# KMAT HOUSING
# CO-OPERATIVE SOCIETY LIMITED
# CS/NO: 14966

MINISTRY OF CO-OPERATIVES AND MSME
SMALL AND MEDIUM ENTERPRISES DEVELOPMENT
STATE DEPARTMENT FOR CO-OPERATIVES
MAIN REGISTRY
No: 825
P.O. Box 30547-00100,
GPO, NAIROBI KENYA

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

**Statutory Auditors**
Biticha and Associates
**Certified Public Accountants (Kenya)**
Information House,Mfangano Street
5th Floor,Room 527B
P.o Box 49548-00100 Nairobi
Tel:0713316403/0733332639
Email:info@bitichaandassociates.co.ke

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## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors submit their annual report together with the audited Financial Statements for the year that ended 31st December 2025.

### INCORPORATION

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

### PRINCIPAL ACTIVITY

The Society continued with its principal activity of buying and selling land to its members and facilitating putting up of low cost houses to its members.

### RESULTS

| | 2025 Kshs | 2024 Kshs |
|---|---|---|
| Profit (loss) before tax | (1,145,711) | (8,051,514) |
| Income Tax expense | - | - |
| Net profit (loss) after tax (but before donations) | (1,145,711) | (8,051,514) |
| Donations | - | - |
| Retained profit (loss) for the year | **(1,145,711)** | **(8,051,514)** |
| Rebates on Members' Deposits | - | - |

### DIVIDENDS

The Board of Directors is not recommending for payment of dividend in the year under review.

### BOARD OF DIRECTORS

The Board of Directors who served during the year and to the date of this report are as listed on page 2.

### INDEPENDENT AUDITORS

Messrs Biticha & Associates, 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 BOARD

..............................................
Dr Christine Musee
HON. SECRETARY

26/02/2026
DATE

## SOCIETY INFORMATION

### BOARD OF DIRECTORS

| | |
|---|---|
| Mr. Tom Odhiambo | Chairman |
| Capt. Samuel Obaga | Vice Chairman |
| Dr. Christine Musee | Hon.Secretary |
| Mr. John Njenga | Treasurer |
| Mr. Rowlley Kadenge | Member |
| Mr.Jason Kiruja | Member |
| Mr. Anne Kirema | Member |
| Ms. Florence Kiama | Member |
| Rev. Manasseh Mugwanga | Member |

### SUPERVISORY COMMITTEE

| | |
|---|---|
| Ms. Rodah Mibey | Chairperson |
| Mr. Arcapitus Isutsa | Secretary |
| Mr. Yusuf Ngao | Member |

**BANKERS**

Co-operative Bank of Kenya,
Nairobi Business Centre Branch,
P.O Box 74598-00200,
Nairobi.

National Bank of Kenya Limited
Hospital Branch
Nairobi.

Kenya Commercial Bank of Kenya Limited
Capital Hill Branch
Nairobi.

**HEAD OFFICE**

Kenyatta National Hospital,
Hospital road off Ngong road
P.O Box 2117-00202, Nairobi

**AUDITORS**

Biticha & Associates
Certified Public Accountants
Po Box 49548 -00100
Nairobi,
TEL. 0713316403/0733332639
info@bitichaandassociates.co.ke

## STATISTICAL INFORMATION

| | | 2025 | 2024 | % Change |
|---|---|---|---|---|
| **Membership** | | 650 | 653 | -0.5% |
| | | **650** | **653** | -0.5% |
| **No. of employees of the Society** | | 2 | 2 | |
| Total Assets | | 79,873,155 | 80,450,739 | -0.72% |
| Investments | | 4,169,617 | 4,169,617 | 0.0% |
| Members deposits | | 52,018,760 | 50,259,342 | 3.5% |
| Core Capital | | 12,733,085 | 13,875,860 | -8.2% |
| Share Capital | | 27,877,460 | 27,833,460 | 0.2% |
| Turnover | | 1,242,016 | (4,283,435) | -129.0% |
| Total expenses | | 4,718,760 | 5,427,306 | -13.1% |
| **Key ratios:** | **Min.** | | | |
| **Capital Adequacy Ratio** | | | | |
| Core Capital / Total Assets | 8% | 15.9% | 17.2% | |
| Core Capital / Total Deposits | 5% | 24.5% | 27.6% | |
| Share Capital/Total Assets | 2% | 34.9% | 34.6% | |
| **Liquidity Ratio** | | | | |
| Liquid Assets / Long term Liab. | 10% | 10.1% | 6.4% | |
| Total expenses / Total revenue | | 379.9% | -126.7% | |

## STATEMENT OFBOARD OF DIRECTOR'S RESPONSIBILITIES

The Co-operative Societies Act No.14 of 2008 requires the Board of 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 Board of Directors to ensure that the Society keeps proper accounting records, which disclose with reasonable accuracy at any time the Financial Position of the Society. 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 General meeting.

