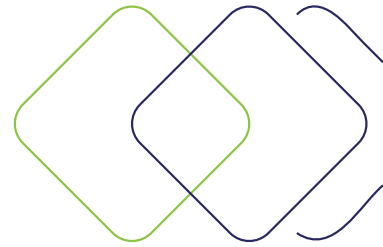




We Are Here to Grow Your Wealth



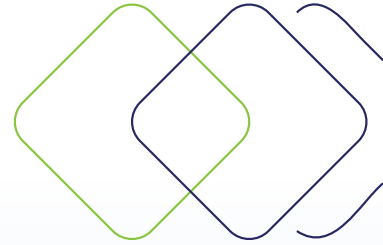
2024 ANNUAL DELEGATES MEETING MARCH 28



The Program

09:00 AM - 09:30 AM	Arrival and registration
09:30 AM - 10:00 AM	Tea and refreshments
10:00 AM - 10:20 AM	Introduction
10:20 AM - 10:30 AM	Reading the notice convening the meeting
10:30 AM - 10:40 AM	To read the notice convening the meeting and confirm presence of quorum.
10:40 AM - 10:50 AM	To receive and consider the chairman's report
10:50 AM - 11:00 AM	To receive and consider the supervisory committee report
11:00 AM - 11:10 AM	To read and confirm the minutes of the previous meeting
11:10 AM - 11:15 PM	Matters arising from the minutes and reports
11:15 PM - 12:25 PM	To receive, consider and if deemed fit, adopt the financial statements for the year ended 31st December 2023
11:30 PM - 11:35 PM	To appoint external auditor for the financial year 2024
11:35 PM - 11:40 PM	To approve the supplementary budget for the year 2024
11:40 PM - 11:45 PM	To approve the society's borrowing power
11:45 PM - 11:50 PM	To approve a resolution to allow the Sacco to convert Kithure/kamwana mobile into a satellite branch
11:50 PM - 12:05 PM	Delegates performance framework
12:05 PM - 12:20 PM	Delegates compliance
12:20 PM - 12:30 PM	To consider any other business for which notice has been issued as per the by-laws
12:30 PM - 12:35 PM	Closing Prayers
12:40 PM - Onwards	Delegates leave at their own Pleasure





BOARD OF DIRECTORS



Mr. Rufus Kamau Ciira
CHAIRMAN



Mr. Cyrus Mugo Njogu
VICE CHAIRMAN & CHAIRMAN
CREDIT COMMITTEE



Mr. Stephen Munyi Ruita
TREASURER & CHAIRMAN
FINANCE & ADMINISTRATION COMMITTEE



Mr. Joseph Mugo Kigaa
HON SECRETARY



Mr. Joseph Wamwati Kinyeki
DIRECTOR & CHAIRMAN
AUDIT COMMITTEE



Mr. Robert Njagi Njugi
DIRECTOR & CHAIRMAN
EDUCATION COMMITTEE

SUPERVISORY BOARD



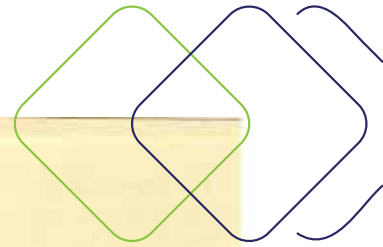
Symon Muriithi Migwi
CHAIRMAN



Ann Mumbi Munene
SECRETARY



Penuel Chomba Muchira
MEMBER



To all Delegates,

DATE: 12th March 2024

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given for the annual general meeting to be held on **Thursday 28th March, 2024** at **10am** at **Roswam Hotel** to transact the following business:

AGENDA

1. To read the notice convening the meeting and confirm presence of quorum.
2. To receive and consider the chairman's report.
3. To receive and consider the supervisory committee report.
4. To read and confirm the minutes of the previous meeting.
5. Matters arising from the minutes and reports
6. To receive, consider and if deemed fit, adopt the financial statements for the year ended 31st December 2023.
7. To consider and approve distribution of surplus.
8. To appoint external auditor for the financial year 2024.
9. To approve the supplementary budget for the year 2024.
10. To approve the society's borrowing power.
11. To approve a resolution to allow the Sacco to convert Kithure/kamwana mobile into a satellite branch.
12. Delegates performance framework.
13. Delegates compliance.
14. To consider any other business for which notice has been issued as per the by-laws.

By order of the Board,

JOSEPH MUGO KIGAA
HONORARY SECRETARY

Cc. - County Director for Co-operatives

C.E.C - Trade and cooperatives



Head Office: P.O. Box 559 - 10300 KERUGOYA Mobile: 0724-256957
Email: info@fortune.co.ke www.fortune.co.ke

Branches: Kerugoya - Kiinyaga - Karumande - Kiamutugu - Kibirigwi - Kagumo - Kimunye - Kiangal - Sagana - Baricho - Kag'io - Mwea - Kutus
Nairobi - Makutano



REPORT OF THE DIRECTORS

Fortune Savings and Credit Co-operative Society Limited C/S - 8379
Report of the directors
For the year ended 31 December 2023

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2023.

