



unaitas 

ANNUAL REPORT

& Financial Statements 2023



**From 1993
to when the alarm
went off this morning**

**Murang'a Tea
Farmers Sacco**
1993 - 1997



**Murang'a Districts
Tea Growers Sacco**
1997 - 2002



**Muramati Sacco
Society Limited**
2002 - 2012



**Unaitas Sacco
Society Limited**
2012 - To Date





ABOUT US

Unaitas is a deposit taking Sacco licensed and regulated by SASRA. The vision was crafted by 4000 tea farmers who had a common interest in developing their own financial service provider that could understand their local challenges. These visionary men and women registered the cooperative model in May 1993 in Murang'a and it has remained in operation for the last 30 years. 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, currently at over 400,000 members operating over 1.2 Million transactional accounts.

Since our birth in 1993, we have been a catalyst in transforming lives and pioneering change and technology in the movement. We have been a pacesetter in the Sacco industry having been the first Sacco to automate its operations, proceeded to open its common bond in 2004 to accommodate Kenyans from all walks of life and adopted a bold brand transformation in 2012 that has progressively delivered exponential growth and expansion of the Sacco.

Unaitas has developed a robust and mature governance structure centered around principles of cooperatives including voluntary membership, democratic member control, promotion of members in economic participation, capacity building and information dissemination to our shareholders.

At present, Unaitas operates 29 Branches in 13 counties and 2 Marketing offices. Today, Unaitas through its transformative agenda, has impacted millions of lives and continues to audaciously actualize the dreams and aspirations of its members.

God Bless Unaitas



WHAT DRIVES US



OUR MISSION

Transforming lives through innovative & sustainable socio-economic solutions.



OUR VISION

To be the preferred financial solutions provider.



