

MINISTRY OF CO-OPERATIVES AND MICRO, SMALL & MEDIUM ENTERPRISE(MSMEs) DEVELOPMENT

STATE DEPARTMENT FOR CO-OPERATIVES

Telegrams: "CO-OPS" Nairobi

Telegrams: Nairobi 020 2731531/9

Fax:: Nairobi 020 240096

When replying please quote



SOCIAL SECURITY HOUSE
BISHOPS ROAD, CAPITAL HILL

NAIROBI

DATE: 19/02/24

REF: CS/NO 10856

SOC. NAME SIMA INVESTMENT SACCO

AUDIT AND SUPERVISION FEES

I attach official miscellaneous Receipt(s) No. 6597370 for KSH: 81,400/-
Date: 12/02/2024 in acknowledgement for your remittance.

The balance outstanding at the date of this letter is Kshs. Nil

FOR: COMMISSIONER FOR COOPERATIVE DEVELOPMENT

Cs/110856

ORIGINAL

REPUBLIC OF KENYA

OFFICIAL RECEIPT D

6597370

Station: NAIROBI Date: 12/02/2024

Received from: SIMA INVESTMENT CO-OP.

Shillings: Eighty One Thousand Six Hundred and Four

On account of: AUDIT SUPERVISION

Vote Head: 4-1173

Sub-Head: 000 000

Item: NSROSIK

Cash: SB.CO.U.S.W.O.B

Cheque No. 3-14 PM

KSh.	81,400/-
No.	1420344/601

Signature of Officer receiving remittance: Jay 12/02

Form 6
GPK (SP) 7338 - 50th Eds. - 02/2022

DEBIT NOTE

THE COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT
P.O. Box 40811, NAIROBI

19/02/2024

C/S No. 10856

STIMA INVESTMENT SACCO

DR. TO: Through the Co-operative Officer: NAIROBI

COMMISSIONER FOR CO-OP DEVELOPMENT NAIROBI

		AMOUNT KSH.
001	To Audit Fees for the Financial	
002	Year ended20.....	
FOR OFFICIAL USE ONLY	Audit Fees of External Auditors	
	For information only	
	For Year ended 8/12/23 (812,000)	
	Messrs HENRY SMITH & WILSON	
	Book-keeping Charges	81,200
	Supervision Charges	
006	Other Charges: R/E	200
007	
008	
009		
See Proforma		
Folio	AMOUNT DUE KSH.	= 81,400 =
<u>COMPUTER DATA</u>		

ST.		SUB ST.		CS No.				M M Y Y				CODE	DOC. No.				DR.				CR.				AUDIT M M Y Y									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33		



**MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVES
STATE DEPARTMENT FOR CO-OPERATIVE DEVELOPMENT**

Telephone: 020-2731531-9
0704097021/23
0788484840/41
Fax: 020240096



Commissioner for Cooperative Dev.
Social Security House
P.O. Box 40811-00100 GPO
NAIROBI

When replying please quote

19/02/2024

Ref NO. CS/10856

The County Co-operative Auditor
P.O. BOX
NAIROBI

**CERTIFICATE OF ACCOUNTS – FINANCIAL YEAR 31/12/2023
STIMA INVESTMENT SACCO**

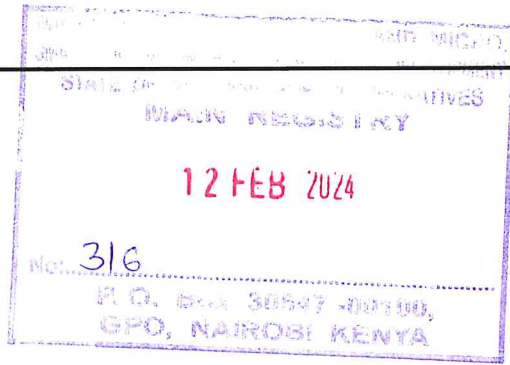
The accounts of the above Society are forwarded herewith duly approved.

Please forward these accounts to the Chairman of the Society together with:

- (a) Debit Note No. **002964 Kshs. 81,400** /= Being the fees as authorized under section 23(1) of the act.
- (b) A fee Note for **Kshs. 812,000** /= from the External Auditor will be sent direct by the Auditor to the Society. Bankers Cheques in the settlement of (a) should be made payable to the Commissioner for the Co-operative Development. Cheques in the settlement of (b) should be sent direct to the Auditor concerned.

Society income & asset base drastically went down vigilante work to restore is required.


**JAVEL M. MURIRA.DCA
For: COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT**



STIMA INVESTMENT CO-OPERATIVE SOCIETY LIMITED CS/10856

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

Henry Smith & Wilson
Certified Public Accountants and Secretaries (Kenya)
Kalsom Towers
P.o Box 9937- 00100 Nairobi
TEL. 020-315592
info@henrysmithwilson.co.ke

Stima Investment Co-operative Society Limited CS/10856
Annual Report and Financial Statements
For the Year Ended 31st December, 2023

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Stima Investment Co-operative Society Limited CS/10856
Annual Report and Financial Statements
For the Year Ended 31st December, 2023

SOCIETY INFORMATION

a) Management Committee

Eng. Joseph Ng'ang'a	Chairman
Ms. Elizabeth Mbebe	Vice Chairperson
Mr. Preston Mutangili	Secretary
Ms. Phenny Abisae	Treasurer
Mr. Maurice Mwangi	Member
Mrs. Hogla Wanjohi	Member
Ms Jenniffer A Oduor	Member

b) Supervisory Committee

Ms. Salome Musyoka	Chairman
Mr Felix Okumu	Secretary
Mr.Benjamin Komen	Member

Registered Office

Stima Investment Plaza
LR No.209/1430/2
P.o Box 75629-00200
Mushembi Road
Parklands,Nairobi

Society's Auditor

Henry Smith & Wilson
Certified Public Accountants and Secretaries (K)
Kalsion Towers, 6th Floor
P.o Box 9937 - 00100
Nairobi, Kenya
Tel: 020-2104874
Email: info@henrysmithwilson.com

Principal Bankers

Stima Sacco Society
Nairobi Branch
P.o Box 75629-00200
Nairobi , Kenya.

Co-operative Bank of Kenya Ltd
Stima Paza Branch
Nairobi, Kenya.
P.O Box 68764-00600

REPORT OF THE MANAGEMENT COMMITTEE

The Management Committee submits their Report together with the audited Financial Statements for the year ended 31st December 2023, which disclose the state of affairs of the Society.

Incorporation

The Society is incorporated in Kenya under the Co-operative Societies Act, Cap 490 and licensed under the Sacco Societies Act No.14 of 2008, and is domiciled in Kenya.