Incorporation

The society is incorporated in Kenya under the Co-operative Societies Act, Cap. 490 and is domiciled in Kenya. It was registered as a deposit taking Sacco under the Sacco Societies Act No. 14 of 2008 with effect from 19 May 1998.

Principal activities

The principal activity of the society is that of receiving savings from and provision of loans to its members.

Results	2023 KSh	2022 KSh
Profit before tax	200,582,883	130,717,750
Income tax expense	<u>(643,335)</u>	<u>-</u>
Profit for the year	<u>199,939,548</u>	<u>130,717,750</u>
Total comprehensive income for the year	<u>187,060,920</u>	<u>130,923,256</u>
Interest on members' deposits	<u>132,796,693</u>	<u>122,921,993</u>

Investment shares

The issued and paid up share capital of the society was increased during the year from KSh 486,344,638 to KSh 577,092,635.

Dividends and interest

The directors have recommended payment of 13% (2022: 13%) as dividend on investment shares and 8% (2022: 8%) interest on sacco back office deposits.

Directors

The directors who held office during the year and to the date of this report are shown on page 1. In accordance with the society's by-laws, two directors; Joseph Wamwati Kinyeki and Joseph Mugo Kigaa retire by rotation and being eligible, offer themselves for re-election.

Statement as to disclosure to the Sacco's auditor

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

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

Terms of appointment of the auditor

RSM Eastern Africa LLP were appointed as the independent auditors in the year, and have indicated willingness to continue in office until the date of rotation of the society auditor in accordance with the Sacco Societies Act No. 14 of 2008.

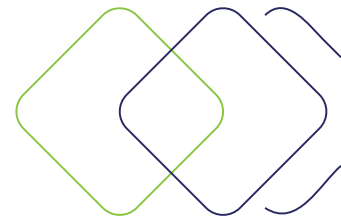
The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KSh 1,450,000 has been charged to profit or loss in the year.

By order of the board



Hon Secretary

12th March
 2024



CORPORATE GOVERNANCE STATEMENT

Fortune Savings and Credit Co-operative Society Limited C/S - 8379
Corporate governance statement
For the year ended 31 December 2023

Corporate governance is the process and structure used to manage business affairs of the society towards enhancing prosperity and corporate accounting with the ultimate objective of realizing members' long term value while taking into account the interest of other stakeholders.

The board of directors are responsible for the corporate governance practices of the society. This statement sets out the main practices in operation during the year under review, unless otherwise indicated. The society is committed to business integrity and professionalism in all its activities.

Board of directors

The board meets monthly to deliberate on the society's financial performance and discuss reports from each sub-committee and deal with any strategic issues and opportunities for the sacco. Board and committee papers are supplied in time to members, in appropriate form and quality to facilitate effective deliberations. Board of directors have access to relevant information through the office of the Chief Executive Officer.

Board meetings are held in line with the annual calendar except when critical business necessitates ad hoc meetings. The following meetings were held during the year ended 31 December 2023;

	No. of meetings	Membership	Average attendance %
Full Board	12	6	100
Finance and Administration	6	4	100
Credit Committee	6	2	100
Audit and Risk Management Committee	6	3	100
Education and Marketing Committee	6	3	100
Supervisory Committee	5	3	100

Board sub-committees

The society had the following sub-committees in place during the year with terms of reference clearly defined in the by-laws to facilitate the decision-making of the management board in the execution of its powers, duties, and authorities.

(a) Finance and Administration Committee

The Committee is established in accordance with the Sacco by law 56 to deal with finance, investment and staff matters. The committee is chaired by Stephen Munyi Ruita. Other members are; Cyrus Mugo Njogu, Rufus Kamau Cira and Joseph Mugo Kigaa.

(b) Credit Committee

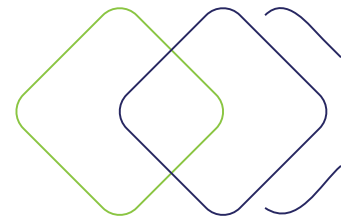
The Committee is formed in accordance with the provisions of Regulation 60 (8) of the Sacco Societies (Deposit – Taking Sacco Business) with the responsibility of reviewing and overseeing the overall lending policy. The committee is chaired by Cyrus Mugo Njogu.

(c) Audit and Risk Management Committee

This Committee is formed in accordance with the Sacco regulation 56 and by law to review the financial conditions of the Sacco society and its internal controls. The committee is chaired by Joseph Wamwati Kinyei. Other members are Joseph Mugo Kigaa and Joseph Robert Njagi Njugi.

