



LSK HOUSING CO-OPERATIVE  
SOCIETY LIMITED



# 2024 ANNUAL REPORT

CS/12754



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# SOCIETY INFORMATION

## AS AT 31<sup>ST</sup> DECEMBER 2024

### Board of Directors



Justus Munyithya  
Chairman



Samuel Mwaniki  
Vice Chairman and Chairman  
Projects Committee



Kellen Njue  
Secretary



Lawrence Mugambi  
Treasurer



Jackson Awele  
Secretary Projects  
Committee



Boniface Mutwiri  
Member Projects  
Committee



Caleb Nadebu  
Chairman Member  
Education Committee



Gad Gathu  
Secretary Member  
Education Committee



Gladys Wamaitha  
Member Education  
Committee

### Supervisory Committee



Joseph Makumi  
Chairman



Collins Wanderi  
Secretary



Dr. Salome Muhia  
Member

### CEO

Samuel Ogosi Ogosi

### Registered office

LSK Housing Co-op Ltd  
Crawford Business Park 3rd Flr  
State House Road  
P. O. Box 6740-00100  
Nairobi

### Auditors

JM Associates LLP  
Certified Public Accountants  
West Park Towers Mpesi lane,  
8th Floor  
P. O. BOX 23598-00625  
Westlands, Nairobi.

### Principal Bankers

1. Co-operative Bank of Kenya  
Kimathi Street Branch  
Acc Name: LSK Housing Co-op Ltd,  
A/c No: 01100169856100  
P. O. Box 7512-00200  
Nairobi
2. KCB Bank,  
Biashara Street Branch,  
P. O. BOX 45422-00100,  
Nairobi, Kenya.

# NOTICE FOR THE AGM 2024

28<sup>th</sup> February 2025.

**TO ALL MEMBERS,**

## **YEAR 2025 ANNUAL GENERAL MEETING (AGM) NOTICE**

Notice is hereby given that an Annual General Meeting of LSK Housing Co-op Society Limited is convened and will be held **virtually on Saturday 15<sup>th</sup> March 2025 from 12.00 pm.**

### **AGENDA:**

1. To note attendance and apologies.
2. Confirmation of year 2024 AGM minutes.
3. Chairman's report
4. Supervisory Committee's report
5. Auditor's report
6. Presentation of financial statements for the period ending 31<sup>st</sup> December 2024
7. Report from Cooperative representative
8. Resolutions:
  - a) Consider and approve disposal of surplus for year 2024.
  - b) To consider and approve the budget for the year 2025-2026
  - c) Approval of the LSK Housing borrowing powers
9. To appoint Auditors for the year 2025 and fix their remuneration.
10. Elections:
  - a) Election of three (3) Board Members
  - b) Election of one (1) supervisory Committee Member.

**Candidates interested in the above positions (except those seeking re-election) should request, fill and return a dully filled up Nomination Form to the Sacco office at least seven (7) days before the AGM.**

11. To transact any other business for which a prior notice of Seven (7) days to the date of the Annual General Meeting will have been given to the Secretary.

**NB: The Virtual AGM link will be shared with members who will have registered through the members portal (<https://www.webportal.lksacco.co.ke>) to attend the meeting. Registration guidelines will be shared on or before 3<sup>rd</sup> March 2025.**

**By the order of Board of Directors**



**KELLEN G. NJUE**  
**HON. SECRETARY**

**CC: County Co-operatives Officer,  
Sub-County Co-operative Officer**

# Minutes of the LSK Housing Co-operative Society Ltd Virtual Annual General Meeting (AGM)

HELD ON SATURDAY 13<sup>TH</sup> APRIL 2024 AT 4.25 PM

## MIN 1/13/04/2024: Preliminaries

The Chairman called the meeting to order at 4:25 p.m. and confirmed that there was quorum. The AGM was started with a word of prayer, led by Caleb Nadebu, member Number LH-00315. The Chairman welcomed members to the meeting and thanked them for their attendance.

The Chairman led the members to observe a moment of silence in tribute to the departed members.

## MIN 2/13/04/2024: To note attendance and apologies

The meeting was attended by the following 35 Society members;

| Member No. | Name                       |
|------------|----------------------------|
| LH-00003   | Lawrence Mugambi Mungania  |
| LH-01627   | Kwanzu Tracy Phanice       |
| LH-00780   | James Juguna Joroge        |
| LH-00266   | Patricia Muthoni Ndungu    |
| LH-00315   | Philbert Caleb Nadebu      |
| LH-01493   | Bernhard Kipkoech Ng'etich |
| LH-01252   | K'omolo Eric Onyango       |
| LH-00534   | Justus Mutisya Mutia       |
| LH-00519   | Andrew Mutune              |
| LH-00060   | Gladys Wamaitha            |
| LH-00281   | Salome Wairimu Muhia       |
| LH-00239   | Joseph Makumi Kamau        |
| LH-00700   | Ochieng Emma Benadate      |
| LH-00266   | Patriciah Muthoni Ndung'u  |
| LH-00470   | Kanyita Enice Njeri        |
| LH-01629   | Martin Kefa Simiyu         |
| LH-00531   | Otiende Emma Essendi       |
| LH-00247   | Martin Machira Ngati       |
| LH-01506   | Onsare Rosa Moraa          |
| LH-01604   | Mary Opembe                |
| LH-00243   | Kimathi John Marcelino     |
| LH-00271   | Japheth Kiteme Mwalimu     |