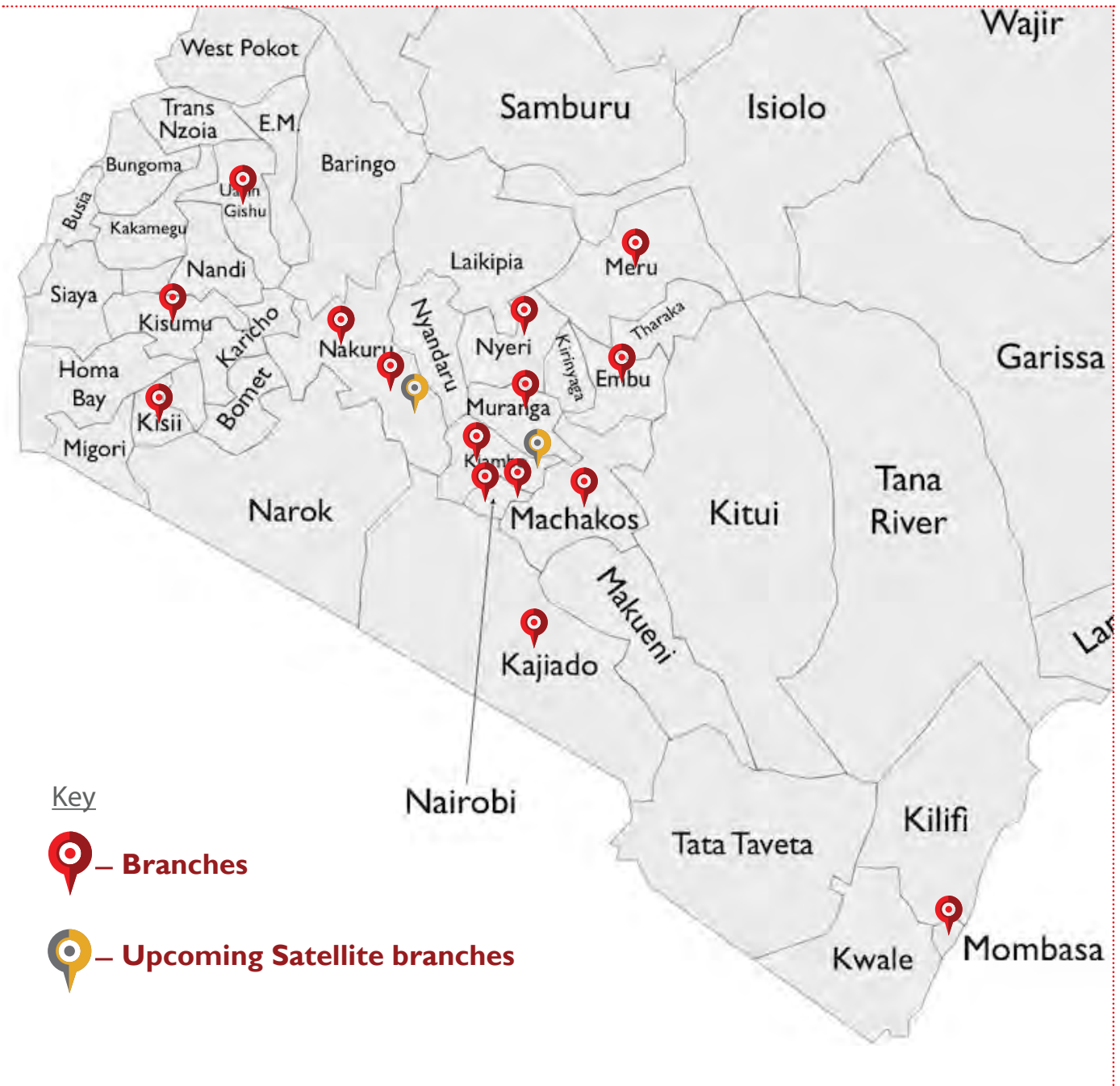
OUR VALUES

Boldness
Innovation
Excellence
Unity
Integrity
Sound Governance



OUR GEOGRAPHICAL PRESENCE

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 Counties.



Kenyan Map with locations

*Unaitas Savings and Credit Co-operative Society Limited and its Subsidiary
Annual report and financial statements
For the year ended 31 December 2023*

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Sacco Societies Act No. 14 of 2008 requires the directors to prepare consolidated and separate financial statements for each financial year which give a true and fair view of the state of affairs of the group and society as at the end of the financial year. It also requires the directors to ensure that the group and society keeps proper accounting records that are sufficient to show and explain the transactions of the group and society; that disclose, with reasonable accuracy, the financial position of the group and society and that enable them to prepare financial statements that comply with the International Financial Reporting Standards, the requirements of the Sacco Societies Act No. 14 of 2008 and Co-operative Societies Act. The directors are also responsible for safeguarding the assets of the group and society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation 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 consolidated and separate financial statements give a true and fair view of the financial position of the Group and Society as at 31 December 2023 and of the Group and 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 consolidated and separate financial statements the directors have assessed the Group and Society's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the Group and Society will not remain a going concern for at least the next twelve months from the date of this statement.

With respect to each director at the time this report was approved:

- (a) there is, so far as the person is aware, no relevant audit information of which the Group and Society's auditor is unaware; and
- (b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Group and Society's auditor is aware of that information.

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

Approved by the board of directors on 27 FEBRUARY 2024 and signed on its behalf by:



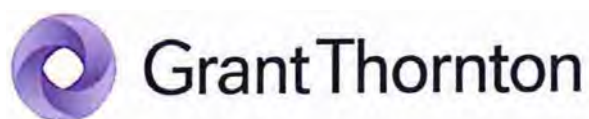
CHAIRMAN
(Michael Muriithi)



TREASURER
(James Kamau Kinoro)



BOARD MEMBER
(Francis Mburu Nganga)



REPORT OF THE INDEPENDENT AUDITOR

FOR THE YEAR ENDED 31 DECEMBER 2023

To The Members of Unaitas Savings and Credit Co-operative Society Limited and its subsidiary