(d) Education and Marketing Committee

The Committee is established in accordance with the Sacco by law 57 to deal with business development as well as members, delegates and staff education matters. The committee is chaired by Robert Njagi Njugi. Other members are Rufus Kamau cira and Joseph Wamwati Kinyeki



Fortune Savings and Credit Co-operative Society Limited C/S - 8379
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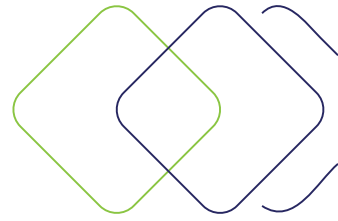
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Fortune Savings and Credit Co-operative Society Limited CS/NO - 8379
Corporate governance statement (continued)
For the year ended 31 December 2023

Board sub-committees (continued)

(e) Supervisory Committee

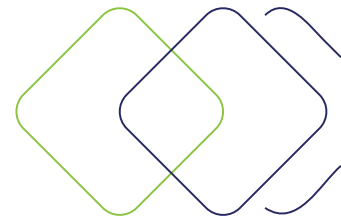
The committee is established under Rule 28 of the Co-operative Society Rules to ensure that adequate checks and balances are put in place and that the principles of transparency and accountability are observed. The committee is composed of three independent members who are appointed by delegates during the Annual General Meeting namely;

- i) Symon Muriithi Migwi - Chairperson
- ii) Ann Mumbi Munene - Secretary; and
- iii) Panwel Chomba - member.

To the best of our knowledge, no situation of conflict of interest arose at the board.

Internal controls

The society has systems and processes to ensure that requisite controls, physical security of assets and reporting of accurate and up-to date information with a comprehensive accounting system is in place.



STATEMENT OF DIRECTORS' RESPONSIBILITIES

Fortune Savings and Credit Co-operative Society Limited CS/NO - 8379
Statement of directors' responsibilities
For the year ended 31 December 2023

The Sacco Societies Act No. 14 of 2008 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Sacco as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the society keeps proper accounting records that (a) show and explain the transactions of the Sacco; (b) disclose, with reasonable accuracy, the financial position of the Sacco; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Sacco Societies Act. No. 14 of 2008.

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


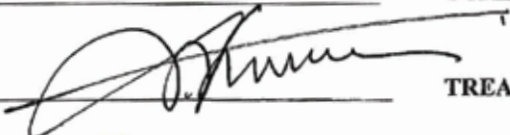
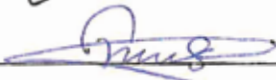
- i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting suitable accounting policies and applying them consistently; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.

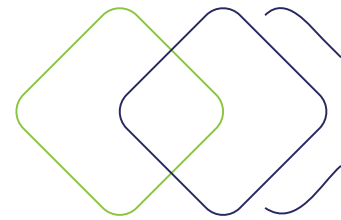
The directors are of the opinion that the financial statements give a true and fair view of the financial position of the society as at 31 December 2023 and of the society's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and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

Having made an assessment of the Sacco's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Sacco's ability to continue as a going concern.

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

Approved by the board of directors on 12th March 2024 and signed on its behalf by:

	CHAIRMAN
	TREASURER
	BOARD MEMBER



CHAIRMAN'S REPORT TO THE ANNUAL DELEGATES MEETING ON 28TH MARCH 2024

Preamble

- Members of the board
- Members of the supervisory committee
- Delegates
- County Director for Co-operatives
- Sub-county Co-operative officer,

Dear Esteemed Delegates,

I am honored to present to you the annual report of our SACCO for the financial year ending 31st December 2023. As the Chair of the Board, I am pleased to report that despite the challenges posed by the harsh economic times, we have made significant strides towards achieving our goals and fulfilling our vision of empowering our members and fostering financial inclusion.

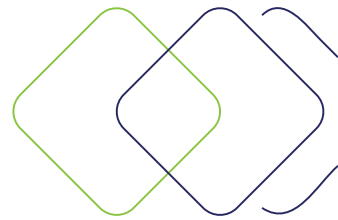
Financial Performance: Our SACCO has maintained a strong financial position throughout the year. Despite the economic uncertainties, we have managed to achieve growth in all the major performance indicators.

Assets grew by 12.5% from Kshs.5.56 billion to Kshs. 6.26 billion. This was mainly driven by growth in loan book by 13.8% from Kshs. 5.05b to Kshs.5.75billion, members' deposits by 11.8% which rose from Kshs.3.21 billion to Kshs. 3.59 billion and share capital which increased by 18.6% from Kshs.486million to Kshs.577 million. The impressive 18.6% growth in share capital is a reflection of the confidence and trust members have in the Sacco as their vehicle to grow their wealth as well as increase in dividends rate from 12% to 13% last year.

During the year, profitability increased by a staggering 52% from Kshs.130 million to Kshs. 200 million. This was achieved principally by growing total revenue that for the first time in the Sacco's history crossed the Kshs. 1 billion mark. Another contributor was the prudent management of expenses in the year, as they rose by a mere 3% from Kshs.756million to Kshs.779million.