| Member No. | Name                      |
|------------|---------------------------|
| LH-00864   | Kioko Felix Mwanza        |
| LH-00585   | Gad Gathu Kiragu          |
| LH-01057   | Esther Wambui Kinuthia    |
| LH-00617   | Justus Maithya Munyithya  |
| LH-00958   | Mutwiri Boniface Kinoti   |
| LH-00062   | Kellen Njue               |
| LH-00158   | Samuel Murigi Mwaniki     |
| LH-00467   | Awele Jackson Onyango     |
| LH-00437   | Munyiri Collins Wanderi   |
| LH-00521   | Juliette Leonora Okoth    |
| LH-00481   | Ogendi Juma               |
| LH-00461   | Mwangi Lydia Wanjiru      |
| LH-00010   | Josephine Kemunto Omwenga |
| LH-00437   | Munyiri Collins Wanderi   |
| LH-00499   | Karanja Robert Muya       |
| LH-01332   | Njoki Duncan Wwachira     |

## Absent with apology

The following apologies were received;

| Member No. | Name                    |
|------------|-------------------------|
| LH-00299   | Opulu Charles Adamson   |
| LH-00438   | Njagi Jacqueline Wanjia |
| LH-00865   | Njako Prisscilla Mumbua |

## In attendance

The following non-Society members were also in attendance;

| Name   |
|--|
| 1. Ms. Dolphine Aremo – County Director of Cooperatives            |
| 2. Mr. Njoroge Mwangi – Dagoretti, Sub-County Cooperatives Officer |
| 3. CPA John Mwangi Macharia – Managing Partner JM Associates       |
| 4. Mr. Samuel Njiraini – Auditor JM Associates                     |
| 5. Ms. Vera Atuti – Internal Auditor Zade Associates               |



**MIN 3/13/04/2024: Adoption of agenda**

The notice of the meeting was read by the Vice Chair and the agenda of the AGM was adopted as tabled.

**MIN 4/13/04/2024: To note and adopt the minutes of the AGM held on 18<sup>th</sup> March, 2023**

The Minutes of the Annual General Meeting held on 13<sup>th</sup> March, 2023 were read and confirmed as a true record of the proceedings after being proposed by Mr. Japheth Kiteme Mwalimu (LH-00271) and seconded by Mr. Justus Mutisya Mutia (LH-00534).

**MIN 5/13/04/2024: Matters arising from minutes of the previous meetings**

There were no matters arising from minutes of the previous meeting.

**MIN 6/13/04/2024: To consider the chairman's report for the year 2023**

The Chairman again thanked everyone for their attendance and support. He informed members that the year under review was the toughest and that was not limited to the society but the country at large especially the real estate industry. However, the Society continues to change its business plan and adapt with the changing business environment so it can grow and give good returns to members.

He highlighted the following highlights for the year 2023;

**1. Membership.**

- Membership grew, with 13 new members joining the Society in 2023. The membership stands at 1,667 members.
- Only 626 members had met the minimum share capital requirement. The society will continue to educate and urge members who had not attained the minimum shareholding of 50,000/- to purchase the shares and dividends declared yearly and also to grow the society's vision.

**2. Revenue.**

- The total turnover in 2023 was Ksh. 16,400,000/- compared to Ksh. 23,295,000 in 2022.
- Expenditure dropped from a total of Ksh 17,265,297/- in year 2022 to Ksh 15,595,553 in 2023.
- Surplus before tax reduced from Ksh. 5,352,922 in 2022 to Ksh. 2,746,796 in 2023.
- Surplus after tax for year 2023 reduced from Ksh 4,676,141 in 2022 to Ksh 1,942,349/-.

The reduction of net surplus for the year 2023 compare to year 2022 is attributed to the society not being able

to complete many plot sales this is due to; delays in completion documents for the Birika project, rising inflation and other economic factors affecting the real estate industry.

**3. Share capital.**

Share capital grew from **Ksh. 105,386,804** in 2022 to **Ksh. 106,440,323** in 2023. The main strategic objective was to grow share capital to at least Ksh. 250,000,000/- in the next 3 years in order for the society to invest and give returns to its shareholders. Chairman urged members to join in the call to grow the society's share capital to enable LSK Housing continue to undertake capital intensive projects that will add more dividends to shareholders.

**4. Distribution of dividends.**

The Sacco proposed to pay dividend at the rate of 1% (Ksh 10 per share) amounting to Kshs. 1,102,647 shares as at 31<sup>st</sup> Dec 2023 compared to a dividend rate of 5% (Ksh 5 per share) amounting to Ksh. 5,172,359 in year 2022. As per the society's practice, members were to choose from the following methods how they wanted their dividends distributed:

- Capitalizing the dividends to shareholding
- To receive dividends in cash
- Depositing the dividends in a deposit account as deposit for current or future projects
- Transfer the proceeds to LSK Sacco society ltd to pay for loan, increase shares or deposits

**5. Projects.****5.1 Birika Good Life Estates (GLE) project:**

The Birika Goodlife Estates (GLE) was launched in May 2021 and is located in Kajiado 2km from Olooitokosh (Birika) town. The project uptake has been really impressive and even more amazing is the number of investors who have fully paid up for their purchase price.