Principal activities

The principal activity of the Society is that of investment in movable, non- movable and financial Assets.

Results

The results for the year are as follows and is also shown on page 10.

	2023	2022
	Kshs	Kshs
Profit/Loss before corporate tax	20,606,372	13,818,309
Income tax expense	<u>(5,390,985)</u>	<u>(3,181,973)</u>
Profit/Loss after tax	<u>15,215,387</u>	<u>10,636,337</u>

Directors

The Directors who held office during the year and to the date of this report are listed on page 1.

Dividends

The Directors are recommending payment of dividend at the rate of 0.4% of the share capital.

Independent Auditors

Messrs Henry Smith & Wilson, Certified Public Accountants(K) were appointed during the year and have expressed their willingness to continue in office in accordance with the Co-operative Societies Act (Cap 490), as per Amendment No.2 of 2004.

By order of the Management Committee


.....
Hon Secretary

Date 01/02/ 2024

STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITIES

The Co-operative Societies Act,Cap 490 requires the Directors to prepare Financial Statements for each year which give true and fair view of the state of affairs of the Society as at the end of the Financial year and of its operating results for the year in accordance with IFRS. It also requires the members of the Board to ensure that the Society keeps proper accounting records which disclose with reasonable accuracy at any time the Financial Position of the Society. It is also responsible for safe guarding the assets of the Society and ensuring that the business of the Society has been conducted in accordance with its objectives, by-laws and any other resolutions made at the Society's Annual Delegates meeting.

The management committee accepts responsibility for the Annual Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Co-operative Societies Act,Cap 490.

The management committee is of the opinion that the Financial Statements give a true view of the state of the Financial affairs of the Society and of its operating results in accordance with IFRS. The management committee further accepts responsibility for the maintenance of sound accounting records which may be relied upon in the preparation of Financial Statements,as well as adequate systems of internal control frame work.

The members of the committee who held office at the date of approval of this Directors' report confirm that so far as they are each aware,there is no relevant audit information of which the Co-operative's auditors are unaware and each member has taken all the steps that they ought to have taken as member to make themselves aware of any relevant audit information and to establish that the Co-operative Society's auditors are aware of that information.

Nothing has come to the attention of the members of the management committee to indicate that the Society will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the Board on 03/02/2024 2024 and signed on its behalf by:

Chairman.....

Treasurer.....

Hon.Secretary.....

DIRECTORS' VIABILITY STATEMENT

Our Society reported a surplus of Kes 20 Million before tax compared to Kes 13 million in the year 2022. This indicates an improvement of Society operations after addressing long outstanding historical issues which affected the Society performance in the previous years.

Some of the issues that have significantly been addressed are;

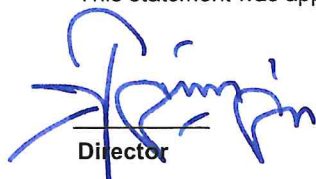
1. Progress of title processing for pending projects. Only two projects (Konza 3 and Lamu 1 &2) had their title pending as at 31st December 2023. In both projects, the Society has cases in court. With the assistance of Competent legal firms engaged to handle this matters in Court, the Society has made great progress hence the cases are anticipated to be concluded and titles processing done in the year 2024.
2. Cleaning up of historical liabilities. The Society has been able to address 85% of all the historical obligations thus improving the customers confidence with the Society.
3. Reconciliation of General ledger accounts. The Management have been able to reconcile most of the General Ledger accounts supporting the reported balances with relevant documentary evidence e.g. all the cash book accounts have been reconciled with respective Bank Accounts. The Management anticipates to close on reconciliation of historical matters before end of the year 2024.

Achievements in the year 2023

1. The Society was able to launch one of the key project under Affordable housing "Stima Heights Project" as at 31st December 2023, the Society managed to sale 70% of the units. The project is expected to be fully sold by end of June 2024. Similar projects are under review by the Board for roll out in the year 2024.
2. Strategic plan. The Society has developed a five (5) year (2022 - 2027) strategic plan which is focused towards improving service delivery to Members.

Considering the above improved performance reported in the year 20223 and the strategic plan already in place, the Board and Management have confidence that the Society's going concern is viable.

This statement was approved by the Directors on 03/02/2024



Director



Director



Director

Stima Investment Co-operative Society Limited CS/10856
Annual Report and Financial Statements
For the Year Ended 31st December, 2023

STATISTICAL INFORMATION

		2023	2022
		Kshs	Kshs
Membership	- Active	2,456	2,524
	- Dormant	12,604	12,751
Total		15,060	15,275
Employees	Female	19	21
	Male	24	27
		43	48
Total Assets		2,447,228,052	2,757,063,106
Current Assets		1,330,889,018	1,638,303,291
Current Liabilities		897,144,635	1,203,771,311
Investments		48,025,762	47,667,644
Members' funds/equity		1,192,576,485	1,149,536,992
Cash and Cash equivalents		9,433,054	(5,194,628)
Non - current loan		192,656,963	228,651,237
Total liabilities		1,254,651,567	1,607,526,115
Share Capital		2,197,037,191	2,163,710,011
Core Capital		1,192,576,485	1,149,536,992
Institutional Capital		(1,013,248,855)	(1,020,664,149)
Total revenue		63,203,501	111,435,681
Total expenditure		42,597,129	97,617,371
Loss before appropriation		15,215,387	10,636,337
Interest expense		7,630,359	35,785,388
Key Ratios			
Capital adequacy ratios	STD		
Core Capital /Total assets	≥ 10%	49%	42%
Institutional Capital/total assets	≥ 8%	-41%	-37%
Liquidity ratio			
Current assets/current liabilities		148%	136%
Cash equivalents/current liabilities		1%	0%
Operative efficiency			
Total operating expenses/total revenue		67%	88%

Report of the Independent Auditors to the Members of Stima Investment Co-operative Society Limited Cs/10856 for the year ended December 31, 2023

We have audited the accompanying Financial Statements set out on pages 10 to 31 of **Stima Investment Co-operative Society Limited** which comprise;

- i. The Statement of Financial Position as at December 31, 2023;
- ii. The Statement of Comprehensive Income;
- iii. Statement of Changes in Equity;
- iv. The Statement of Cash Flow and;
- v. Summary of significant accounting policies and other explanatory information.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the audit.

Opinion

In Our Opinion, the financial statements give a true and fair view of the state of financial affairs of the Society as of December 31st, 2023 and of its financial performance and its cash flow for the year then ended in accordance with international financial Reporting Standards (IFRSs) and Cooperative Society Act Cap 490.

Basis of Our Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditors 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 audit opinion.