In spite of this improved profitability, the board has recommended retention of dividend payout at 13%, which is well above the average rate of dividends deposit taking Sacco`s paid last year at 10.47%. This is informed by the need to continue building institutional capital and keep the ratio well above the Sacco target of 20%.

Also note that the Sacco paid return on backoffice deposits at a sustained rate of 8% compared to the Sacco industry average of 7.11%.



Member Growth and Engagement: I am delighted to announce that our SACCO has experienced steady growth in membership over the past year with active membership rising to 139,235. This is a testament to the trust and confidence that our existing members have in us, as well as our efforts to reach out to new members and communities. We have also focused on enhancing member engagement through various initiatives such as the members' education week where we reached close to 10,000 members. This year our focus is to engage and train at least 18,000 members. To attain this, we will expect every delegate during the member education week to ensure there is a turnout of at least 200 members in their area of representation.

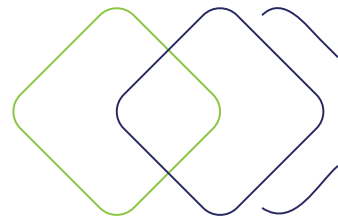
Product and Service Innovation: In line with our commitment to meeting the evolving needs of our members, we did repackage products and services during the year. These include increasing the tea and coffee loans repayments to 4 years as well as introduced a new product to MPESA agents for float purchase advance, aimed at providing our members with greater convenience, flexibility, and value. We will continue to innovate and diversify our offerings to ensure that we remain relevant in a rapidly changing financial landscape.

Ongata Rongai branch: As you may recall, last year September 22nd, we launched our 16th branch at Rongai town. I am happy to report that business is picking and we did not get it wrong in investing there. We already have on-boarded 823 new members with Kshs.29.2 million in deposits and a loan book of Kshs.32.5. We have targeted by year end to have 2000 members with Kshs.100 million in deposits and a loan book of Kshs.120million.

Board and delegates performance: As we agreed during the delegates training in December last year, we as leaders should be at the forefront in driving attainment of the Sacco's performance goals especially on recruitment of members and addressing of member related issues. As a beginner, we held a delegates' evaluation then, and agreed that the board will develop a framework for delegates performance. We have since done that, and today we will be discussing the framework that will be the basis of driving delegates performance.

Besides, the board has also adopted a performance evaluation where individually and collectively we are evaluated on our stewardship of the Sacco. This evaluation was done for the first time this January, and has provided insights on areas that we as a board need to improve on in order to drive this Sacco to greater heights.

Reorganization of the organization structure: As part of the strategic initiatives of growing the Sacco market share, improving communication with members and achieving service efficiency, we have reorganized the structure of the Sacco by splitting the Sacco business department into two: Marketing and Communications department as well as Operations and member service department. We have since recruited Mr. Samuel Muthike as head of marketing with Mr. Daniel Munyao remaining as head of Operations.



Head office Building: Construction of the new wing and renovation of Kerugoya branch has since been completed and occupied. The total cost for these works were Kshs. 64million which were within the budget cost of Kshs. 69m. It is notable that the remarkable change in the face of Fortune Plaza has improved members service experience and employees working conditions.

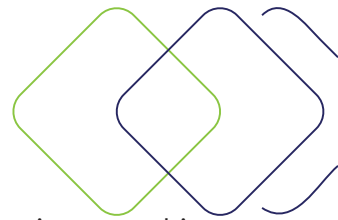
Kimunye Plot: Last year, you had mandated us to seek and acquire a suitable plot for future construction of Kimunye branch premises. I am happy to report that through the assistance of one of the delegates we were able to identify and purchase the same at a cost of Kshs.2.5 million.

Review of by-laws and elections policy: We had promised in the special general meeting of September last year, that we would be reviewing our by-laws and elections policy in order to strengthen governance as well as management of elections, and table the proposals in this meeting. We have deferred the same to special general meeting of September this year due to the fact that there is a Co-operative Societies Bill being enacted that we understand may be operational by July this year. This Co-operative bill proposes some radical changes such as gender rule, qualifications for directors and supervisory, name of the Sacco among others. Besides, the regulator has issued guidelines has far reaching implication in the governance and operations of the Sacco. To name just one example, is the requirement for a delegates based Sacco to adopt regional member meetings where in members' express issues that they would want their delegates to present in the AGM. All these emerging issues will call for revision of by-laws, once the Co-operative Act and its attendant regulations are enacted into law later this year. Thus I call upon you delegates to be patient.

Upgrade of mobile banking platform: Within the next sixty days, we will be launching an upgraded mobile banking platform eCash. With the upgrade, members will enjoy new features such as ability to move cash from the Sacco directly to any commercial bank account and vice versa through PESA LINK module. Mmembers will also be able to set up standing orders to regularly and automatically transfer funds between accounts among other features. Currently the new system is being tested by a select number of users.