As per the last update to the members, the title processing has taken longer than expected. This is due to unforeseen situations that the society had not foreseen at the beginning of the project. When the society was getting ready to complete the transaction and have the completion documents, it was realized there was a pending issue between the vendor and the person the land was purchased from. However, we are glad to inform you that the society has been in cordial communication with the two parties with the aim of intervening to have the transaction completed speedily and the outcomes to date are quite notable and in the final stages.

The society assures investors who have purchased and taken possession that there is no threat. Members are encouraged to take possession and occupy the parcel(s) freely as they purchased and as the Society resolves the issue of individual titles.

## 5.2 Kibos.

Chairman reported that the society had received 138 completed leases from Kisumu Lands Registry and 90% of the leases have been collected by the investors. The remaining 8 leases are in the final stages of processing. The society thanked members for their patience and understanding during the registration process.

### 5.2.1 Taking Possession

The society started handing over the project to members from December 2022 and completed this process by June 2023. The project has been fully handed to member; however, the society urges these investors to form an association that will take care of their common interest and management of this project.

### 5.2.2 KETRACO way-leave across the project

The society informed investors whose parcels had been affected by Ketraco Way-leave. The society rejected the offer given by Ketraco who then requested to be allowed to send an independent valuer to value the affected parcels before further negotiations. This has taken longer than expected due to delays and bureaucracy at Ketraco offices.

The chairman urged the investors affected by this to be patient as negotiations are still in process for a better offer to the members.

## 5.3 Stoni Athi 1 project

327 plots out of 349 are now fully sold, 10 plots booked and 12 plots are available for sale. We encourage members who are yet to complete payment to do so and pick their titles from our offices.

## 5.4 Stoni Athi 2 project

174 plots out of 247 are fully sold. Another 67 are booked and deposit paid on them and 6 plots are available for sale. Members who had completed their payments were advised to collect their titles from the office and those who had not finalized on payments to do so.

The society has not managed to replace the beacons and handover the above two projects (Stoni Athi 1 & 2) to the investors. The board is keenly following up on the developments in the area and is planning to work with the county administration to work on improving the roads in the area for easy accessibility among other amenities.

## 5.5 Wakili Palm Villas-Diani

The board is planning to revive the project within

the next three months so that the investors can take possession of their plots. The project is secured with a full-time caretaker.

As approved by the investors, the pledged monied which have already been received, were invested in an interest earning portfolio and proceeds of the interest earned (less taxes and any other costs) have been credited into the investors accounts directly proportionate to each investors level of deposits.

Once the revival plan is completed, other interested members and investors will be invited for a site visit.

The Chairman thanked the Management, the Supervisory Committee, the staff, the Society members and all the Stakeholders for their invaluable support and input during the year.

The report was adopted after being proposed by Josephine Kemunto Omwenga, (LH-00010) and seconded by Patricia Muthoni (LH-00266)

### MIN 7/13/04/2024: To consider the Supervisory Board Report for the year 2022

The Chairman of the Supervisory Committee acknowledged and appreciated the support it had received from the Management and Secretariat during the period under review.

The following highlights were noted;

#### a) Membership:

The Supervisory Committee (SC) reported that LSK Housing's membership currently stands at 1,667, accompanied by a share capital totalling Ksh. 106,440,323, which reflects an increase from Ksh. 105,386,804 in 2022. This growth constitutes a modest 1%, in contrast to the notable 11.78% growth observed in the previous year. Moreover, it was highlighted that the society saw a decrease in new memberships, with only 13 individuals joining in 2023 compared to 24 in 2022. The chairman expressed concern over this decline in recruitment, which has consequently impacted the growth of the share capital. To address this issue, he advocated for intensified recruitment efforts and a focused approach. Additionally, he emphasized the necessity for dynamic and successful projects to attract investors and generate additional income.

#### Ongoing projects:

- **Birika Good Life (GLE) Project:** The Supervisory Committee noted with concern that the project was proceeding very well but it is stuck due to the lack of completion documents as reported by the board of directors. The committee recommends that more effort should be put in to resolve the matter within the second quarter of this year. Furthermore,



the SC is eager to see tangible progress and has provided practical recommendations to the board to facilitate resolution.

- **Stoni Athi 1 & 2:** It was noted that the proposal to fence Stoni Athi 1 & 2 is still under consideration. However, the SC notes that the MC is yet to act on the previous recommendation to provide access roads and fencing. This would have been a good incentive to members to complete their outstanding payments.
- **Kibos-Kisumu:** The Committee commended and applauded the MC for making available 138 leases out of the expected 146. It was noted more effort should be put in realizing titles for the signed leases and processing of leases for the remaining 8 plots to avoid complaints by the investors. The MC was advised to expedite compensation from Ketraco for the parcels affected by the way-leave., This will ensure the affected investors are compensated in good time and in turn purchase the land as they had intended.
- **Wakili Palm Villas project:** Chairman noted that the Management Committee is yet to revert back to the initial plans where investors were to buy plots and get titles. Reviving the project should be given priority and clear timelines so that the society can immediately start selling.