Emphasis of Matter

Without qualifying our opinion, we note that there are amounts in the financial statements whose uncertainty could compromise the going concern of the Society. Although the Directors have issued the Society Viability statement and every effort is being done to address this matter, we have the following observations to make:-

BRANCHES:

SERVICES:

PARTNERS:

**STIMA INVESTMENT CO-OPERATIVE SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

- **Projects:** There are two projects namely Konza 3 and Lamu 1 & 2 that have court cases ongoing and are expected to be concluded in 2024 and process the title deeds for release to members.
- **Reconciliation of General Ledger Accounts:** The management is in the process of reconciling most of the General Ledger accounts and anticipates closing on the reconciliations of historical matters before the end of the year 2024.

Based on the above, the going concern of the Society will depend on how the above issues will be addressed.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. 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.

<p>Information Technology (IT) Systems and Controls: The accuracy and completeness of interest income is an inherent risk in the sector due to the processing of large volumes of transactions with a combination of several products and complete IT systems.</p>	<p>We evaluated the relevant IT system and the design of controls, and tested the operational effectiveness of controls over the:</p> <ul style="list-style-type: none"> • Capture and recording of loan transactions and rates. • Approvals, authorization of rates and interest • Using Data extracted from the society’s accounting system, we verified the completeness and accuracy of a sample of interest charges. <p>Based on our work, we have no significant issues with accuracy of interest and other transactions recorded in the year.</p>
<p>2) Receivables and Prepayments: Included in Trade Receivables is an amount of Kshs 439,682,534.00 which relates to historical cleaning up which needs to be reconciled.</p>	<p>We took the assurance of the Board of Directors through the management that there are ongoing reconciliations, which once concluded will show the correct position of the Accounts Receivable.</p>

**STIMA INVESTMENT CO-OPERATIVE SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

<p>3) Contingent Liability on Lamu Land (Court Case): The Society has Land in Lamu worth Kshs 98,231,613.00 whose ownership is a court matter which is awaiting determination.</p>	<p>The Earlier ruling was in favour of the Society, we believe that the final verdict will be favourable to the Society, this is based on the documents reviewed which are in the custody of the Society.</p>
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Responsibilities of the Board of Directors

As explained in the statement of director’s responsibilities on page 4, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view based on the International Financial Reporting Standards (IFRS) and comply with the Kenyan SACCO Societies Act.

In preparing the financial statements, the directors are responsible for assessing the society’s ability to continue as a going concern and using the going concern basis of accounting unless management either intends to liquidate the society or to cease operations or has no realistic alternative but to do so.

The responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors’ responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit and to report our opinion to you.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor has considered internal controls relevant to the entity’s preparation and fair presentation of the Financial Statements to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Society’s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

STIMA INVESTMENT CO-OPERATIVE SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Report on other Legal Requirements

We report to you that based on our audit;

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for 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;
- iii. The Society's Statements of Financial Position and Comprehensive Income are in agreement with the books of account;

The engagement partner responsible for the audit resulting in this independent auditors' report was **CPA Simon K. Ndegwa- P/No.1173.**

Henry Smith & Wilson
Henry Smith & Wilson
Certified Public Accountants

Date: *12TH FEBRUARY* 2024

Stima Investment Co-operative Society Limited cs/10856
Annual Report and Financial Statements
For the Year Ended 31st December, 2023

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2023

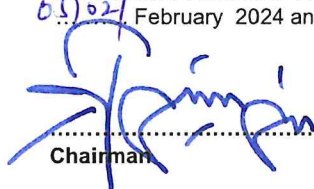
	Notes	2023 Kshs	2022 Kshs
REVENUE			
Net land sales	3	1,740,766	7,270,026
Rent Income	4a	30,274,673	27,266,803
Net Service Charge loss	4 e	6,936,814	(3,394,387)
Interest income	5a	215,309	233,609
Commission on Agency Agreement	5b	14,249,000	44,493,500
Other operating income	5c	9,786,939	36,849,048
Net loss from house sales	6	-	(1,282,918)
Total Income / (Loss)		63,203,501	111,435,681
Operating Expenses			
Personnel expenses	7	7,750,279	26,353,882
Administrative expenses	8	17,578,367	20,309,403
Governance and members expenses	9	2,219,519	4,776,245
Marketing expenses	10	4,000,947	4,497,796
Finance costs	11	7,755,575	37,789,569
Depreciation & Armotisation	27&28	3,292,442	3,890,477
Total Expenses		42,597,129	97,617,371
Profit/(Loss) before income tax expense		20,606,372	13,818,309
Tax expense		5,390,985	3,181,973
Profit/(Loss) after income tax expense		15,215,387	10,636,337
Other comprehensive income			
Change in fair value of financial assets	26	358,118	(711,995)
Net Profit/(Loss) for the year and other Comprehensive Income		15,573,505	9,924,342

which are in the custody of the society.
Annual Report and Financial Statements
For the Year Ended 31st December, 2023

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 2023

	Notes	2023 Kshs	2022 Kshs
REPRESENTED BY:			
Non-Current Assets			
Property and Equipment	28	33,368,394	35,168,691
Intangible assets	27	3,914,417	4,893,019
Investment property	19	1,031,030,461	1,031,030,461
Other financial assets	26	48,025,762	47,667,644
Total Non-Current Assets		1,116,339,035	1,118,759,815
Current Assets			
Receivables and Prepayments	15 & 16	909,085,537	892,063,969
Cash and Cash Equivalents	17	9,433,054	- 5,194,628
Land inventory	13	404,383,192	743,020,442
House inventory	14	3,600,000	3,600,000
Tax recoverable	20	4,387,235	4,813,509
Total Current Assets		1,330,889,018	1,638,303,291
Total Assets		2,447,228,052	2,757,063,106
Liabilities			
Non Current liabilities			
Real estate fund	21	164,849,970	175,103,566
Long term loans	22	192,656,963	228,651,237
		357,506,933	403,754,803
Current Liabilities			
Short term Trade and Other Payables	23	818,663,245	1,145,952,169
Short term real estate fund	21	45,000,000	30,000,000
Rebates payable	18	481,390	481,390
Short term loans	22	33,000,000	27,337,752
Total Current Liabilities		897,144,635	1,203,771,311
Total Liabilities		1,254,651,567	1,607,526,115
EQUITIES AND LIABILITIES			
Capital and Reserves			
Share Capital	24	2,197,037,191	2,163,710,011
Dividend	29	8,788,149	6,491,130
Reserves	25	- 1,013,248,855	- 1,020,664,149
SHAREHOLDERS' FUNDS		1,192,576,485	1,149,536,992
TOTAL EQUITY AND LIABILITIES		2,447,228,052	2,757,063,106

The financial statements on pages 10 to 31 were approved for issue by the board of directors on 09/02/24 February 2024 and were signed on its behalf by:


Chairman


Treasurer


Hon Secretary



Stima Investment Co-operative Society Limited CS/10856
Annual Report and Financial Statements
For the Year Ended 31st December, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2023

Note:	Share Capital	Share Premium	Statutory Revenues	Accumulated losses	Revaluation Reserve	Other Reserves	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st January , 2023	2,163,710,011	167,161,143	7,313,083	(1,300,580,838)	104,410,087	1,032,376	1,143,045,862
Surplus for the year	-	-	-	15,215,387	-	-	15,215,387
Transfer 20% to statutory	-	-	3,043,077	(3,043,077)	-	-	-
Revaluation of share placements	-	-	-	-	358,118	-	358,118
Additions during the year	33,327,180	629,938	-	-	-	-	33,957,118
Proposed dividend	-	-	-	(8,788,149)	-	-	(8,788,149)
As at end of year 2023	2,197,037,191	167,791,081	10,356,161	(1,297,196,677)	104,768,205	1,032,376	1,183,788,336
At 1st January , 2022	2,116,839,501	165,419,903	5,185,816	(1,302,598,777)	105,122,082	1,032,376	1,091,000,901
Surplus for the year	-	-	-	10,636,337	-	-	10,636,337
Transfer 20% to statutory	-	-	2,127,267	(2,127,267)	-	-	-
Revaluation of share placements	-	-	-	-	(711,995)	-	(711,995)
Additions during the year	46,870,510	1,741,240	-	-	-	-	48,611,750
Proposed dividend	-	-	-	(6,491,130)	-	-	(6,491,130)
At 31st December 2022	2,163,710,011	167,161,143	7,313,083	(1,300,580,838)	104,410,087	1,032,376	1,143,045,862

Stima Investment Co-operative Society Limited CS/10856
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2023

		2023 Kshs.	2022 Kshs.
Cash flows from operating activities			
Net income from land sales	3	1,740,766	7,270,026
Rental income	4	30,274,673	27,266,803
Other operating income	5	9,786,939	36,849,048
Net income from sale of houses	6	-	(1,282,918)
Payment to employees and suppliers	7-10	(39,304,687)	(93,160,394)
Agency Commissions	5	14,249,000	44,493,500
Net service charge	4	6,936,814	(3,394,387)
Net cashflow from operating activities		<u>23,683,505</u>	<u>18,041,678</u>
Increase/(decrease) in operating assets			
Trade and other receivables	16	(17,021,568)	(322,637,194)
Inventory	13 & 14	338,637,250	(194,395,574)
		<u>321,615,682</u>	<u>(517,032,767)</u>
Increase/(decrease) in operating liabilities			
Trade and other Payables	23	(327,288,924)	355,712,069
Cash flow from operating activities before income taxes			
Income tax paid		(5,673,243)	(161,320,698)
		-	(502,033)
Net cash from operating activities		<u>18,010,262</u>	<u>(143,781,054)</u>
Cash flows from investing activities			
Purchase of tangible and intangible properties	28	(513,544)	(5,327,553)
Interest received	5	215,309	233,609
Dividends received	5	-	-
Net cash used in investing activities		<u>(298,235)</u>	<u>(5,093,944)</u>
Cash flows from financing activities			
Shares Capital proceeds	24	33,327,180	46,870,510
Increase in share premium		629,938	1,741,240
Increase in real estate fund	21	4,746,404	13,203,996
Dividends paid	29	(5,793,593)	-
Borrowings	22	(35,994,274)	33,021,210
Net cash used in financing activities		<u>(3,084,346)</u>	<u>94,836,956</u>
Net increase (decrease) in cash and cash equivalents		14,627,682	(54,038,041)
Cash and cash equivalents at start of the year		(5,194,628)	48,843,413
Cash and cash equivalents at end of the year	17	<u>9,433,054</u>	<u>(5,194,628)</u>
		9,433,053.77	- 5,194,628.33
		-	0

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies

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

These policies have been presented unless otherwise stated.

a) Basis of preparation and summary of significant accounting policies

The financial statements have been prepared under the historical cost basis, except where otherwise stated in the accounting policies below and are in accordance with International Financial Reporting Standards.

The historical cost convention is generally based on the fair value of the fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability the society takes into account the characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and or disclosure purposes in these financial statements is determined on such a basis except for measurement that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 on inventories or value in use in IAS 36 on Impairment of Assets. In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs, other than quoted price included within level 1, that are observable for the asset or liability, either directly or indirectly and level 3, inputs are unobservable inputs for the asset or liability.

b) Going Concern

The financial performance of the society is set out in the report of the management committee and in the statement of profit or loss and the other comprehensive income. The financial position of the society is set out in the statement of financial position.

These financial statements comply with the requirements of Co-operative Society Act Cap 490. The statement of profit or loss and statement of comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

NOTES (Continued)

c) Measurement of expected credit losses (ECL) AS PER IFRS 9:

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behavior.

A number of significant judgments are also required in applying the requirements for measuring ECL, such as;

Determining criteria for significant increases in credit risk;

- i) Choosing appropriate models and assumptions for measurement of ECL;
- ii) Establishing the number and relative weighting of forward – looking scenarios for each type of product market and
- iii) Establishing groups of similar financial assets for the purpose of measuring ECL.

ECLs are measured as the probability weighted present value of expected cash short falls over the remaining expected life of the financial instrument.

The measurements of ECLs are based primarily on the product of the instruments Probability of Default (PD) ,Loss Given Default(LGD) ,and exposure At Default(EAD)

The ECL model contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

d) Key sources of estimation uncertainty

stage 1 – If ,at the reporting date, the credit risk of non-impaired financial instrument has not increased significantly since initial recognition ,these financial instruments are classified in stage 1, and a loss allowance that is measured at each reporting date ,at an amount equal to 12-month expected credit losses is recorded.

Stage 2- when there is a significant increase in credit risk since initial recognition , these non-impaired financial instruments are migrated to stage 2, and a loss allowance that is measured ,at each reporting date, at an amount equal to lifetime expected credit losses is recorded.

In subsequent reporting periods ,if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12 month Expected Credit Losses.

When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred ,the financial assets is considered credit impaired and is migrated to stage 3,and an allowance equal to lifetime expected continue to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk; the determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition .IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3) .The society uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

Useful lives of property and equipment and intangible assets: management reviews the useful lives and residual values of the items of property and equipment on a regular basis .during the financial year, the directors determined no significant changes in the useful lives and residual values.

e) New and revised standards for 2020

The following new and revised standards have become effective for the first time in the financial year beginning 1 January 2020. New standards and interpretation and a number of amendments to standards became effective for the first time in the financial year beginning 1 January 2020 and have been adopted by the society. Neither the amendments nor the interpretation has had an effect on the Society's financial statements.