Supporting Access to Finance and Enterprise Recovery: The Sacco is finalizing arrangements with Kenya Development Corporation for a concessionary wholesale facility of Kshs.500 million meant to be utilized in revitalizing small and micro enterprises by providing them with affordable credit. The financial support will target viable MSMEs that were previously financed but are facing constraints in addition to those that are considered bankable but have not been able to access credit.

Microfinance group lending product: The board on analyzing the profitability and future sustainability of the microfinance group lending concluded that it is unprofitable and unsustainable. This is because of the increased competition from mobile based lending by Fintechs through apps such as Mshwari, Branch, Tala etc to this class of members as well as multi-borrowing leading to higher defaults.



Besides, the model has proved too costly to administer as the Sacco has invested in many microfinance officers, motorcycles, with fuel and subsistence expenses for outreach of these groups which have risen significantly.

Thus we did resolve to scale it down progressively with a view to wind up the product by close of next year. The members of these groups will be converted into individual borrowers and the Sacco will continue to engage them individually. Further, the Sacco will redeploy the microfinance officers into branch credit teams as well as in debt recovery section.

However, the Sacco will shift its focus more on investment groups popularly known as CHAMAS more so for acquisition of chama assets.

Risk management framework and strengthening of internal controls: As the Sacco grows and expands, we expect more exposure to risks as well as increased challenges of fraud. While last year and year to date we have not experienced any cyber-attack incidences, we have had incidences of staff fraud that lead to board terminating the services of the accountant as well as two branch managers. As a board we have a zero tolerance policy on staff fraud. However, to ensure we are proactive on these issues, the Sacco has embarked on a course of strengthening management of Sacco risks by adopting a risk management framework and employment of a dedicated risk officer. Besides, we will further be strengthening the capacity of the audit department to ensure we have a robust and strong internal control environment to prevent fraud.

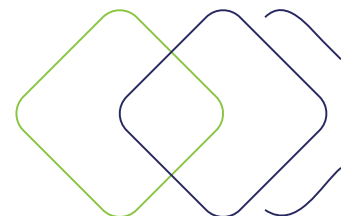
Key performance indicators for year 2024: We expect and are already experiencing a tough year 2024 as a result of the tough economic conditions due to higher taxation, higher cost of living, high fuel prices, all leading to lower disposable incomes to our members and constraining their ability to service loans as well as save. However, despite all these constraints, the board has put in measures through the revised strategic plan 2022-2026 to ensure the Sacco maintains its growth momentum during this turbulent times. We are working to grow the numbers as follows in year 2024:

- a) **Increase asset base:** Reach Kshs. 6.9 billion.
- b) **Loan portfolio growth:** Increase loan portfolio to Kshs. 6.3 billion.
- c) **Deposit growth:** Grow deposits to Kshs.4 billion.
- d) **Share capital growth:** Increase share capital to Kshs.680 million.
- e) **Profitability growth:** Achieve Kshs. 230 million.
- f) **Revenue growth:** Increase revenue to Kshs. 1.1 billion.

To conclude, I wish to reassure you that the future of the SACCO is bright and that we should all empower ourselves through the many products and services it has to offer.

Thank you ladies and gentlemen.