The Board of Directors accepts responsibility for the Annual Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Co-operative Societies Act No.14 of 2008.
The Board of Directors 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 Board of Directors 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 Board Members who held office at the date of approval of this Board of Director's 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 a committee 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 Board of Directors to indicate that the Society will not remain a going concern for at least the next twelve months from the date of this Statements.

Approved by the Board of directors on 26/02/26 and signed on its behalf by:

Chairman..............................

Treasurer..............................

Hon.Secretary..............................

## Independent Auditor's report to the members of KMAT Housing Co-operative Society Limited

### Report on the audit of the financial statements

**Opinion**

We have audited the accompanying financial statements of KMAT Housing Co-operative Society Limited, set out on pages 8 to 23 for the year ended 31 December, 2025 which comprise the statement of financial position, the statement of comprehensive income,statement of changes in equity and the statement of cash flows for the year then ended, together with the notes, including a summaryof material accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Society as at 31st December,2025 and of the financial performance and cash flows of the Society for the year then ended in accordance with International Financial Reporting Standards and the requirements of Co-operatives Societies Act Cap 490.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Society in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements, and the IESBA Code.We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial Statements of the current period. These key audit matters were addressed in the context of our audit of the Financial Statementsas a whole and in forming our opinion thereon, we do not provide a separate Society's opinion on these matters.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in our audit, or otherwise appears to be materially misstated. If based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in thisregard.

**Independent Auditor's report to the members of KMAT Housing Co-operative Society Limited (Continued)**

**Responsibility of directors for the financial statements**
The Directors are responsible for the preparation and fair presentation of the financial requirements of Co-operatives Societies Act Cap 490 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement,whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Society's ability to ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern as the basis of accounting unless if the Directors either intend to liquidate the Society, or to cease operations or have no realistic alternative but to do so.The Directors are responsible for overseeing the Society's financial reporting process.

**Auditor's Responsibilities for the audit of the financial statements**
Our responsibility is to express an opinion on the finanancial statements based on our audit.We conducted our audit in accordance with the International Standards on Auditing.Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.The procedures selected depend on our judgement and include an assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.In making those risk assessments,we considered internal controls relevant to the Society's preparation and fair presenation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances,but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made byDirectors as well as evaluating the overall presentation of the financial statements.We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

As part of an audit in accordance with ISAs, we excersise professional judgement and maintain professional skeptism throughout the audit. We also:
i) 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, intention ommissions, misrepresentations,or the override of internal control.
ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in thecircumstances,but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, and related disclosures made by the directors.
iv) 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 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 Society to cease to continue as a going concern.
v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
vi)Obtain appropriate audit evidence regarding the financial information of the entities or business activities within the Society to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Society audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 (fied) during our audit.

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

**Independent Auditor's report to the members of KMAT Housing Co-operative Society Limited (Continued)**

From the matters communicated with the directors, we determine those matters that were of most signifance in the audit of the Society's 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 regulations 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 legal requirements**

The Co-operative Society's Act Cap 490, requires that in carrying out our audit,we consider and report to the members the following:
We confirm based on our audit that:

- **a)** We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- **b)** In our opinion, proper books of account have been kept by the Society, so far as appears from our examination of those books.
- **c)** The Society's statement of financial position and statement of comprehensive income are in agreement with the books of account and
- **d)** The Society's business was conducted in accordance with the provisions of the Co-operative Societies Act Cap. 490,and in accordance with the Society's by-laws and any other resolutions made by the Society at Annual General Meeting.

**Engagement Partner**

The engagement Partner responsible for the audit resulting in this independent auditor's report is CPA Isaac Biticha Aori Practicing number P/2397.

**For and on behalf of Biticha and Associates**
**Certified Public Accountants**
**Nairobi**

**27-Feb-26**

UNIQUE CODE: 92975260226

BITICHA AND ASSOCIATES
Certified Public Accountants
P. O. Box 49548 - 00100
Nairobi, Kenya

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2025

| | Notes | 2025 Kshs | 2024 Kshs |
|---|---|---|---|
| **INCOME** | | | |
| Sale of land | 3 | 4,657,016 | 44,109,138 |
| Less:Cost of sales | 4 | (3,415,000) | (48,392,573) |
| **Net land income** | | **1,242,016** | **(4,283,435)** |
| Other operating income | 5 | 2,289,969 | 1,659,227 |
| **Total income** | | **3,531,985** | **(2,624,208)** |
| Administrative expenses | 6 | 686,790 | 662,291 |
| Personnel expenses | 7 | 1,887,992 | 1,909,537 |
| Depreciation and amortization | 8 | 176,961 | 219,840 |
| Governance expenses | 9 | 1,925,953 | 2,635,638 |
| **Total Expenses** | | **4,677,696** | **5,427,306** |
| **Net operating profit (Loss) before tax** | | **(1,145,711)** | **(8,051,514)** |
| Income tax expense | 21 | - | - |
| **Net profit (Loss) after tax** | | **(1,145,711)** | **(8,051,514)** |

## STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2025

| | Note | 2025 Kshs | 2024 Kshs |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 10 | 5,253,206 | 3,207,529 |
| Investment | 11 | 4,169,617 | 4,169,617 |
| Receivables and prepayments | 12 | 14,246,013 | 18,391,901 |
| Contigent assets | 13 | 5,509,520 | 5,509,520 |
| Assets held for sale | 14 | 10,412,356 | 9,670,250 |
| Intangible Assets | 15 | 657,024 | 821,280 |
| Investment properties | 16 | 29,998,546 | 29,000,000 |
| Property, plant and equipments | 17 | 9,667,937 | 9,680,642 |
| **TOTAL ASSETS** | | **79,914,219** | **80,450,739** |
| **LIABILITIES** | | | |
| Members deposits | 18 | 52,018,760 | 50,259,342 |
| Project deposits | 19 | 970,799 | 1,459,899 |
| Payables and accruals | 20 | 2,675,345 | 3,380,471 |
| Rebates payable | 22 | 76,753 | 76,753 |
| **TOTAL LIABILITIES** | | **55,741,657** | **55,176,465** |
| **EQUITY** | | | |
| Share capital | 23 | 27,877,460 | 27,833,460 |
| Revenue reserves | | (15,395,632) | (14,249,921) |
| Revaluation reserves | | 11,398,413 | 11,398,413 |
| Statutory reserves | | 292,321 | 292,321 |
| **TOTAL EQUITY** | | **24,172,562** | **25,274,273** |
| **TOTAL LIABILITIES AND EQUITY** | | **79,914,219** | **80,450,739** |

REGISTERED
SEC. 25(7) Co-operative Societies
ACT CAP 490 (Amended 2004)
03 MAR 2026
Sign: Macuuan
JAVEL M. MURIRA
FOR: COMMISSIONER OF CO-OPERATIVES

The Financial Statements were approved by the Board of Directors on 26/02/2026 and signed on its behalf by:-

Chairman: ...............................

Treasurer: ...............................

Secretary: ...............................

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2025

| | | Retained Earnings Kshs | Share Capital Kshs | Statutory Reserve Kshs | Revaluation Reserves Kshs | Total Kshs |
|---|---|---|---|---|---|---|
| **YEAR 2025** | | | | | | |
| As at the start of the year | | (14,249,921) | 27,833,460 | 292,321 | 11,398,413 | 25,274,273 |
| Year's Contribution | 23 | - | 44,000 | - | | 44,000 |
| Surplus/(deficit) for the year | | (1,145,711) | - | - | | (1,145,711) |
| As at end of Year | | (15,395,632) | 27,877,460 | 292,321 | 11,398,413 | 24,172,562 |
| **YEAR 2024** | | | | | | |
| As at the start of the year | | (6,198,407) | 27,758,501 | 292,321 | 4,466,010 | 26,318,425 |
| Year's Contribution | 23 | - | 74,959 | - | | 74,959 |
| Surplus/(deficit) for the year | | (8,051,514) | - | - | | (8,051,514) |
| Transfer to Statutory Reserve(20%) | | - | - | - | 6,932,403 | 6,932,403 |
| As at end of Year | | (14,249,921) | 27,833,460 | 292,321 | 11,398,413 | 25,274,273 |

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2025

| | Note | 2025 Kshs | 2024 Kshs |
|---|---|---|---|
| **Cashflows from Operating Activities** | | | |
| Income and other Receipts | 3 | 1,242,016 | (4,283,435) |
| Other operating incomes | 5 | 2,289,969 | 1,659,227 |
| Payments of rebates | 22 | - | (1,168,367) |
| Payments to employees and suppliers | 6,7 & 9 | (4,411,425) | (5,153,266) |
| | | (879,440) | (8,945,841) |
| **(Increase)/Decrease in Operating Assets** | | | |
| Receivables and Prepayments | 12 | 4,145,888 | (3,311,946) |
| Assets held for sale | 14 | (742,106) | 38,434,155 |
| **Increase/(Decrease) in Operating Liabilities** | | | |
| Members deposits | 18 | 1,759,418 | (2,594,205) |
| Projects deposits | 19 | (489,100) | (11,076,400) |
| Payables and Accruals | 20 | (794,437) | (2,391,382) |
| **Net Cash From Operating Activities before Tax** | | 3,000,223 | 10,114,381 |
| Income Tax paid | 21 | - | (79,254) |
| | | 3,000,223 | 10,035,127 |
| **Cash flows to Investing Activities** | | | |
| Purchase of Property, Plant & Equipment | 17 | - | (455,851) |
| Purchase of investment in property | 16 | (998,546) | (22,067,597) |
| (Purchase)/Disposal of financial assets | 11 | - | 5,498,748 |
| **Net cash used in investing Activities** | | (998,546) | (17,024,700) |
| **Cash flows from Financing Activities** | | | |
| Share Capital Contribution | 23 | 44,000 | 74,959 |
| | | - | - |
| **Net cash used in Financing Activities** | | 44,000 | 74,959 |
| **Increase/(Decrease) in cash and cash equivalents** | | 2,045,678 | (6,914,614) |
| **Cash and cash equivalents movement** | | | |
| At start of the year | | 3,207,528 | 10,122,142 |
| Increase/(Decrease) in cash and cash equivalents | | 2,045,678 | (6,914,614) |
| **At the end of the year** | 10 | 5,253,206 | 3,207,528 |