Covid -19 Related rent Concessions – Amendment to IFRS 16

Effective for annual periods beginning on or after 1 June 2020 1 May 2020, the IASB amended IFRS 16. Leases to provide relief to leases from applying the IFRS 16 guidance on lease modifications to rent. The amendment does not apply to lessors .The amendment to IFRS 16 will provide relief to lease for accounting for rent concessions from lessors specifically arising from covid 19 pandemic. While lessees that select to apply the practical expedient do not need to assess whether a concession as the terms of the concession granted may vary. The directors assessed and determined that the amendments had no effect on the books of the Society.

IFRS 16-(Amendment) leases

Amendments to IFRS 16 'leases' specifies how to recognize, measure, present and disclose leases. The standard provides a single lease accounting model, requiring the recognition of asset and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. Effective January 1 2019, earlier application is permitted.

The amendments are effective for annual periods beginning on or after January 1,2020. The directors assessed and determined that the amendment did not have an impact on the Society's financial statements.

Definition of Material – Amendments to IAS 1 and IAS 8

Effective for annual periods beginning on or after 1 January 2020. In October 2018 ,the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition 'material' a cross the standards and to clarify certain aspects of the definition. The new definition states that the users are reasonably expected to influence decisions made on the general use of financial statements or make on the basis of those financial statements ,which provides financial information about a specific reporting entity.The amendments clarify that materiality will depend on the nature or magnitude of information or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

f) New standards, amendments and interpretations issued but not effective that may have an effect on society in future periods

At the date of authorization of these financial statements the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

IAS-1 Classification of liabilities as current or non-current. Amendments to IAS 1 effective for annual periods beginning on or after 1 January 2023. In January 2020, the Board issued amendments to [paragraphs 69 to 76 of IAS 1, presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.

Notes (Continued...)

Amendments to IFRS 9 Financial Instruments. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Amendments to IAS 23 'Borrowing' costs effective for annual periods beginning on or after 1 January 2019 clarifying that specific borrowings remaining unpaid at the time the related asset is ready for its intended use or sale will comprise general borrowings.

Amendments to IAS16 "Property ,Plant and Equipment.

Outlines the accounting treatment for most types of property ,plant and equipment is initially measured at its cost ,subsequently measured either using a cost or revaluation model ,and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1,2011 ,earlier application is permitted.

The amendments are effective for annual periods beginning on or after January 1, 2022 .Early application is permitted.

g) Revenue recognition

Revenue on sale of land to members is recognized upon payment of more than 25% of the cost which is calculated based on the market prices and additional cost incidental to the land in question .Interest from bank, dividends from share investments are recognized as when earned.

h) Investments

The quoted investments are stated at fair value (IAS39). Investment property after initial recognition is stated at cost less accumulated depreciation /impairment.

i) Property and equipment

All equipments are stated at historical cost less accumulated depreciation ,amortization and impairment. Depreciation is calculated using reducing balance method to write down the net book value of each asset to its residual value over its estimated useful life. The annual depreciation rates in use are;

Asset	Rate (%)
Land	lease period 99 years
Buildings	2.50%
Computers, photocopies and other accessories	30%
Computer software	20%
Furniture, fixtures and fittings	12.50%
Office equipment	12.50%

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 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. On disposal of a re-valued asset, amount in the re-valuation reserve relating to the asset is transferred to retained earnings.

Notes (Continued...)

j) Intangible assets

Software costs are stated at historical costs less accumulated amortization and any impairment losses. Amortization is calculated using reducing method to write down the cost of the software to its residual value.

k) Taxation

Current taxation is provided for on the basis of results for the year as shown in the financial statements adjusted in accordance with the tax legislation.

i) Cash and cash equivalents

Cash and cash equivalent includes cash in hand ,demand and term deposits with maturities of 12 months or less from the date of acquisition ,that are ready convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net bank overdrafts.

For the purpose of cash flow statement, the year end cash and cash equivalents comprises cash and cash equivalents as defined above.

m) Trade receivables

Trade receivables are carried at amortized invoice amounts less estimates 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.

n) Trade payables

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.

o) Provision for liabilities and charges

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 monetary value of the obligation.

p) Employee benefits

Retirement benefits costs.

The Society and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The society's contributions to the defined contribution scheme are charged to the statement of comprehensive income in the year to which they relate.

The Society operates a defined contribution scheme for all employees. A defined contribution plan is a plan under which the Society pays fixed contributions into a separate entity. The assets of these schemes are held in a separately administered fund that is funded by the contribution from the Society and employees.

q) Financial Instruments

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets, are impaired where there is objective evidence that ,as a result of one or more events that occurred after the initial recognition of the financial assets ,the estimated future cash flows of the investment have been impacted. In respect of AFS equity securities, impairment losses previously recognized through profit and loss are not reversed through profit and loss account.

r) Financial Assets

The Society classifies its assets into the following categories: financial assets at fair value through profit and loss, receivables and held to maturity investments.

Notes (Continued...)

Any increase in fair values subsequent to an Impairment loss is recognized directly in equity. For unlisted classified listed shares as available –for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include ; significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the probability that the borrower will enter bankruptcy or financial re-organization.

i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the society are recorded at the proceeds received, net of direct issue costs. Capital includes the minimum share capital prescribed under the by-laws of the society.

ii) Financial guarantee contract liabilities

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

i) the amount of obligation under the contract, as determined in accordance with IAS 36 Provision, Contingent Liabilities and Contingent Assets and

ii) the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

Where financial assets are carried at fair value in the statement of financial position, management classifies the fair values of financial assets based on qualitative characteristics of the fair valuations at the year end, the three hierarchy levels is used by management are ;

Level 1; where for values are based on non-adjusted quoted pricing in active markets for identical financial assets .

Level 2; where fair values are based on adjusted quoted prices and observable prices of similar financial assets.

Level 3: where fair values are not based on observable market data.

iii) Financial liabilities

The Society's financial liabilities are classified as other financial liabilities. All the society's financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and subsequently at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

iv) De-recognition of financial liabilities.

The Society de-recognizes financial liabilities when, and only when, the society's obligations are discharged, cancelled or they expire.

v) Impairment of non-financial asset.

Assets that have indefinite useful life are not subject to amortization and are tested for impairment intermly.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and value use. For the purpose of assessing impairment value in use, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating). Non –financial assets that suffere an impairment are for possible reversal of the impairment at each reporting date.