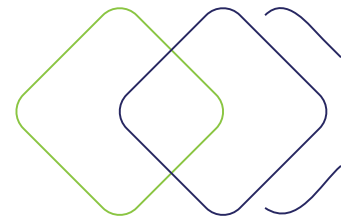
Rufus Kaman Cira



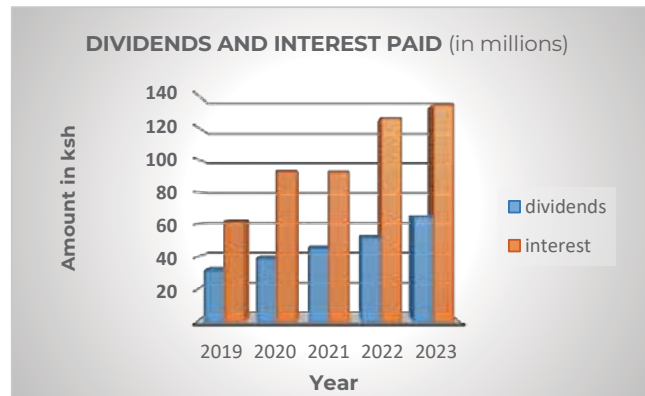
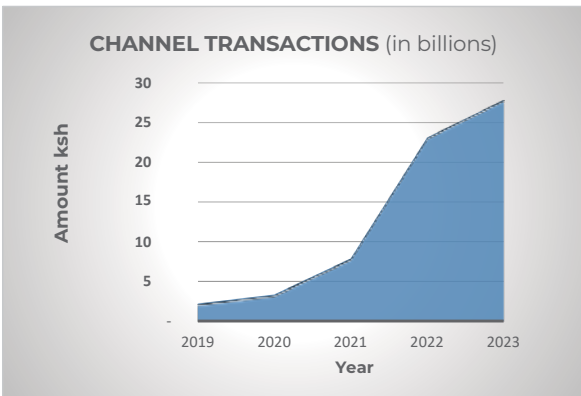
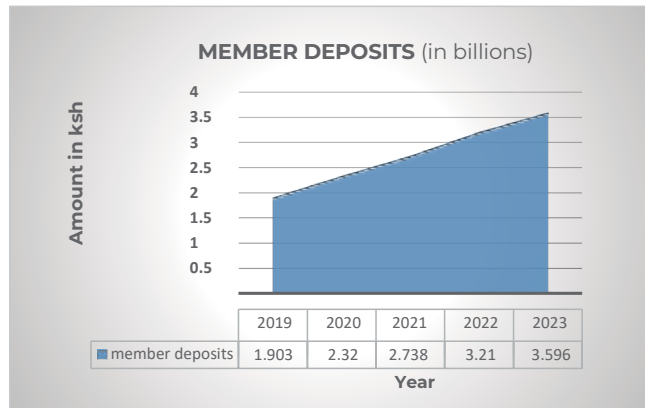
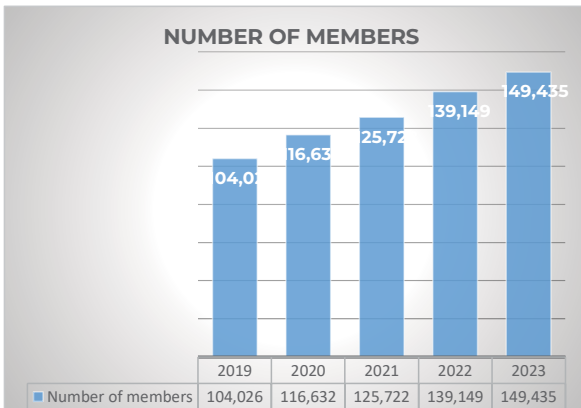
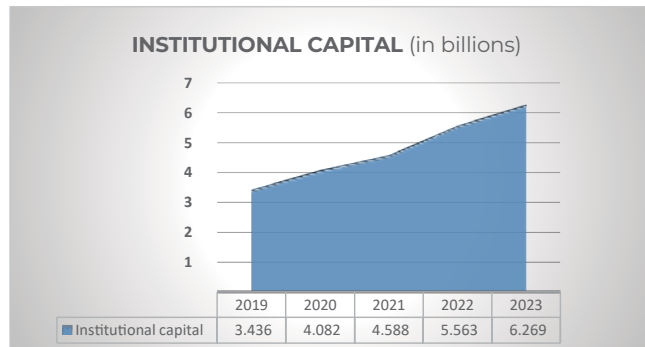
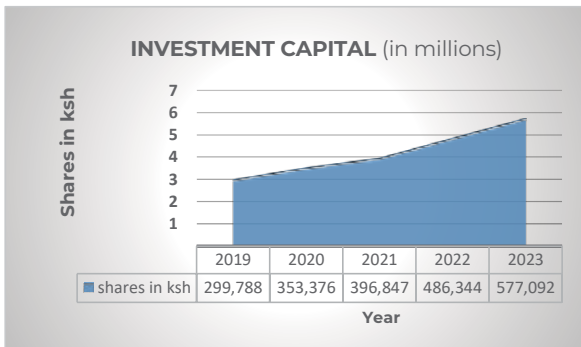
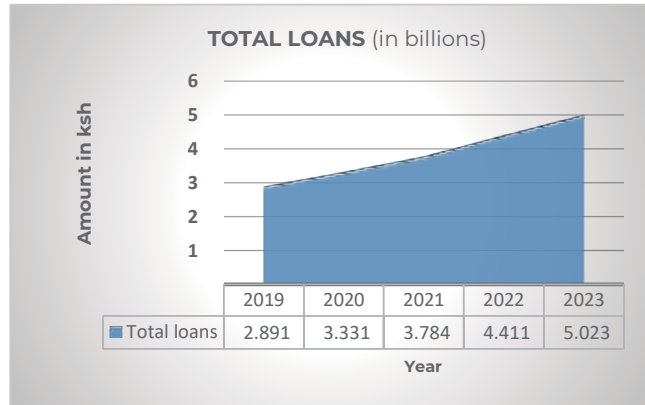
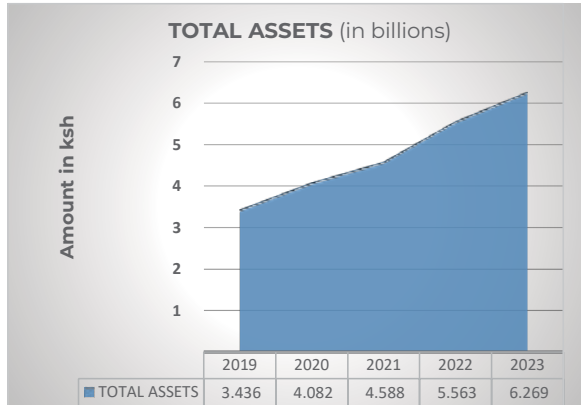
FINANCIAL AND STATISTICAL INFORMATION