#### b) Staff matters

The Supervisory Committee noted that Housing and Sacco still continue to share the Secretariat staff for its operations and recommend that the Management Committee should consider having substantive staff members dedicated to the operations of LSK Housing Society.

#### c) MIS System

The Supervisory Committee noted that there has been a delay to digitize members' files and documents and data archiving which is important and needs to be prioritized to avoid lost files and further theft. The SC urged the board to accelerate the acquisition and implementation of the Electronic Document Management System (EDMS) to save on space and protect members data and records particularly in light of the stringent requirements of the Data Protection Act.

#### d) Office space

The committee noted that the society continues to share office space with LSK SACCO, and over-reliance on the Sacco may lead to collapse of the society in the event of a separation. The committee recommended a plan to

acquire Housing infrastructure including acquiring office space and hiring its own staff.

#### e) Governance.

The committee reported that regular meetings were held as per required and as per the schedule. Minutes of all the meetings were recorded, resolutions followed and implemented. The Supervisory committee recommends that the board should enhance governance by:

- Reconstitution of the sub-committees of the board after the AGM to address governance gaps highlighted by the Supervisory committee in the year 2023.
- Develop a performance appraisal tool to assess the individual board members effectiveness and objectivity of the entire board.
- To review existing policies and develop new ones to align the society's operations to the strategic plan to protect members and investors interests.

Chairman commended the Management Committee and staff for their stewardship of the society's resources and overall management of the society.

The Report was adopted after being proposed by Justus Mutia Member No. LH-00534 and seconded by Kioko Magdalene Wanza Member No. LH-00628.

#### MIN 8/13/04/2024: To receive, consider and adopt the financial reports for the period ended 31st December 2023

The Treasurer took the members through the financial reports highlighting;

- The Society had only one official employee; a caretaker at the Stoni Athi plots.
- Revenue for the year 2023 reduced from **Ksh. 23,295,000/-** in 2022 to **Ksh. 16,400,000** in 2023.
- Total expenditure for the year decreased from **Ksh. 22,618,219** in 2022 to **Ksh. 15,595,553** in 2023.
- Total assets reduced from **Ksh. 412,306,273** in 2022 to **Ksh. 368,731,667** in 2023.
- Total liabilities reduced from **Kshs.275,407,093** in 2022 to **Ksh. 226,165,087** in 2023.
- Total members core capital increased from **Ksh. 105,386,804** in 2022 to **Ksh. 110,138,749** at the close of our previous financial year.

The Auditor CPA John Mwangi confirmed that the financial account gave the true state of the Society's financial status as at 31<sup>st</sup> December, 2023. He also confirmed that the accounts had been approved and registered with the Commissioner.

The Report was adopted after being proposed by Justus Mutia Member No. LH-00534 and Patricia Muthoni Member

No. LH-00266 and seconded by Juliette Jakaila Member No. 521.

#### **MIN 9/13/04/2024: Appointment of auditors for year 2024 and fix their remuneration**

Members were informed that the current Auditors- J.M Associates LLP had satisfactorily served the Society for three years and two firms were seeking mandate to serve the Society for the coming financial year and fix their remuneration.

**Resolution:** The firm of J.M Associates LLP was appointed to be the LSK Housing Cooperative Society's auditors for 2024 financial year after being proposed Patricia Muthoni Member No. 00266 and seconded by Japheth Mwalimu Member No. 00271.

#### **MIN 10/13/04/2024: Disposal of surplus for year 2023**

Approval and payment of Interest on deposits and dividend as follows:

Interest of dividends of **Ksh 50** per share held on fully paid-up members. Justus Mutia Member No. 534 proposed the motion while by Martin Kefa Member No. 01629 Seconded the motion.

#### **MIN 11/13/04/2024: Budget proposals for year 2024-2025**

The budget for 2024/2025 financial year was presented by the Treasurer. Members were informed that the budget consists of estimates to guide the Board but expenditure is incurred when necessary.

**Resolution:** The 2024/2025 budget was approved after being proposed by Martin Kefa Simiyu Member No.01629 and seconded by Juliet Jakaila Member No. 521.

#### **MIN 12/13/04/2024: Approval of society's borrowing powers**

Members were informed that it is important for the Society to have borrowing power just in the event that there is need to borrow external funds. It was also noted that the resolution does not mean that there will be borrowing.

**Resolution:** The Society's borrowing powers to a maximum of **Ksh. 200,000,000** was approved after being proposed by Martin Kefa Member No. 1629 and seconded by Japheth Mwalimu Member No. 00271

#### **MIN 13/13/04/2024: Election of three retiring members of the management committee to rule 23 of co- operative societies Act**

The Co-operatives officer Mr. Njoroge Mwangi, informed members that three Management Committee members, Mr.

Samuel Mwaniki, Mr. Jackson Awele and Mr. Gad Gath were retiring and offering themselves for re-election. The rules of procedure require that those interested in the positions register their interest before the AGM. As at the date of the AGM, Dr. Erick Komolo had submitted his nomination forms. However, he did not offer himself for the voting thus Mr Samuel Mwaniki, Mr Jackson Awele and Mr Gad Gathu were re-elected.