## NOTES TO THE FINANCIAL STATEMENTS

**1 General Information**

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.The Sacco (Registration Number CS/14966) is domiciled in Kenya and the address of its registered office is as shown on page 2.

**2 Material Accounting Policy Information**

The accounting policy information considered material in the preparation of these financial statements is set out below. The accounting policy information has been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of Preparation.**

The financial statements have been prepared in accordance with International FinancialReporting Standards ("IFRS") and the Co-operative Societies Act. The measurement basisapplied is the historical cost basis, except where otherwise stated in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certaincritical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Society's accounting policies. The areas involving a higher degree of judgementor complexity, or where assumptions and estimates are significant to the financial statements,are disclosed in Note 3.

The preparation of financial statements in conformity with International Financial ReportingStandards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reportedperiod. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may dier from the estimates.

For Co-operative Societies Act reporting purposes, the balance sheet is represented by statement of financial position and the income and expenditure account by the statement of profit or loss and other comprehensive income, in these financial statements.

**Going concern**

Based on the financial performance and position of the society and its risk management policies, the Directors are of the opinion that the society is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

**Functional and presentation currency**

The financial statements are presented in Kenya shillings, which is also the Society's functional currency. Except as otherwise indicated, financial information presented in Kenya shillings(KShs) has been rounded to the nearest thousand.

**Changes in accounting policy and disclosures**

***(i) New standards, amendments and interpretations adopted by the Society***

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2025:

**Amendments to IAS 21 'Lack of Exchangeability' (issued in August 2023),** effective for annual periods beginning on or after 1 January 2025, with early adoption permitted,specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance,financial position and cash flows.

The amendments had no impact on the society's financial statements.

NOTES TO THE FINANCIAL STATEMENTS ( CONT'D)

**2 Material Accounting Policy Information(continued)**
**(a) Basis of Preparation(continued).**

**Changes in accounting policy and disclosures(continued)**

***ii) New standards, amendments and interpretations issued but not effective***
At the date of authorisation of these financial statements, the Society has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

**Amendments to IAS 7 "Statement of Cash Flows" (issued in July 2024)**, effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted, amended paragraph 37 of IAS 7 to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

**Amendments to IFRS 9 "Financial Instruments" (issued in July 2024)**, effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted, amended Paragraph 2.1 of IFRS 9 to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9.

**Amendments to IFRS 10 "Consolidated Financial Statements" (issued in July 2024)**,'effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted, amended paragraph B74 of IFRS 10 to clarify that the relationship described in paragraph B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents.

**Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (issued in September 2014), applicable from a date yet to be determined,** address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

**IFRS 18 'Presentation and Disclosure in Financial Statements' (issued in April 2024)**,replaces IAS 1 Presentation of Financial Statements'. IFRS 18 introduces new categories and subtotals the statement of profit or loss. It also requires disclosure of newly defined management-defined performance measures (MPM) and includes new requirements for the location, aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

**IFRS 19 'Subsidiaries without Public Accountability: Disclosures' (issued in May 2024)**,effective for annual periods beginning on or after 1 January 2027, with early adoption permitted, allows subsidiaries without public accountability of a parent that prepares consolidated financial statements, available for public use,which comply with IFRS accounting standards (eligible entities) to elect to apply IFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards.An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS Accounting Standards compliance statement.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Society in future periods.
There are no other standards that are yet effective that would be expected to have material impact on the entity in thecurrent or future reporting periods and on near future transactions.

NOTES TO THE FINANCIAL STATEMENTS ( CONT'D)

## 2 Material Accounting Policy Information(continued)

### (b) Revenue

**Sale of land**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured.Revenue is recognised at fair value of consideration received or receivable taking into account contractually defined terms of payment (mostly monthly ) and recognised net of taxes.Revenue is recognised on an accrual basis in the period in which it is earned.