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Unaitas Savings and Credit Co-operative Society Limited and its subsidiary (the "Group") set out on pages 9 to 70, which comprise the Group and Society's statements of financial position as at 31 December 2023, and the Consolidated and Separate statements of profit or loss and other comprehensive income, the Consolidated and Separate statements of changes in equity and the Consolidated and Separate statements of cash flows for the year then ended, and the notes to these financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Society as at 31 December 2023 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Kenya Sacco Societies Act No. 14 of 2008, the Kenyan Co-operative Societies Act, Cap 490 and the Society's by-laws as applicable.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 Group and 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. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

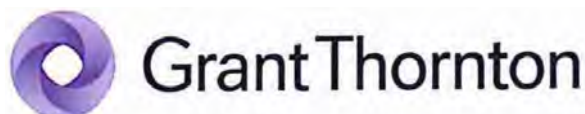
Other Matter

The financial statements of the society for the year ended December 31, 2022, were audited by another auditor who expressed unmodified opinion on March 21, 2023.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.



REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

Report on the audit of the consolidated and separate financial statements (continued)

Key Audit Matter	How the matter was addressed in the audit
<p>Allowance for expected credit losses on financial assets</p> <p>The expected credit losses on financial assets carried at amortised costs are determined in accordance with IFRS 9: Financial Instruments. The Group and Society's financial assets measured at amortized cost include; cash and group balances, investments in government securities, receivables and prepayments and loans and advances to members.</p> <p>The impairment assessment of these financial assets was considered to be a key audit matter because significant judgement was involved in determining the expected credit losses as disclosed in these financial statements.</p> <p>Key areas of judgement included:</p> <ul style="list-style-type: none"> · the interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Group's and Society's expected credit loss model; · the identification of exposures with a significant deterioration in credit quality; · assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors (e.g. inflation rate and lending rate); and, · the need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> · We assessed and tested the design and operating effectiveness of the controls over the: <ul style="list-style-type: none"> i. Data used to determine the impairment losses on loans, including transactional data captured at loan origination and ongoing internal credit quality assessments. ii. Expected credit loss model, including model build and approval, ongoing monitoring/validation, model governance and mathematical accuracy. · We assessed the modelling techniques/methodology against the requirements of IFRS 9: Financial Instruments. · We assessed and tested the material modelling assumptions as well as overlays with a focus on the: <ul style="list-style-type: none"> i. key modelling assumptions adopted by the Group and Society; ii. basis for and data used to determine overlays; and iii. Sensitivity of the collective provisions to changes in modelling assumptions. · In addition, we assessed the adequacy of the disclosures in the financial statements.
<p>Key Audit Matter</p> <p>Complexities in Information technology environment</p> <p>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 relevant to financial reporting.</p> <p>In addition, the Society faces the elevated risk of cyber security due to the nature of its operations which may lead to financial loss.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> · Through support of our IT specialists, review the IT General Controls (ITGCs) and related application controls meant to support the financial statements audit. · 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.



REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

Report on the audit of the consolidated and separate financial statements (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the Consolidated and Separate 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 consolidated and separate financial statements, our responsibility is to read the other information which comprises of Corporate information, statistical information and report of the directors, and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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.

Responsibilities of the Directors and Those Charged with Governance for the consolidated and separate Financial Statements

The directors are responsible for the preparation of the Group and Society's financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of the Kenyan Societies Act No. 14 of 2008 and the Kenyan Co-operative Societies Act, Cap 490 and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the directors are responsible for assessing the Group's and Society's ability to continue as 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 Group or Society or to cease operations, or have no realistic alternative but to do so.

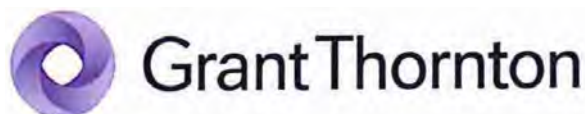
Those charged with governance are responsible for overseeing the Group's and Society's financial reporting process

Auditor's Responsibilities for the Audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

Report on the audit of the consolidated and separate financial statements (continued)

Auditor's Responsibilities for the Audit of the consolidated and separate financial statements (continued)

- 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 Group's and Society'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 Group and/or the society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group and Society to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and the society audit. We remain responsible for our audit opinion.