The motion to re-elect **Mr. Samuel Mwaniki** was proposed by Juma Ogendi Member No. 00481 while Japheth Kiteme Mwalimu Member No. 271 seconded the motion.

The motion to re-elect **Mr. Jackson Awele** was proposed by Justus Mutia Member No. 534 while Boniface Mutwiri Member No. 00958 seconded the motion.

The motion to re-elect **Mr. Gad Gathu** was proposed by Martin Kefa Member Number LH-01629 while Martin Machira Member No.247 seconded the motion.

**Resolution:** Mr. Samuel Mwaniki, Mr. Jackson Awele and Mr. Gad Gath were re-elected as members of the Management Committee for a term of three (3) years.

#### **MIN 14/13/04/2024: Election of one retiring member of the Supervisory Committee**

Ms. Dolphine Aremo who was also the returning officer presiding the elections, stated that since there were no other new members offering themselves for elections, the right procedure would be, to have members propose and second retiring committee member who was still offering himself for re-election.

The motion to re-elect **Salome Muhia** was proposed by Joseph Makumi Number LH-00437 while Juma Ogendi Member No.00481 seconded the motion.

#### **MIN 15/18/04/2024: Any Other Business**

Having no other business, the meeting ended at 5.50pm with a word of prayer led by Justus Mutia (Member no LH-00534.)

**Confirmed By**



**Justus M. Munyithya**  
Chairman



**Kellen G. Njue**  
Hon. Secretary

**Date:**



# CHAIRMAN'S REPORT

## FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024

Justus M. Munyithya  
Chairman, Board of Directors LSK Housing Ltd

Fellow Investors, our Cooperative Officers, and Invited Guests, I am delighted to welcome you all to our **2025 Annual General Meeting**. On behalf of the **Board of Directors and Staff**, I extend my heartfelt gratitude for your continued cooperation and unwavering business support towards **LSK Housing Cooperative Society Ltd**.

Fellow shareholders, I now present to you the **Chairman's Report** for the financial year ended **31st December 2024**.

The past three years have presented significant challenges, not only to our society but also to the entire country, particularly within the **real estate sector**. However, our society has remained resilient, continuously refining its **business strategy** to adapt to the evolving economic landscape.

Allow me to highlight some key developments and achievements for the year under review.

### 1. Membership

In the year **2024**, the Society welcomed **15 new members**, bringing the total membership to **1,686** as of **31st December 2024**. However, out of **1,686 eligible members**, only **632** have met the **minimum share capital requirement** of **Kshs 50,000**.

The Board remains committed to **educating and sensitizing** members on the benefits of full membership and active participation in the Society. We strongly encourage members who have not yet attained the **minimum shareholding requirement of 50 shares** to do so, as this will strengthen our capital base and enhance investment opportunities for the benefit of all stakeholders.

### 2. Share capital

In year **2024**, our share capital grew to **Kshs 112,291,725**, up from **Kshs 110,138,749** in year **2023**. The growth reflects the confidence and commitment of our members in strengthening the Society's financial position.

We continue to encourage all members to **invest in the required minimum shares**, as a stronger capital base will

enable the Society to undertake **larger, high-value projects**. These projects will not only enhance the Society's growth but also **increase shareholder value** through improved dividends and long-term financial stability.

### 3. Projects

#### 3.1 Stoni Athi Project-1

In this project, 319 plots out of 349 are now fully sold, 18 are booked with deposits and 12 plots are available for sale. We encourage members who are yet to complete payments of the booked plots to do so and pick their titles from our offices.

#### 3.2 Stoni Athi Project- 2

In this project, 176 plots out of 247 are fully sold, 67 are booked with a deposit and 4 plots are available for sale. The titles are ready and we encourage members to complete payment and collect their titles.

The Society has not managed to replace the beacons and handover the above two projects (Stoni Athi 1 & 2) to investors. The board is keenly following up developments in the area and is planning to lobby the county administration to work on the roads for easy accessibility among other incentives.

#### 3.3 Kibos Project

##### a) Pending Titles

I am pleased to report that we have successfully received 135 completed Certificates of Lease from the Kisumu Lands Registry. Notably, 95% of these leases have already been collected by investors, while the remaining 11 leases are in the final stages of processing.

We sincerely appreciate our investors for their patience and understanding throughout the title registration process. Your cooperation has been invaluable, and we remain committed to ensuring the completion of the remaining leases.

### b) Taking possession

The project has been fully handed over to members. However, the Society strongly encourages the investors to form an association to oversee the management and protection of their common interests. Establishing such an association will help ensure the long-term success and sustainability of the project while fostering collaborative decision-making among members.

### c) KETRACO Way-leave across the project

The Society has notified all investors whose parcels have been affected by the KETRACO way-leave. As reported in our last AGM, the Society objected to the proposed compensation amount and requested an independent valuation of the affected parcels before proceeding with further negotiations.

During these discussions, discrepancies were identified regarding the actual area impacted by the way-leave. To resolve this, a joint survey was conducted in February 2025, and we anticipate resuming negotiations by April 2025.

Unfortunately, the process has taken longer than expected due to delays and bureaucratic challenges at KETRACO offices. However, the Society remains steadfast in ensuring that our members receive fair compensation and shall continue to actively follow up on the matter.