**Other income**

i)Entrace fees. New members to the society are required to pay registration fees.The fees is recognised in the income statement in accordancewith ISA 1;

ii) Commission income is recognized upon successful completion of the transaction;

iii) Dividend is recognized when the right to receive income is established.Dividend are reflected as a component of other operating income based on the underlying classification of the equity instrument;

iv) Interest income is recognized on a cash basis in the profit and loss for the year using effective yield on the asset.Interest income includes income from investment in money markets.When financial assets become impaired,interest income is thereafter not recognized until such time that recoverabilty is assured.

v)Miscellaneous income is recognized upon performance of the services agreed on;

v) Rental income from operating leases is recognised on a straight-line basis over the period of the lease.

### (c) Expenditure recognition

All expenditures incurred in the running of the business and in mantaining the Property, Plant & Equipment in a state of efficiency,is charged to the revenue at the profit/ (loss) for the year in the comprehensive income.

Cost of sales comprise the carrying cost of land sold including any capitalised interest and direct overheads incurred in the development, improvement or acquisition of the land. It also includes any marketing, conveyancing or other incidetntal costs incurred in the sale.

Tax expense comprise current and deferred tax. Current and deferred tax are recognised in Statement of comprehisive income except to the extent that it relates to items recognised directly to equity or other comprehensive income.

### (d) Property and equipment

**(i) Recognition and measurement**

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisitionof the asset.

**( ii)Depreciation**

All property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the reducing balancing method to write down the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates in use are:

| | |
|---|---|
| Freehold land | Nil |
| Buildings | Nil |
| Furniture,fittings and equipment | 12.50% |
| Computers and accessories | 30% |
| Office printer | 12.50% |

Leasehold land is depreciated over the remaining useful life of the lease. Depreciation methods,useful lives and residual values are reassessed and adjusted, if appropriate, at each reporting date.

**NOTES TO THE FINANCIAL STATEMENTS ( CONT'D)**

**2 Material Accounting Policy Information(continued)**

**(d) Property and equipment(Continued)**

**(iii) Subsequent costs**

The cost of replacing a component of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Sacco and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

**(iv) Disposal of property and equipment**

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are recognised in profit or loss in the year in which they arise.

**(e) Intangible assets (software)**

Computer software licenses are stated at cost less accumulated amortisation and accumulated impairment losses.The cost incurred to acquire and bring to use specific computer software licenses are capitalised. The costs are amortised on a Reduced basis over the expected useful lives, using an annual rate of 20% and are recognised in profit or loss. Costs associated with maintaining software are recognised as an expense as incurred. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which itrelates. All other expenditure is expensed when incurred. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**(f) Land Inventory (Assets held for sale)**

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. Net realizable value represents the estimated selling price lesscosts to be incurred in marketing, selling and distribution.

**(g) Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are stated at cost, including transaction costs less accumulated depreciation and impairment if any.Depreciation is calculated over the remaining lease period.An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

**(h) Cash and cash equivalents**

For the purpose of presentation of the cash flows in the financial statements the cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount and are subject to an insignificant risk of changes in value net of Society overdrafts.Cash and cash equivalents are carried at amortised cost in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS ( CONT'D)

## 2 Material Accounting Policy Information(continued)

**(i) Financial assets.**

At initial recognition,the Society measures a financial asset or financial liability at its fair value plus or minus,in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. The Society classifies its financial assets into three principal classification categories based onthe cash flow characteristics of the asset and the business model assessment:

- Measured at amortised cost;
- FVOCI; and
- FVTPL.

**(j) Receivables and prepayments.**

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

**(k) Members and project deposits.**

Members' deposits and savings are stated at their nominal value. Interest payable on the members' savings is accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**(l) Payables and accruals.**

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.

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

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

**(n) Impairment of non-financial assets**

Non financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

## 2 Material Accounting Policy Information(continued)

**(o) 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.

**(p) Contigent liabilities.**
The Society was engaged in litigations which mostly involved matters to do with land transactions,a core business of the Society. The board of directors had not quantified any possible liabilities that may result thereof,since the court cases were ongoing.

**q) 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 ie 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.

**(r) Investment shares.**
Members' interests are classified as equity where the society has an unconditional right to refuse redemption of the members' shares.Provisions in the Act, regulations or the Sacco by-laws impose unconditional prohibitions on the redemption of members' shares. However, members' shares are transferable among members.