Notes (Continued...)

r) Financial assets

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on collective basis. Objective evidence of impairment for a portfolio of receivables could include the Society's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of available for sale equity instruments, if, in a subsequent year, the amount of impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of the investment at the date, the impairment reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss 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.

ii) Receivables

Receivables comprise of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and excludes assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss or as available-for-sale financial assets.

iii) 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.

s) Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant years. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial asset or where appropriate a short period.

t) Financial liabilities and equity instruments issued by the society classification as

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

Note (Continued...)

u) Risk management objectives and policies

i) Financial risk management

The Society's operations are exposed to financial risks. These risks include market risk (including currency risk, fair value, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Society's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Society's financial performance.

Risk management is carried out by directors. The management identifies, evaluates and manages financial risks in close co-operation with various departmental heads. The management provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

ii) Market risk

Market risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

ii) Interest rate risk management

The Society is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed through maintaining an appropriate mix between fixed and floating rate borrowings. The Society exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

iv) Currency risk

Currency risk arises on financial instruments that are denominated in foreign currency.

v) Other price risk

The Society is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The society does not actively trade these.

vi) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the society and arises principally from the Society's loans and advances to its members.

vii) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The management committee has developed a risk management framework for the management of the Society's short medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Society manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities and short term investments to cover any shortfalls.

viii) Accounting estimates and judgments

Estimates are based on factors, including experience of future events that are believed to be reasonable under the circumstances.

Stima Investment Co-operative Society Limited CS/10856
Annual Report and Financial Statements
For the Year Ended 31st December, 2023

NOTES TO THE FINANCIAL STATEMENTS

	2023	2022
	Kshs	Kshs
3 Land sales		
Plots	6,100,000	32,320,000
Cost	(4,359,234)	(25,049,974)
	<u>1,740,766</u>	<u>7,270,026</u>
4 a) Rental income		
Stima Sacco	27,346,794	23,520,395
Syokimau houses	-	1,895,244
Mpesa shop	120,000	120,000
Safaricom ltd	306,618	296,065
Yes2wealth inten Ltd	694,674	780,123
CR Advocates	1,806,587	654,976
	<u>30,274,673</u>	<u>27,266,803</u>
b) Service charge		
Stima Sacco	5,888,208	5,768,167
CR Advocates	543,450	210,000
Yes2wealth inten Ltd	364,500	364,500
	<u>6,796,158</u>	<u>6,342,667</u>
c.) Parking fees		
Stima Sacco	924,000	882,000
Yes2wealth inten Ltd	72,414	72,413
	<u>996,414</u>	<u>954,413</u>
TOTAL	<u>38,067,245</u>	<u>34,563,884</u>
d) Service costs		
Stima plaza	854,292	8,917,379
Stima village	1,466	1,774,089
	<u>855,758</u>	<u>10,691,468</u>
e) Net service charge	6,936,814	(3,394,387)
5 (a) Interest Income		
Interest Income (Call Deposit)	169,707	199,479
Interest Income	45,602	34,129
	<u>215,309</u>	<u>233,609</u>
(b) Commission on sale agency agreement	<u>14,249,000</u>	<u>44,493,500</u>

Stima Investment Co-operative Society Limited CS/10856
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For the Year Ended 31st December, 2023

NOTES TO THE FINANCIAL STATEMENTS

	2023	2022
	Kshs	Kshs
5 (c) Other operating income		
Dividend income		
Stima sacco dividends	5,554,650	4,925,143
Co-operative dividends	1,260,042	-
KCB dividends	752	-
Kengen dividends	85,975	128,963
Centum dividends	40	39
NCBA Group	25,088	26,656
CIC Insurance	79,696	
Insurance commission	420,522	175,133
Entrance fees	538,851	509,000
Land application fee	62,000	927,000
Share/Land transfer fee	493,000	143,000
Land withdrawal penalties	290,000	122,500
Penalties on repossession Stima Village houses	265,741	3,379,600
Income from Malindi - Coast valuer	-	26,511,694
Other income	710,582	320
	<u>9,786,939</u>	<u>36,849,048</u>
6 Income from house sales (Stima Village)		
Income		8,000,000
Direct cost		(9,282,918)
	<u>-</u>	<u>(1,282,918)</u>
7 Personnel expenses		
Salaries and Wages	6,538,769	22,732,203
Housing Levy Employer	58,282	
Staff gratuity and Pension	240,111	1,592,577
NSSF Employer	97,374	-
Medical insurance premium	815,743	2,029,102
Total Staff Costs	<u>7,750,279</u>	<u>26,353,882</u>
8 Administrative Expenses		
Telephone & postage	17,509	149,675
Office Transport	28,249	118,835
Printing & Stationery	140,949	812,606
Electricity	90,467	629,941
Cleaning	46,552	333,110
Audit fees	812,000	515,000
Supervisory fees	81,200	51,500
Land recurrent Expenses	682,832	1,837,997
Annual licences	8,020	56,000
Subscriptions	14,662	47,733
Land rent and rates	11,345	90,915
Repairs and maintenance	43,549	172,480
General Insurance	738,608	915,229
Consultancy fees	7,457,843	3,220,939
Office expenses	71,445	538,327
Strategic plan	22,300	1,645,468
ICT Costs	954,915	2,192,807
Software maintenance	205,813	830,729
Provision for tax expense on assessment	6,150,108	6,150,111
Total Administrative Expenses	<u>17,578,367</u>	<u>20,309,403</u>

Stima Investment Co-operative Society Limited CS/10856
Annual Report and Financial Statements
For the Year Ended 31st December, 2023

NOTES TO THE FINANCIAL STATEMENTS

	2023	2022
	Kshs	Kshs
9 Governance and management expenses		
a) Governance expenses		
Board sitting allowances	724,913	1,518,003
Board Subsistence	55,463	201,402
Board Data bundles & Airtime	72,000	252,000
Board Training	13,971	57,000
	<u>866,348</u>	<u>2,028,405</u>
b) Members expenses		
SDM/AGM	445,007	1,324,796
Education to members	908,164	1,423,044
	<u>1,353,171</u>	<u>2,747,840</u>
Total governance and members expenses	<u><u>2,219,519</u></u>	<u><u>4,776,245</u></u>
10 Marketing & publicity expenses		
Sales commission	3,562,254	3,816,630
Advertising ,marketing and publications	438,692	681,166
	<u>4,000,947</u>	<u>4,497,796</u>
11 Financial costs		
Bank charges	125,216	2,004,180
Interest on loans	7,630,359	35,785,388
	<u>7,755,575</u>	<u>37,789,569</u>
12 Depreciation and Amortisation		
Depreciation expenses -note 28	2,313,840	2,667,223
Amortisation expenses- note 27	978,602	1,223,254
	<u>3,292,442</u>	<u>3,890,477</u>