We understand the concerns of the affected investors and humbly urge them to remain patient as we work to fast-track the process. The Board is fully committed to securing a fair and timely resolution and will keep members updated on any progress made.

## 3.4 Wakili Palm Project-Diani

As promised in our last AGM, the Society has successfully revived this project by reverting to the sale of plots. The project consists of 27 plots, each measuring 100x100. Currently:

- 4 plots have been fully paid for,
- 11 plots have been booked with deposits, and
- 12 plots remain available for sale.

The mother title is registered under LSK Housing Society Ltd and the Society is actively working on processing individual title deeds for investors. Beacons have already been placed and plans are underway for the construction of a perimeter wall to enhance security and overall project value.

**We strongly encourage members interested in acquiring property in the Coastal region, particularly the South Coast, to consider this opportunity before the remaining**

**plots are sold out. If interested kindly contact your CRO or the secretariat for more information on this project.**

## 3.5 Birika Good Life Estates (GLE) project

During our last AGM, the Board reported that while finalizing the transaction and preparing to receive the completion documents, the Society discovered a pending issue between our vendor and the original landowner.

To resolve this, the Society successfully negotiated an agreement with the original landowner and cleared the outstanding debt owed by the LSK Housing vendor. This allowed us the society to take full possession of the parcel and obtain the completion documents. The Society now holds the original title and all necessary completion documents and is actively working on transferring the title to LSK Housing Society Ltd.

We want to assure investors, both those who have purchased plots and those who have already taken possession, that there is no threat to their ownership. We encourage investors to continue taking possession and feel free to occupy their parcels as we finalize the transfer process and begin procuring individual title deeds.

We are pleased to report that one of our investors has already constructed a residential home and sunk a borehole on their property. We encourage more investors to follow suit and begin developing their plots.

We sincerely appreciate your patience and kindly request additional time as we finalize the title transfer process and commence the issuance of individual title deeds. We remain committed to ensuring a smooth and transparent process and will continue to keep investors updated on our progress.

## 4. Revenue

The Society recorded a **total revenue** of **Kshs 18,741,342** in **2024**, reflecting an increase from **Kshs 16,400,000** in **2023**. Total **expenditure** for the year amounted to **Kshs 16,285,446**, compared to **Kshs 15,595,553** in **2023**.

As a result, the **surplus before tax** for **2024** increased slightly to **Kshs 4,254,718**, up from **Kshs 2,746,796** in **2023**. The **net surplus after tax** also rose from **Kshs 1,942,349** in **2023** to **Kshs 2,994,008** in **2024**.

The low net surplus for the past two years is largely attributed to delays in completing plot sales due to outstanding completion documents for the Birika project, as well as the impact of rising inflation and other economic factors affecting the real estate sector.

Despite these challenges, the Society remains committed to **strengthening its financial position** and ensuring **sustainable growth** for the benefit of all shareholders.

## 5. Dividends

For the financial year 2024, the Board proposes a **dividend payout** at a rate of **1.5% (Kshs 15 per share)**, amounting to **Kshs 1,654,574** for shares held as of **31st December 2024**. This marks an increase from the **1% dividend rate (Kshs 10 per share)** in **2023**, which amounted to **Kshs 1,102,647**.

**As per our practice, members may choose one of the following dividend payment methods:**

1. Capitalizing dividends to increase shareholding,
2. Receiving dividends in cash,
3. Depositing dividends into a savings account for a current or future project, or
4. Transferring dividends to LSK Sacco Society Ltd for loan repayment, share increase, or deposits.

We urge all members to select their preferred payment method and provide timely instructions to the Society. This will ensure smooth and efficient processing within the dividend payment period.

## Conclusion

Moving forward, the Society is committed to **enhancing its projects management** and streamlining **projects life cycle**. Our focus will be on establishing **clear timelines** for every stage of project implementation, ensuring that all projects are completed **more efficiently and within a shorter timeframe**.

Fellow members, I sincerely **thank you** for your unwavering support and dedication to this Society. Your commitment has been instrumental in driving our progress. I urge all members to **continue supporting** our efforts as we work towards growing the Society in alignment with the vision outlined in our current **strategic plan**.

As I conclude, I extend my heartfelt wishes for **safety, good health, and divine protection** for you and your loved ones.

**God bless you all.**



**Justus M. Munyithya,  
Chairman, Board of Directors,  
LSK Housing Co-Operative Society Ltd.**





# Supervisory Committee (SC)

## SUPERVISORY REPORT FOR THE YEAR 2024

Joseph Makumi  
Chairman, Supervisory Committee (SC)

The Supervisory Committee extends its sincere appreciation to the Office of the Commissioner of Co-operatives, the Board of Directors, esteemed members, the management team and staff members for entrusting us with the responsibility to execute our oversight mandate.

The Supervisory Committee derives its mandate from Rule 28 of the Cooperative Regulations and the LSK Housing Society Ltd. by-laws. Our responsibility is to verify the society's transactions, monitor the implementation of resolutions, ensure compliance with policies, rules and regulations, and report our findings to the Board and the Commissioner of Cooperatives on a quarterly basis, as well as to our members at AGMs.

