the classification criteria and reviewing this for consistency with the society and industry experience. We tested a sample of loans and advances (including loans that had not been identified by management as impaired) to form our own assessment as to whether the loan classification and staging was reliable. For a sample of impaired loans we tested the extraction of data used in the models, the assessment of probability of default and the estimation of the future expected cash flows from the members based on historic experience, as adjusted for recent outturn of events and their likely impact over the future term of the loans including realisation of collateral held which we tested against records of member deposits which are key inputs into the loss given default assumption.

Information technology control environment

The society is highly dependent on information systems and controls over access rights to such systems as well as completeness of information held in and derived from such system are critical and therefore represent a key audit matter.

We tested the design and implementation of the society's controls around the information technology environment and operating effectiveness for controls that were critical to databases within the scope of our audit and the financial reporting process. Where our procedures identified deficiencies, we assessed the design and implementation of any controls that mitigated the identified risks and extended the scope of our tests of operating effectiveness of controls and/or substantive audit procedures.

Other information

The directors are responsible for the other information. The other information comprises the report of the directors and financial and statistical information which we obtained prior to the date of this auditor's report, and the other reports included in the annual report excluding the financial statements and our audit report thereon which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 that we obtained prior to the date of this report of the independent auditor, 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.

When we read the other reports expected to be made to us after date of report of the independent auditor, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF UNAITAS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs and the requirements of the Sacco Societies Act, 2008 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 directors are 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 society or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- 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 society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director'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 our 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.



**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF UNAITAS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
(CONTINUED)**

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

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.

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

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

The engagement partner responsible for the audit resulting in this report of the independent auditor is FCPA Chaudhry Mohamed Asif, Practising certificate No. 2059

For and on behalf of PKF Kenya LLP
Certified Public Accountants
Nairobi, Kenya

21-03- 2023

Unaitas Savings and Credit Co-operative Society Limited - CS/6760

Annual report and financial statements

For the year ended 31 December 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2022 Shs	2021 Shs
Revenue			
Interest income:			
Interest on loans and advances	2 (a)	2,626,620,911	2,215,063,024
Other interest income	2 (b)	<u>161,667,255</u>	<u>76,398,176</u>
Total interest income		2,788,288,166	2,291,461,200
Interest expense	2 (c)	<u>(420,196,788)</u>	<u>(421,398,178)</u>
Net interest income		2,368,091,378	1,870,063,022
Investment Income	2 (d)	145,656,691	64,876,256
Net fee and commission income	2 (e)	259,313,233	212,969,263
Other operating income	2 (f)	72,657,154	92,844,414
Expected credit loss expense	3 (a)	(155,287,919)	(58,896,804)
Governance expenses	3 (b)	(72,387,153)	(67,501,903)
Staff costs	3 (c)	(722,626,506)	(707,299,930)
Other administrative expenses	3 (d)	(317,453,309)	(278,134,123)
Other operating expenses	3 (e)	(338,925,953)	(340,870,465)
Finance costs	3 (f)	<u>(134,322,205)</u>	<u>(114,381,414)</u>
Profit before tax		1,104,715,411	673,668,316
Income tax expense	4(a)	<u>(60,833,728)</u>	<u>(12,135,244)</u>
Profit for the year		<u><u>1,043,881,682</u></u>	<u><u>661,533,072</u></u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
- Fair value (loss)/gain on equity instruments at fair value through other comprehensive income	8	(3,393,600)	8,769,277
- Deferred tax thereon	21	169,680	(438,464)
- Over provision of deferred tax in previous years	21	<u>-</u>	<u>6,838,861</u>
Total comprehensive income		<u><u>1,040,657,762</u></u>	<u><u>676,702,746</u></u>
Dividend:			
Proposed dividend for the year	23 (v)	<u><u>305,788,170</u></u>	<u><u>287,046,043</u></u>

The notes on pages 14 to 63 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 8.

Unaitas Savings and Credit Co-operative Society Limited - CS/6760

Annual report and financial statements

For the year ended 31 December 2022

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December	
		2022 Shs	2021 Shs
ASSETS			
Cash and bank balances	5	2,030,980,459	2,200,125,104
Receivables and prepayments	6	186,487,339	125,239,284
Tax recoverable	4 (b)	-	11,721,571
Loans and advances to members	7	15,156,328,326	13,512,468,223
Financial assets	8	1,538,902,177	1,263,960,729
Inventories	9	6,143,362	10,006,566
Property inventory	10	123,700,080	123,700,080
Property and equipment	11	731,057,916	606,751,767
Right of use of assets	12	288,624,592	363,749,756
Intangible assets	13	342,076,444	428,848,432
Investment in subsidiaries	14	-	-
Total assets		20,404,300,696	18,646,571,512
LIABILITIES			
Payables	15	574,232,013	449,347,905
Current tax	4 (b)	35,535,208	-
Retirement benefits obligation	17	43,709,465	8,002,991
Interest due to members	16	49,273,375	45,192,145
Member deposits	19	11,021,355,111	10,141,285,907
Lease liabilities	16	365,426,911	414,355,208
Borrowings	20	1,107,354,084	1,247,995,680
Deferred tax	21	4,471,842	4,641,522
		13,201,358,009	12,310,821,358
FINANCED BY			
Investment shares	22	3,976,823,625	3,855,543,553
Statutory reserve	23(i)	1,034,765,149	825,988,813
Fair value reserve	23(ii)	84,964,994	88,188,914
Appropriation account	23(iii)	1,683,168,020	1,110,022,040
Loan loss reserve	23(iv)	117,432,729	168,960,791
Dividend account	23(v)	305,788,170	287,046,043
		7,202,942,687	6,335,750,154
Total liabilities and capital		20,404,300,696	18,646,571,512



The financial statements on pages 9 to 63 were approved and authorised for issue by the board of directors on 21 March 2023 and were signed on its behalf by:

[Signature] CHAIRMAN
[Signature] BOARD MEMBER
[Signature] BOARD MEMBER

The notes on pages 14 to 63 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 8.

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Jipange Savings *Account*



Deposit to your
Unaitas Account
using **Paybill Number**

544700