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NOTES TO THE FINANCIAL STATEMENTS

	2023	2022
13 Land Inventory	Kshs	Kshs
Thika project	4,164,000	4,164,000
Juja Special	8,161,584	8,161,584
Kikambala I	47,600,000	47,600,000
Kikambala II	13,600,000	13,600,000
Kitengela I	617,000	617,000
Bahati 1/2	11,070,000	11,070,000
Konza 1	2,375,000	2,375,000
Kathwana commercial	5,484,375	5,890,625
Kabarak 2	742,000	742,000
Kakamega special	4,670,000	4,670,000
Nakuru Njoro	850,000	850,000
Eldoret	940,000	940,000
Eldoret- Optiven Projects	1,200,000	2,400,000
Nanyuki Mrrua block 3	600,000	600,000
Malindi 1/8	1,579,608	1,579,608
Malindi 1/4	9,477,702	9,477,702
Lamu 1	10,050,501	10,050,501
Lamu 2	88,181,112	88,181,112
Naivasha	1,690,310	1,690,310
Vipingo	12,000,000	12,000,000
Kathwana	480,000	480,000
Ukunda	1,920,000	1,920,000
Stima Garden Kitengela Plots	90,450,000	-
The Breeze Garden -Kangundo rd Plots	86,480,000	-
Joska Sunshine plots	-	1,021,000
Utawala plots	-	4,200,000
Naivasha Longonot plots	-	26,600,000
Kisaju dawn plots	-	51,940,000
Juja ridges plots	-	430,200,000
Total	<u>404,383,192</u>	<u>743,020,442</u>

The inventory adjusted from the Financials is part of inventory taken up on agency basis but with a time basis. When the time lapses the inventory is adjusted against the amount payable to the land owners.

14 House inventory

Shop No 2	3,600,000	3,600,000
	<u>3,600,000</u>	<u>3,600,000</u>

Stima Investment Co-operative Society Limited CS/10856
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For the Year Ended 31st December, 2023

NOTES TO THE FINANCIAL STATEMENTS

	2023	2022
	Kshs.	Kshs.
15 a) Receivables and Prepayments		
Malindi 1/8	5,078,530	11,119,530
Malindi 1/4	3,253,411	7,178,879
Lamu 1	3,214,706	4,758,206
Lamu 2	6,127,562	7,533,062
Naivasha	6,817,925	11,864,925
Juja commercial	568,132	2,119,052
Thika special	899,000	899,000
Vipingo	3,963,484	3,390,484
Kathwana	2,834,920	2,695,000
Nanyuki hill view	1,189,000	2,514,000
Konza 3	9,569,093	9,859,375
Eldoret PTL	212,000	214,000
Embu	57,500	57,500
Kabarak II	474,227	1,534,227
Kakamega	2,021	2,521
Kitengela Springs	10,811,293	10,762,293
Voi 1	77,000	-
Nakuru Njoro	75,000	75,000
Nanyuki 1	228,000	275,000
Sykhses	14,438,206	20,125,015
Surcharged debtors	4,528,418	4,528,418
Vat control	91,911,121	91,866,487
Deposit With Stima Sacco	60,000	40,000
Due from Bahati	7,200,000	7,200,000
Due from SME	22,863,800	22,863,800
Rent debtors	7,180,949	6,163,430
Nanyuki Timau Land	7,500,000	7,500,000
Malindi boheholes contractor	2,541,312	2,541,312
Konza Primerose Plots	349,909	2,633,409
Sub - Total	214,026,518	242,313,924

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NOTES TO THE FINANCIAL STATEMENTS

	2023	2022
	Kshs.	Kshs.
16 b) Receivables and Prepayments		
Joska Sunshine	2,215,500	7,308,907
Utawala	4,757,859	30,089,575
Naivasha Longonot	5,987,788	7,031,364
Kisaju dawn	1,975,000	750,000
Juja ridges debtors	1,746,793	9,141,167
Malindi new FY22 Debtors	2,862,369	15,963,501
Coast values Ltd	132,400,000	172,300,000
Receivables from stima height	-	205,000
Errenous bank debit	-	5,800
Staff advances	-	17,450
Prepaid general insurance	1,576,966	726,480
Prepaid tax assessment provision	6,150,115	12,300,223
Proposed stima height	24,106,688	20,445,430
Prepaid medical	2,418,807	3,100,926
Receivables from stima height	131,126,322	28,641,187
Stima Garden Kitengela Debtors	10,286,500	-
Prepaid Income tax instalment	1,196,007	-
The Breeze Garden Kangundo rd Debtors	24,528,000	-
Eldoret -Optiven Debtors	100,000	-
GL Suspense	439,682,534	437,803,719
W/H Vat payable	47,048	41,340
W/H tax payable	104,684	87,937
Local Creditors with debit balance	-	2,000,000
Sub - Total	793,268,979	747,960,005
G Total	1,007,295,497	990,273,929
Provision for bad and doubtful debts	(98,209,960)	(98,209,960)
Total	909,085,537	892,063,969

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NOTES TO THE FINANCIAL STATEMENTS CONT.ED

	2023	2022
	Kshs	Kshs
17 Cash and cash equivalents		
Co-op bank -current account	6,681,864	(28,774,714)
Co-op bank -project account	46,112	50,432
Co-op bank - real estate account	860	293,664
Co-op bank insurance a/c	95,625	648,096
Fosa land account	25,377	24,908
Fosa real estate fund account	7,401	7,401
Fosa Prime A/C	156,320	19,022,539
Mpesa	2,414,513	2,533,046
Petty Cash	4,983	-
Call deposits Co-op Bank	-	1,000,000
Total cash and cash equivalents	<u>9,433,054</u>	<u>(5,194,628)</u>
18 Provision for Rebates		
Balance brought forward	481,390	481,390
Rebates paid	-	-
Blance of Rebates payable	<u>481,390</u>	<u>481,390</u>
19 Investment property		
Cost		
Land	151,030,461	151,030,461
Building	880,000,000	880,000,000
As at 31/12/2023	<u>1,031,030,461</u>	<u>1,031,030,461</u>
20 Taxation account		
As at start year	(9,778,220)	(7,493,449)
Provision for the year	5,390,985	3,181,973
Withheld tax at source	-	(502,033)
Tax balance	<u>(4,387,235)</u>	<u>(4,813,509)</u>
21 Real Estate fund		
As at start year	205,103,566	191,899,570
Change during the year	4,746,404	31,273,129
Utilised during year	-	(18,069,133)
As at 31/12/2022	<u>209,849,970</u>	<u>205,103,566</u>
Useful as follows		
Within 12 Months	45,000,000	30,000,000
After 12 Months	164,849,970	175,103,566
As at 31/12/2022	<u>209,849,970</u>	<u>205,103,566</u>