During the year under review, we examined records and documents, conducted both physical and online meetings with staff and Board members. This thorough process enabled us to identify key issues, obtain clarifications and where possible, secure the adoption and implementation of our recommendations by the Board.

It is with great pleasure that I now present the Supervisory Committee's report for LSK Housing Society Limited for the year ended 31 December 2024.

### 1. Membership

The LSK Housing Society currently has **1,686** members, with a share capital of **Kshs 112,291,725** an increase from **Kshs 110,138,749** in 2023. This reflects a same growth rate as the previous year.

The Supervisory Committee reports that only 15 new members joined the Society in 2024, a slight increase from 9 in 2023. This low recruitment has directly contributed to the reduced growth in share capital.

To address this stagnation, the committee recommends a more aggressive recruitment strategy, particularly by leveraging the potential within LSK Sacco membership. This can be achieved by introducing and implementing dynamic, successful projects that attract investors and generate additional income. Such initiatives would not only entice

new members to join but also encourage existing members to increase their shareholding, thereby raising the capital needed for new and larger projects.

### 2. Staff matters

The Supervisory Committee notes that LSK Housing continues to rely on Sacco staff for its operations, despite the detailed plans outlined in the 2022-2027 Strategic Plan aimed at achieving greater operational independence. Our review of 2024 indicates that one staff member is dedicated to managing LSK Housing matters—a welcome step. However, the SC still strongly recommends that the society fully implement the strategic plan by appointing key personnel to oversee and run LSK Housing business. This will enhance operational efficiency and self-reliance as we move towards separating Housing operations from LSK Sacco Society Ltd.

### 3. Projects

#### a) Stoni Athi 1 & 2 Projects

The committee notes that while the proposal to fence Stoni Athi 1 & 2 remains under consideration, the Projects Committee has yet to act on SC previous recommendation to construct access roads and fencing. Such measures could have served as a strong incentive for members to settle their outstanding payments.

#### b) Kibos Project Kisumu

The SC notes that 135 leases out of the anticipated 146 had been obtained by end of year 2023. However, the delay in processing the remaining 11 titles is regrettable we recommend that the Board intensify its efforts to process these titles promptly.

Additionally, the SC advises the Board to co-ordinate the compensation process to investors by KETRACO for parcels affected by the way-leave. Timely compensation will enable the affected investors to proceed with their intended land purchases by considering available options without undue delay.



**c) Wakili Palm Villas project**

The SC noted that the Board has reverted to the original plan, whereby investors purchase plots and receive titles, as previously recommended by the SC. It is encouraging that the majority of investors have accepted the project changes and subscribed to the new plan. However, the committee urges the Board to urgently process the titles and fence the project to prevent encroachment by neighbours and squatters.

**d) Birika Good Life Estates (GLE) Project**

The SC acknowledges progress in transferring the land to LSK Housing Society Ltd, though the process has been hampered by lengthy procedures of acquiring completion documents. The Supervisory Committee strongly urges the Board to utilize all available resources to expedite the title transfer. The delay in transferring the title in the name of LSK Housing has postponed sales and as a result, deprived the society of crucial cash inflows and income.

**4. MIS System**

The delay in digitizing members' files and archiving data constitutes a significant operational risk. Given the stringent requirements of the Data Protection Act, digitizing member data is critical. The committee strongly urges the Board to accelerate the acquisition and implementation of an Electronic Document Management System (EDMS) to optimize storage, safeguard members' data, and ensure compliance with regulatory standards.

**5. Office space**

The Supervisory Committee still notes that LSK Housing currently shares office space, personnel, and other infrastructural resources with the Sacco. This over-reliance on Sacco's infrastructure is constraining the potential for accelerated growth in the Housing division due to limited resources. Therefore, the committee still recommends a phased acquisition of dedicated Housing infrastructure, including independent staff and the establishment of its own office space, to catalyse self-reliance and growth.

**6. Governance**

The committee reports that the Board and its sub-committees held regular meetings as scheduled, with minutes accurately recorded and resolutions promptly implemented. We note that the Board is actively collaborating with senior management to provide strategic direction and drive the society's growth. We further noted that a projects committee was established to manage projects and the Vice

Chairman for Housing is different from that of LSK Sacco. The Supervisory Committee recommends that the separation between the executive committees of LSK Sacco Ltd and Housing Society Ltd be maintained. We advise that within the next three years, each entity should have entirely distinct executive committees to ensure focused leadership and enhanced accountability.

To further enhance governance, the Supervisory Committee recommends that the Board:

- i) Develop and implement a Board performance appraisal tool to evaluate both the effectiveness of individual Board members and the overall objectivity of the Board.
- ii) Regularly develop, review and align key policies and the strategic plan with the Society's operations to safeguard the interests of members and investors.

**Conclusion**

We have emphasised several other administrative issues to the Board and Management, which, if streamlined, will help the Society achieve optimal operational results. As the Supervisory Committee, we are honoured by the opportunity to serve and remain fully committed to ensuring that LSK Housing Society Ltd attains its strategic objectives.

The Supervisory Committee also commends the Management Committee and staff for their diligent stewardship of the Society's resources, as well as for implementing promising policies and direction that underpin prudent and sustainable management.