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 safeguard.

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

Report on other matters prescribed by the Kenya Sacco Societies Act No. 14 of 2008

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

- (i) We have obtained reasonable assurance that the Group and Society is solvent and have not identified any significant concerns with respect to the financial condition of the Group and Society;
- (ii) We are not aware of any violation of prudential standards or conditions of the licence;
- (iii) We are not aware of any contravention of the Sacco Societies Act No. 14 of 2008; and
- (iv) In our opinion, the Group and Society's management practices and procedures are sufficient to safeguard members' assets.

As required by the Co-operative Society's Act, we report to you based our audit that, in our opinion, the Society's business has been conducted:

- (i) in accordance with the provisions 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
- (ii) In accordance with the Society's objectives and by-laws.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Dipesh Shah, practicing certificate No.1729.



For and on behalf of Grant Thornton LLP
Certified Public Accountants (Kenya)
Nairobi

09 MARCH 2024

U/1719/1223/AUD

Unaitas Savings and Credit Co-operative Society Limited and its Subsidiary
Annual financial statements
For the year ended 31 December 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2023 Shs	2022 Shs
Revenue			
Interest income:			
Interest on loans and advances calculated using the effective interest rate	4 (a)	2,801,268,132	2,626,620,911
Other interest income	4 (b)	153,451,634	161,667,255
Total interest income		2,954,719,766	2,788,288,166
Interest expense	4 (c)	(421,977,316)	(357,017,688)
Net interest income		2,532,742,450	2,431,270,478
Investment Income	4 (d)	153,671,790	145,656,691
Net fee and commission income	4 (e)	274,515,114	259,313,233
Other operating income	4 (f)	152,299,635	72,657,154
Movement in expected credit loss on financial assets	5 (a)	(120,582,783)	(155,287,919)
Governance expenses	5 (b)	(106,192,031)	(72,387,153)
Staff costs	5 (c)	(827,388,482)	(722,626,506)
Other administrative expenses	5 (d)	(420,961,957)	(317,453,309)
Other operating expenses	5 (e)	(284,014,775)	(338,925,953)
Finance costs	5 (f)	(377,325,454)	(197,501,305)
Profit before tax		976,763,506	1,104,715,411
Income tax expense	5 (g)	(60,218,588)	(60,833,728)
Profit for the year		916,544,918	1,043,881,682
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss:			
- Fair value loss on equity instruments at fair value through other comprehensive income	9 (b)	(7,635,600)	(3,393,600)
- Deferred tax thereon	23	-	169,680
Total comprehensive income		908,909,318	1,040,657,762
Dividend:			
Proposed dividend for the year	25 (v)	316,872,140	305,788,170

The notes on pages 19 to 70 form an integral part of these financial statements.

Unaitas Savings and Credit Co-operative Society Limited and its Subsidiary
Annual financial statements
For the year ended 31 December 2023