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NOTES TO THE FINANCIAL STATEMENTS CONT.ED

	2023	2022
	Kshs.	Kshs.
22 Borrowings		
Co-op Bank Loan '019J8070889200		
As at start year	255,988,988	222,967,778
Addition		36,450,334
Draw downs		22,279,684
Interest		32,973,775
Repaid	(30,332,025)	(58,682,583)
As at 31/12/2022	<u>225,656,963</u>	<u>255,988,988</u>
Payable as Follows:		
With the 12 Months	33,000,000	27,337,752
After 12 Months	192,656,963	228,651,237
Total Borrowings	<u>225,656,963</u>	<u>255,988,989</u>
23 Trade and other payables		
Land sellers balances due	226,866,701	228,563,903
Land service providers	63,689,114	63,689,114
Provision Real Estate interest	98,289,563	98,289,563
Provision for current rebates	10,400,000	10,400,000
Malindi investors dues	9,598,636	16,308,797
Local Creditors	263,410,747	609,315,456
Receivables with credit balances	34,779,955	38,596,463
Unidentified deposits	34,729,755	26,574,373
Deposits on rent	9,963,691	9,805,690
Accrued expenses	3,565,450	5,437,025
Stima Height Payables (Receipt from Members)	20,303,615	-
Salary Control A/c	1,050,644	-
Provision for Dividend	3,036,875	-
Control 2 Real Estate	38,801,374	38,889,500
Board meeting control account	177,125	82,286
Total	<u>818,663,245</u>	<u>1,145,952,169</u>
24 Share Capital		
As at start year	2,163,710,011	2,116,839,501
Contributions during the year	33,327,180	46,870,510
As at 31/12/2022	<u>2,197,037,191</u>	<u>2,163,710,011</u>
25 Reserves		
Accumulated Retained losses	(1,297,196,677)	(1,300,580,838)
Statutory reserves	10,356,161	7,313,083
Revaluation reserves	104,768,205	104,410,087
Other reserves	168,823,457	168,193,519
	<u>(1,013,248,855)</u>	<u>(1,020,664,149)</u>

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NOTES TO THE FINANCIAL STATEMENTS CONT.ED

	2023	2022
	Kshs.	Kshs.
26 a) Quoted Shares		
Kengen	1,457,050	1,457,050
Mumias Sugar	7,101	7,101
NCBA	214,733	214,733
HFCK	52,635	52,635
Centum	585	585
KPLC	122,674	122,674
Co-operative insurance	2,226,000	2,226,000
Co-operative Bank	6,525,691	6,525,691
KCB	30,175	30,175
Share reduction/revaluation	358,118	-
	<u>10,994,762</u>	<u>10,636,644</u>
b) Stima Sacco Ltd shares		
@ par value of Kshs 100)		
As ar start of year	37,031,000	37,031,000
	<u>37,031,000</u>	<u>37,031,000</u>
Total Long term Investments	<u>48,025,762</u>	<u>47,667,644</u>
27 Software	2023	2022
Amortization	Kshs.	Kshs.
Applicable Rate	<u>20%</u>	<u>20%</u>
Cost		
At 1st January 2023	21,236,614	21,236,614
Additions	-	-
Disposals	-	-
At 31st December 2023	<u>21,236,614</u>	<u>21,236,614</u>
Amortization		
At 1st January 2023	16,343,595	15,120,340
Charge for the Year	978,602	1,223,255
At 31st December 2023	<u>17,322,197</u>	<u>16,343,595</u>
Net Book Value		
At 31st December 2023	<u>3,914,417</u>	<u>4,893,019</u>

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NOTES TO THE FINANCIAL STATEMENTS CONT.ED

28 Property, Plant and Equipment

Applicable Rate Cost	Building 2.5% Kshs	Computer & Accessories 30% Kshs	furniture,fixt ure & fittings 12.50% Kshs	Total Kshs
At 1st January 2023	33,227,578	17,432,255	18,789,316	69,449,149
Additions		282,984	230,560	513,544
Disposals	-	-	-	-
At 31st December 2023	33,227,578	17,715,239	19,019,876	69,962,692
Depreciation				
At 1st January 2023	6,756,502	14,821,389	12,702,567	34,280,458
Charge for the year	661,480	862,699	789,661	2,313,840
As at 31 December 2023	7,417,983	15,684,088	13,492,228	36,594,298
Net Book Values	25,809,595	2,031,151	5,527,648	33,368,394
At 1st January 2022	30,333,680	15,376,600	18,411,316	64,121,596
Additions	2,893,898	2,055,655	378,000	5,327,553
Disposals	-	-	-	-
At 31st December 2022	33,227,578	17,432,255	18,789,316	69,449,149
At 1st January 2022	6,077,757	13,702,446	11,833,031	31,613,234
Charge for the year	678,746	1,118,943	869,536	2,667,224
As at 31 December 2022	6,756,502	14,821,389	12,702,567	34,280,458
Net Book Values	26,471,076	2,610,866	6,086,749	35,168,691
29 Proposed dividends		8,788,149	6,491,130	

29 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Placings are made in the Society by the Management Committee and staff. Land as sold to members at 31st December 2021 include the ones sold to Management Committee Members. All transactions with related parties are at arm's length in the normal course of business, and on terms and conditions similar to those applicable to other Members.

Key Management, Board and Supervisory Committee remuneration

The remuneration of directors, the supervisory committee members and staff during the year were as follows:

	2023	2022
Management Committees' Remunerations:		
Sitting allowances	724,913	1,518,003
Mileage claims	-	-
Air time	72,000	252,000
Travel and subsistence	55,463	201,402
	<u><u>852,376</u></u>	<u><u>1,971,405</u></u>

30 Impact of Covid-19

In March 2020, the World Health Organization declared the outbreak of Covid-19, a pandemic negatively affecting worldwide trade and posing the threat of significant disruption to global supply chains, travel and tourism, investment and consumer spending. The local shutdown led to a close of businesses and an introduction of online services resulting in a drop in the purchasing power of members hence a reduction in disposable income for investments.

The fact that the Covid-19 crisis has gone down and though dynamic in nature, the Directors continue to assess the evolving impact of Covid-19, more so the Omicron on the Society.

31 Contingent Liabilities

The Society was engaged in litigation which mostly involved matters to do with land transactions, a core business of the Society. The management committee had not quantified any possible liabilities that may result thereof, since the court cases were ongoing.

32 Comparative Figures

Where necessary comparative figures in the previous period were adjusted to conform with changes in presentation in the current year.

33 CURRENCY

The Financial Statements are presented in Kenya Shillings (Kshs)