**(s ) Reserves.**

**i) Statutory reserves.**
Transfers are made to the statutory reserve fund at a rate of 20% net operating surplus after tax in compliance with the provision of section 47 (1& 2) of theCo-operative Societies Act, Cap 490.
**(ii) Revenue reserves.**
The revenue reserve (retained earnings) balance represents the amount available for dividend distribution to the shareholders of the Society and surplus for the period ended.
**(iii) Revaluation reserves.**
Revaluation reserves are accumulated gains (losses) from revaluation or remeasurement of items (assets or liabilities) that are either recognised as Statement of Other Comprehensive Income or in the Statement of Profit or Loss.

**t) Comparatives**
Where necessary, certain comparative figures have been reclassified in order to conform with the current periods presentations and disclosures.The reclassifications have been audited in the current year.

## 3 Critical accounting estimates and judgements
**Use of estimates and judgements**
In the process of applying the Societys' accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.These are dealt with below:

**(i) Useful lives of property and equipment**
Critical estimates are made by the Directors in determining the useful lives of property and equipment and intangible assets based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residualvalues diering from initial estimates.

**2 Material Accounting Policy Information(continued)**

**3 Critical accounting estimates and judgements(continued)**

**ii) Inventories**

Inventories are carried at the lower of cost or net realizable value.Net realizable value requires judgement in estimating the future net realisable proceeds and costs to make a complete sale,based on the current market conditions and historical experience of selling the products.The carrying amount of inventories at each reporting date are disclosed in note 14.

**iii) Taxation**

The Society applies judgement in the application of taxation regulations and makes estimates in calculating current income tax and deffered tax assets and liabilities including the likely availabilityof future taxable profit against which deffered tax assets can be utilised.

**vi) Impairment of Receivables**

The company reviews at each reporting date all receivables to assess whether an allowance should be recorded in the Statement of Comprehensive Income. The management uses judgement in estimating such amounts in the light of duration of outstanding and any other factors management is aware of that indicates uncertainity in recovery.The carrying amount of receivables at each reporting date are disclosed in note 12.

**4 Financial risk management objectives and policies**

The financial risk management objectives and policies are outlined below:

**(a)Investment risk**

The Society is exposed to the risk that it might buy land which is double sold by the vendor.Exposure to the investment risk is managed by among others:

(i) Ensuring that before buying land,a search is done with the Ministry of Lands under the County.
(ii) No land buying is executed without full approval of the Land Board in the respective County
(ii) All the land buying transactions are done through the lawyers and documents registered.
(iv) A land title is retained by the Society until the member clears the balance is when the transfer is done into him or her.

**(b)Liquidity risk**

The society is exposed to the risk that it may have difficulties in meeting members demand for Land.Liquidity risk is addressed through :

(i) The Society has an aggressive policy of increasing members share Capital.
(ii) The society does not invest members share savings in fixed properties.
(iii) The society may use bank loans and overdraft facilities to meet short term liquidity requirements.

**(c ) 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.

**(d ) 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.

## NOTES TO THE FINANCIAL STATEMENTS ( CONT'D)

| | 2025 Kshs | 2024 Kshs |
|---|---|---|
| **3 LAND SALES** | | |
| Thome Springs | 403,510 | 1,252,638 |
| Thome Springs Penalties and withdrawal fees | 120,000 | - |
| Thome Springs fencing | 27,220 | - |
| Plot refund | 158,749 | - |
| Engaji Garden title deeds | 12,537 | - |
| Osim Gardens | 160,000 | 9,770,000 |
| Kaputiei Boma | - | 33,086,500 |
| Konza/Highway Gardens | 3,775,000 | - |
| | 4,657,016 | 44,109,138 |
| **4 COST OF SALES** | | |
| Osim Gardens | - | 6,766,918 |
| Thome Springs | - | 595,000 |
| Kaputiei Boma | - | 41,030,655 |
| Konza/Highway Gardens | 3,415,000 | - |
| | 3,415,000 | 48,392,573 |
| **5 OTHER OPERATING INCOME** | | |
| Entrance fees | 8,000 | 4,000 |
| Charges income | 24,182 | 45,080 |
| Commission on refund | 17,533 | 86,170 |
| Miscellaneous income | 4,000 | 25,500 |
| KUSCCO Interest | - | 15,370 |
| Treasury bill interest | - | 162,087 |
| Interest from money market | 384,216 | 1,026,584 |
| KMAT Boma | 1,852,038 | 294,436 |
| | 2,289,969 | 1,659,227 |
| **6 ADMINISTRATIVE EXPENSES** | | |
| Printing and stationery | 22,789 | 34,707 |
| Office expenses | 173,961 | 160,264 |
| Supervision fees | 4,310 | 4,200 |
| Audit fees | 43,103 | 40,000 |
| Audit expenses | 5,000 | 3,600 |
| VAT on audit fees | 6,897 | 6,400 |
| Bank charges | 38,267 | 27,209 |
| Rent | 180,000 | 180,000 |
| Advertising and marketing | 23,263 | 205,911 |
| Legal fees | 50,000 | - |
| Software mantainence | 139,200 | - |
| | 686,790 | 662,291 |