SOCIETY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2023 Shs	2022 Shs
Revenue			
Interest income:			
Interest on loans and advances calculated using the effective interest rate	4 (a)	2,801,268,132	2,626,620,911
Other interest income	4 (b)	<u>153,451,634</u>	<u>161,667,255</u>
Total interest income		2,954,719,766	2,788,288,166
Interest expense	4 (c)	<u>(422,080,868)</u>	<u>(357,017,688)</u>
Net interest income		2,532,638,898	2,431,270,478
Investment Income	4 (d)	153,671,790	145,656,691
Net fee and commission income	4 (e)	274,515,114	259,313,233
Other operating income	4 (f)	122,435,349	72,657,154
Movement in expected credit loss on financial assets	5 (a)	(120,582,783)	(155,287,919)
Governance expenses	5 (b)	(106,192,031)	(72,387,153)
Staff costs	5 (c)	(823,444,934)	(722,626,506)
Other administrative expenses	5 (d)	(402,855,635)	(317,453,309)
Other operating expenses	5 (e)	(284,014,775)	(338,925,953)
Finance costs	5 (f)	<u>(377,325,454)</u>	<u>(197,501,305)</u>
Profit before tax		968,845,539	1,104,715,411
Income tax expense	5 (g)	<u>(57,839,688)</u>	<u>(60,833,728)</u>
Profit for the year		<u>911,005,851</u>	<u>1,043,881,682</u>
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss:			
- Fair value loss on equity instruments at fair value through other comprehensive income	9	(7,635,600)	(3,393,600)
- Deferred tax thereon	23	<u>-</u>	<u>169,680</u>
Total comprehensive income		<u>903,370,251</u>	<u>1,040,657,762</u>
Dividend:			
Proposed dividend for the year	25 (v)	<u>316,872,140</u>	<u>305,788,170</u>

The notes on pages 19 to 70 form an integral part of these financial statements.

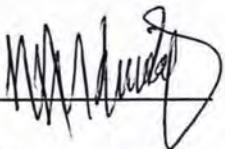
Unaitas Savings and Credit Co-operative Society Limited and its Subsidiary
Annual and financial statements
For the year ended 31 December 2023


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

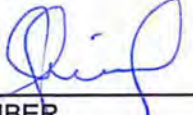
	Notes	As at 31 December	
		2023 Shs	2022 Shs
ASSETS			
Cash and bank balances	6	2,575,249,199	2,030,980,459
Receivables and prepayments	7 (a)	320,418,669	186,487,339
Tax recoverable	5(h)	13,190,753	-
Loans and advances to members	8	16,719,992,302	15,156,328,326
Financial assets at fair value through profit and loss	9(a)	112,626,516	363,900,934
Financial assets at fair value through OCI	9(b)	129,212,498	137,522,053
Government securities at amortised cost	9(c)	1,142,696,470	1,027,479,190
Other financial assets	9(d)	12,090,430	10,000,000
Inventories	10	6,120,140	6,143,362
Property inventory	11	92,775,060	123,700,080
Property and equipment	12	718,289,226	731,057,916
Right of use of assets	13	235,068,860	288,624,592
Intangible assets	14	355,502,167	342,076,444
Land Inventory	16	265,887,119	-
Total assets		22,699,119,409	20,404,300,696
LIABILITIES			
Payables	17	481,342,342	574,232,013
Tax payable	5(h)	-	35,535,208
Retirement benefit obligation	19	79,016,009	43,709,465
Interest due to members	20	60,553,644	49,273,375
Member deposits	21	12,573,109,329	11,021,355,111
Lease liabilities	18	305,758,717	365,426,911
Borrowings	22	1,298,500,112	1,107,354,084
Deferred tax	23	4,471,842	4,471,842
		14,802,751,995	13,201,358,009
FINANCED BY			
Share capital	24	4,067,127,204	3,976,823,625
Statutory reserve	25(i)	1,216,966,319	1,034,765,149
Fair value reserve	25(ii)	77,329,394	84,964,994
Appropriation account	25(iii)	2,048,944,505	1,683,168,020
Loan loss reserve	25(iv)	169,127,853	117,432,729
Dividend account	25(v)	316,872,140	305,788,170
		7,896,367,414	7,202,942,687
Total equity and liabilities		22,699,119,409	20,404,300,696



The financial statements on pages 9 to 70 were approved and authorised for issue by the board of directors on 27 FEBRUARY 2024 and were signed on its behalf by:


CHAIRMAN
(Michael Muriithi)


BOARD MEMBER
(James Kamau Kinoro)


BOARD MEMBER
(Francis Mburu Nganga)

The notes on pages 19 to 70 form an integral part of these financial statements.



unaitas

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