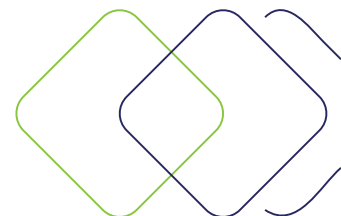
Fortune Savings and Credit Co-operative Society Limited CS/NO - 8379
Financial and statistical information
For the year ended 31 December 2023

	2023	2022
	Numbers	Numbers
Membership		
- Active	134,613	130,929
- Dormant	10,200	8,220
	<u>144,813</u>	<u>139,149</u>
Number of branches	<u>16</u>	<u>15</u>
Number of employees		
- Male	89	90
- Female	127	114
	<u>216</u>	<u>204</u>
	2023	2022
	KSh	KSh
Financial		
Total assets	6,260,009,723	5,563,038,459
Core capital	1,740,169,881	1,420,193,934
Institutional capital	1,229,099,764	1,148,578,940
Members' deposits	3,590,027,675	3,210,840,157
Loans and advance to members	5,759,315,472	5,057,806,521
Provision for loan losses and suspended interest	752,535,078	646,717,600
Financial assets at fair value through other comprehensive income	38,346,511	35,049,901
Total revenue	1,006,780,046	917,107,037
Total interest income	883,862,530	777,408,284
Total expenses	779,008,023	756,442,507
Investment shares	577,092,635	486,344,638
Statutory reserve	316,025,270	275,067,197
Appropriation reserve	847,051,976	663,132,021
Key ratios:	2023	2022
Capital adequacy ratios	%	%
Core capital/total assets	28%	26%
- Minimum ratio	10%	10%
Core capital/total deposits	48%	44%
- Minimum ratio	8%	8%
Institutional capital/total assets	20%	21%
- Minimum ratio	10%	10%
Liquidity ratio		
Liquid assets/total deposits & short-term liabilities	24%	26%
- Minimum ratio	15%	15%
Operating efficiency/loan quality ratios		
Total expenses/total revenue	77%	82%
Interest on member deposits/total revenue	13%	13%
Interest rate on members' deposits	8%	8%
Dividend rate on members share capital	13%	13%
Total delinquent loans/gross loan portfolio	17%	13%



KEY TRENDS FOR THE SACCO





Fortune Savings and Credit Co-operative Society Limited C/S - 8379
Financial Statements
For the year ended 31 December 2023

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 Shs	2022 Shs
Revenue			
Interest on loan and advances	2 (a)	827,695,441	710,111,426
Other interest income	2 (b)	<u>56,167,089</u>	<u>67,296,858</u>
Total interest income		883,862,530	777,408,284
Interest expenses	2(c)	<u>(134,658,669)</u>	<u>(126,286,051)</u>
Net interest income		749,203,861	651,122,233
Net fee and commission income	2(d)	74,309,106	96,847,471
Other operating income	2(e)	48,608,408	42,851,282
Impairment (charge) on loan and advances	8	(105,970,016)	(123,777,769)
Impairment losses on cash and cash equivalents	6	(11,430,446)	-935,790
Members expenses	25	(50,652,799)	(48,080,939)
Marketing expenses		(27,832,475)	(29,946,781)
Staff costs	26	(206,227,943)	(201,561,608)
Other administrative expenses	27	(128,459,568)	(147,158,607)
Other operating expenses	28	<u>(141,117,782)</u>	<u>(108,641,744)</u>
Profit before tax		200,430,346	130,717,748
Income tax expense	5	<u>(643,335)</u>	<u>-</u>
Profit for the year		<u>199,787,011</u>	<u>130,717,748</u>
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
- Fair value gain/(loss) on equity instruments at fair value through other comprehensive income	9	<u>(203,390)</u>	<u>205,506</u>
Total comprehensive income		<u>199,583,621</u>	<u>130,923,254</u>
Dividend:			
Proposed dividend for the year		<u>64,895,444</u>	<u>53,302,643</u>



Fortune Savings and Credit Co-operative Society Limited CS/NO - 8379
Financial statements
For the year ended 31 December 2023