NOTES TO THE FINANCIAL STATEMENTS ( CONT'D)

| | 2025<br>Kshs | 2024<br>Kshs |
|---|---|---|
| **7 PERSONNEL EXPENSES** | | |
| Staff salaries | 1,655,982 | 1,675,851 |
| Payroll charges | 32,568 | 42,276 |
| Group cover insurance | 190,442 | 191,410 |
| Staff Training | 9,000 | - |
| | 1,887,992 | 1,909,537 |
| **8 DEPRECIATION AND AMORTIZATION** | | |
| Depreciation (Note 17) | 12,705 | 14,520 |
| Amortization(Note 15) | 164,256 | 205,320 |
| | 176,961 | 219,840 |
| **9 GOVERNANCE EXPENSES** | | |
| Governance Expenses | 125,065 | 533,053 |
| Co-operative movement collaboration | 145,500 | 45,509 |
| Committee sitting expenses | 790,000 | 961,250 |
| Rfreshment/subsistence | 71,764 | 77,667 |
| Board travel | - | 229,551 |
| AGM Expenses | 351,590 | 431,440 |
| Members Education | 442,034 | 357,168 |
| | 1,925,953 | 2,635,638 |
| **10 CASH AND CASH EQUIVALENTS** | | |
| Cash at hand | 10,072 | 7,813 |
| NBK Current account | 14,308 | 28,924 |
| Co-operative current account | 87,935 | 151,768 |
| Kenya Commercial Bank | 18,345 | - |
| Mpesa | 88,496 | 260,706 |
| Mpesa Float | 4,592 | 17,678 |
| CIC Money market fund | 1,169,187 | 2,632,514 |
| Madison money market fund | 1,142,386 | 103,164 |
| ICEA Money market fund | 5,477 | 4,962 |
| Britam Money market | 2,712,408 | - |
| | 5,253,206 | 3,207,529 |
| **11 INVESTMENT** | | |
| NACHU Share capital | 30,000 | 30,000 |
| NACHU Savings | 2,139,617 | 2,139,617 |
| NACHU Plaza shares | 2,000,000 | 2,000,000 |
| | 4,169,617 | 4,169,617 |
| **12 RECEIVABLES AND PRE- PAYMENTS** | | |
| KNH Employer receivables | 1,245,344 | 455,968 |
| Oustanding sales | - | 30,000 |
| Enchore gardens | 518,253 | 518,253 |
| Thayu Meadows | - | 64,071 |
| Muvea Gardens | 2,722,900 | 2,722,900 |
| Engaji gardens | 191,489 | 383,105 |
| Thome springs | 6,254,000 | 7,031,604 |
| Onsite Project | 681,277 | - |
| Osim gardens | 2,632,750 | 7,186,000 |
| | 14,246,013 | 18,391,901 |

## NOTES TO THE FINANCIAL STATEMENTS ( CONT'D)

| | 2025 Kshs | 2024 Kshs |
|---|---|---|
| **13 CONTIGENT ASSET** | | |
| As at 1 Janaury 2025 | 5,509,520 | 5,509,520 |
| | - | - |
| | 5,509,520 | 5,509,520 |
| **14 ASSETS HELD FOR SALE** | | |
| Muvea gardens | 1,812,246 | 1,077,149 |
| Acacia House | 3,769,499 | 3,762,490 |
| Othaya land | 4,830,611 | 4,830,611 |
| | 10,412,356 | 9,670,250 |
| **15 INTANGIBLE ASSETS-ACCOUNTING SOFT WARE** | | |
| **Cost** | | |
| At start of the year | **1,026,600** | - |
| Re-classification(Note17) | - | 1,026,600 |
| **At the end of the year** | **1,026,600** | **1,026,600** |
| **Amortisation** | | |
| At start of the year | 205,320 | - |
| charge for the year | **164,256** | 205,320 |
| **At the end of the year** | **369,576** | 205,320 |
| **Net Book Value** | **657,024** | **821,280** |
| **16 INVESTMENT PROPERTY** | | |
| **Cost** | | |
| At start of the year | 22,067,597 | 22,067,597 |
| Additions | 998,546 | - |
| Revaluation | 6,932,403 | 6,932,403 |
| **At the end of the year** | **29,998,546** | **29,000,000** |

The investment property were revalued in the year 2024 by Milestone Land Acess Limited, a firm of registered valuers.Valuation were made on the basis of the depreciated replacement cost.The books valued were adjusted to the revaluations and the resultant surplus was credited to revaluations reserves in the statement of changes in equity.The land is located in Kaputiei area Kajiado County.