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31ST DECEMBER 2023

	Notes	2023 KSh	2022 KSh
ASSETS			
Cash and cash equivalents	7	847,996,383	821,699,017
Other receivables and prepayments	8	57,992,361	35,824,846
Loans and advances to members	9	5,006,780,394	4,411,088,921
Financial assets at fair value through other comprehensive income	10	38,346,511	35,049,901
Inventories	11	14,982,022	8,571,582
Right-of-use-assets	12	22,408,216	22,570,664
Property and equipment	13	235,735,797	190,859,963
Intangible assets	14	27,456,683	29,022,476
Tax recoverable	6	8,311,356	8,351,089
Total assets		6,260,009,723	5,563,038,459
LIABILITIES			
Interest due to members	15	27,878,430	26,034,771
Other payables	16	106,058,780	114,348,846
Members' deposits	17	3,590,027,675	3,210,840,157
Retirement benefit obligations	18	78,982,605	87,379,028
Lease liabilities	19	11,121,979	10,352,238
Provision for liabilities	20	639,747,854	479,159,841
		4,453,817,324	3,928,114,881
FINANCED BY			
Investment shares	21	577,092,635	486,344,638
Statutory reserves	22(i)	316,025,270	275,067,197
Appropriation reserve	22(ii)	847,051,976	663,132,021
Fair value reserves	22(iii)	1,127,074	14,005,702
Dividends reserve	22(v)	-	144,563,667
Proposed dividends	22(vi)	64,895,444	51,810,353
		1,806,192,399	1,634,923,578
Total liabilities and capital		6,260,009,723	5,563,038,459



The financial statements on pages 10 to 45 were authorised for issue by the board of directors on 12th March 2024 and were signed on its behalf by:

CHAIRMAN

TREASURER

BOARD MEMBER



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Certified Public Accountants

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**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF FORTUNE SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED CS/NO - 8379**

Opinion

We have audited the accompanying financial statements of Fortune Savings and Credit Co-operative Society Limited ("the Sacco"), set out on pages 10 to 45, which comprise the balance sheet as at 31 December 2023, profit and loss account, changes in equity and cash flows for the year then ended, and notes, including a summary of material accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Sacco in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters are summarised on the table below:

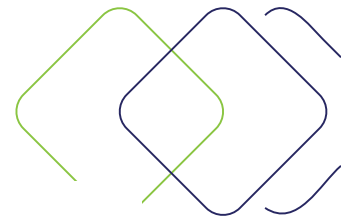
Key audit matter	How the matter was addressed
<p>The Sacco's loans and advances amounted to KSh 5.8 billion as at 31 December 2023.</p> <p>Significant judgement is involved in assessing the recoverability of loans and advances and in estimating the expected credit losses (ECL) required to be recognised against the gross loans and advances.</p> <p>The key areas where we identified greater levels of management judgement and therefore increased audit focus was the determination of historical loss rate and the application of forward - looking information to determine the ECL.</p> <p>This was considered a key audit matter as IFRS 9 is complex financial reporting standard which requires significant judgement to determine the impairment provisions required.</p>	<p>Our audit procedures include understanding and testing of the design and operating effectiveness of the key controls over the Sacco's impairment process - for example:</p> <ul style="list-style-type: none"> • Controls over identification of which loans are impaired. For individually significant loans, this included controls over credit grading and the monitoring process. • We assessed the modelling techniques and methodology against the requirements of IFRS 9; and • Controls over the completeness and accuracy of data input into the impairment model. <p>Reperforming certain credit procedures for individually significant advances as follows:</p> <ul style="list-style-type: none"> • performing a credit assessment of a sample of advances assessed as non performing in credit risk Stage 3 and determine whether the evaluation was appropriate and assess the reasonableness of the amount and timing of the estimated cash flows including realisable values of collateral; and • performing a credit assessment of a sample of loans assessed as Stage 2 and Stage 3 to determine whether their grading was appropriate. <p>Assessing whether the disclosures in the financial statements appropriately reflect the Sacco's exposure to credit risk.</p>

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Registration number: LLP-3A1VXM, a limited liability partnership under the Limited Liability Partnership Act, 2011.
Partners: Ashif Kassam, Lina Ratansl, Nihla Mazrui, Elvis Ogeto, George Mutua

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**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF FORTUNE SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED CS/NO - 8379 (CONTINUED)**

Other information

The directors are responsible for the other information. Other information comprises the information in the reports accompanying the Annual Financial statements, other than our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting standards and the requirements of the Sacco Societies Act, No. 14 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Sacco's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Sacco or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

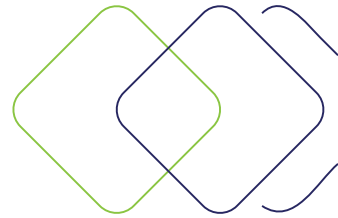
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sacco's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sacco's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Sacco to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF FORTUNE SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED CS/NO - 8379 (CONTINUED)**

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

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

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

Report on other legal requirements

In our opinion the information given in the report of the directors on page 2 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Elvis Ogeto, Practising Certificate No. 2303.

for and on behalf of RSM Eastern Africa LLP
Certified Public Accountants
Nairobi.

12 March 2024
036/2024



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