NOTES TO THE FINANCIAL STATEMENTS ( CONT'D)

## 17 PROPERTY, PLANT AND EQUIPMENTS

| | ICT & Software | Freehold Land | Office Printer | Office Equipments | Computers & Accessories | Tota |
|---|---|---|---|---|---|---|
| Rate | | | 12.5% | 12.5% | 30.0% | |
| **COST / VALUATION** | | | | | | |
| As at 1.1.2025 | - | 9,579,004 | 30,500 | 103,331 | 33,942 | 9,746,77 |
| Additions | | - | - | - | - | - |
| | - | | - | - | - | - |
| As at 31.12.2025 | - | 9,579,004 | 30,500 | 103,331 | 33,942 | 9,746,77 |
| **DEPRECIATION** | | | | | | |
| As at 1.1.2025 | - | - | 28,764 | 24,218 | 13,153 | 66,13 |
| Charge for the year | - | - | 217 | 9,889 | 2,599 | 12,70 |
| Disposals | | | - | - | - | - |
| As at 31.12.2025 | - | - | 28,981 | 34,107 | 15,752 | 78,84 |
| **NET BOOK VALUE** | | | | | | |
| As at 31.12.2025 | - | 9,579,004 | 1,519 | 69,224 | 18,190 | 9,667,93 |
| **COST / VALUATION** | | | | | | |
| As at 1.1.2024 | 1,026,600 | 9,123,153 | 30,500 | 103,331 | 33,942 | 10,317,52 |
| Additions | | 455,851 | - | - | - | 455,85 |
| Re-classification(Note15) | (1,026,600) | | | | | (1,026,60 |
| As at 31.12.2024 | - | 9,579,004 | 30,500 | 103,331 | 33,942 | 9,746,77 |
| **DEPRECIATION** | | | | | | |
| As at 1.1.2024 | - | - | 28,516 | 12,916 | 10,183 | 51,61 |
| Charge for the year | - | - | 248 | 11,302 | 2,970 | 14,52 |
| As at 31.12.2024 | - | - | 28,764 | 24,218 | 13,153 | 66,13 |
| **NET BOOK VALUE** | | | | | | |
| As at 31.12.2024 | - | 9,579,004 | 1,736 | 79,113 | 20,789 | 9,680,64 |

## NOTES TO THE FINANCIAL STATEMENTS ( CONT'D)

| | 2025<br>Kshs | 2024<br>Kshs |
|---|---|---|
| **18 MEMBERS DEPOSITS** | | |
| As at 1 January | 50,259,342 | 52,853,547 |
| Additions during the year | 5,226,884 | 5,504,639 |
| Withdrawals during the year | (1,802,976) | (7,392,534) |
| Transfer to land/projects | (1,664,490) | (706,310) |
| As at 31 December | **52,018,760** | **50,259,342** |
| | | |
| **19 PROJECT DEPOSITS** | | |
| Othaya shares | 828,299 | 660,299 |
| Konza project | 142,500 | 799,600 |
| | **970,799** | **1,459,899** |
| | | |
| **20 PAYABLES AND ACCRUALS** | | |
| Audit fees | 55,000 | 50,000 |
| Supervisory fees | 7,395 | 12,284 |
| PAYE | 50,976 | 38,618 |
| Title processing-Muvea gardens | 872,500 | 897,500 |
| Title processing-Kisaju | - | 12,537 |
| Thayu meadows | 295,929 | 360,000 |
| Acacia Fencing | 174,157 | 169,862 |
| Thayu meadows-Fencing | 26,489 | 26,489 |
| Plot refund | - | 267,749 |
| Thome springs refunds | - | 21,000 |
| Ostrich farm fencing | 441,399 | 515,192 |
| Thome springs fencing | - | 27,220 |
| Thome springs title deeds | 491,500 | 595,000 |
| Osim gardens | 228,000 | 385,000 |
| Payroll refund | 2,000 | 2,020 |
| Rent payables | 30,000 | - |
| | **2,675,345** | **3,380,471** |
| | | |
| **21 TAXATION** | | |
| Opening balance | - | 79,254 |
| Provision for the year | - | - |
| Less Final tax paid | - | (79,254) |
| | - | - |
| | | |
| **22 REBATES PAYABLE** | | |
| Opening balance (Note 20) | 76,753 | 1,245,120 |
| Payments during the year | - | (1,168,367) |
| | **76,753** | **76,753** |
| | | |
| **23 SHARE CAPITAL** | | |
| As at 1 Janaury | 27,833,460 | 27,758,501 |
| Contributions during the year | 44,000 | 74,959 |
| | **27,877,460** | **27,833,460** |

**24 EVENTS AFTER REPORTING PERIOD**

There are no significant events after the reporting period which have been reported in these Financial Statements.