**Confirmed by:**


Joseph Makumi

**Chairman**

Date: 9th April 2024



Collins Wanderi

**Secretary**

Date: 9th April 2024



Salome Muhia

**Member**

Date: 9th April 2024

# FINANCIAL REPORTS

## Report of the Board of Directors

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024

The Management Committee submit their report together with the financial statements for the financial year ended 31 December 2024.

### Incorporation

The society is incorporated in Kenya under the Co-operative Societies Act Cap 490.

### Business review

The Society's principal activity is buying and selling land to members.

### Results

|                               | 2024              | 2023              |
|-------------------------------|-------------------|-------------------|
|                               | Kshs              | Kshs              |
| Surplus for the year          | 4,254,718         | 2,746,796         |
| Retained surplus for the year | 2,994,008         | 1,922,757         |
| <b>Cost of sales</b>          | <b>12,186,392</b> | <b>10,449,779</b> |

### Investment Shares

The issued and paid up share capital of the society increased during the year from Shs 110,138,749 to Shs 112,291,725.

### Terms of appointment of auditors

The Society's auditors, Messrs. JM Associates LLP CPA (K), have confirmed that this is their final year in office in accordance with section 25(4) of the Co-operative Societies (Amendment) Act No.2 of 2004.

The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By order of the Board of Directors

Secretary

28<sup>th</sup> February 2025

# Statistical information

## FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024

|                                    | 2024         | 2023         |
|------------------------------------|--------------|--------------|
| Fully paid share capital           | 632          | 626          |
| Partially paid                     | 1,054        | 1,045        |
|                                    |              |              |
|                                    | <b>1,686</b> | <b>1,671</b> |
|                                    |              |              |
|                                    | <b>Kshs</b>  | <b>Kshs</b>  |
| Total assets                       | 340,094,738  | 368,731,667  |
| Plot Deposits                      | 46,417,661   | 55,012,299   |
| Share capital                      | 112,291,725  | 110,138,749  |
| Total liabilities                  | 194,035,747  | 226,165,087  |
| Total revenue                      | 18,741,342   | 16,400,000   |
| Total expenses                     | (16,223,215) | (15,595,553) |
| Reserves                           | 33,767,266   | 32,427,832   |
| Current Assets                     | 41,147,223   | 14,298,760   |
| Current liabilities less deposits  | 73,945,560   | 42,603,533   |
| Net surplus before tax             | 2,994,008    | 2,746,796    |
|                                    |              |              |
| <b>Capital adequacy ratio</b>      |              |              |
| Share capital/Total assets         | 33%          | 30%          |
| Dividend percentage                | 1.5%         | 1%           |
| Honoraria                          | 0%           | 0%           |
|                                    |              |              |
| <b>Operating efficiency ratios</b> |              |              |
| Cost of Plots sold/ Revenue        | 65%          | 64%          |
| Total expenses/Total Revenue       | 87%          | 95%          |

### Key:

STRDs - Standard ratio requirement by the regulator

# Statement of Directors Responsibilities

The Society Act, Chapter 490 of 2004 amended in 2020 requires the Board of Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Society as at the end of the financial year and its operating results for that year in accordance with International Financial Reporting Standards (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. They are also responsible for safeguarding 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 society's 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 judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Co-operatives Societies Act, Cap 490. The Board of Directors is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the society and of its operating results in accordance with the International Financial Reporting Standards (IFRS). The Board of Directors further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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 twelve months from the date of this statement.

Approved by the Board of Directors on 28<sup>th</sup> February 2025 and signed on its behalf by:



**Justus Munyithya**  
Chairman



**Lawrance Mugambi**  
Treasurer



**Committee Member**

# Report of the Independent Auditors

TO THE MEMBERS OF LSK HOUSING CO-OPERATIVE SOCIETY  
LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024

## Report on the audit of the financial statements

### Opinion

We have audited the accompanying financial statements of Law Society of Kenya Housing and Cooperative Society Limited set out on pages 8 to 22 which comprise the statement of financial position at 31 December 2024 and the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Law Society of Kenya Housing and Cooperative Society Limited at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Cooperative Societies Act 2015.

### Basis for opinion

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

We are independent of the Society in accordance with the International Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with 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. Key audit matters are selected from the matters communicated with those charged with governance,

but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters are designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on the individual matters. There were no key audit matters identified.

### Going Concern

The financial statements of the Society have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Society's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the Society's ability to continue as a going concern, and accordingly none is disclosed in the financial statements of the Society. The auditor cannot guarantee the Society's ability to continue as a going concern.

### Other information

The directors are responsible for the other information. 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 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.

## Responsibilities of the directors 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 Kenyan Cooperative Societies Act 2020, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or 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:

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

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

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

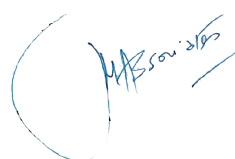
obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override 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 internal control.

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 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.

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.

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 during our audit.




Certified Public Accountants

Nairobi

3<sup>rd</sup> March 2025

**The signing partner responsible for the independent audit**  
CPA John Mwangi, Practising certificate No. P/ NO 2092.



# Statement of profit pr loss & other comprehensive income

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024

|                                 | Notes     | 2024             | 2023             |
|---------------------------------|-----------|------------------|------------------|
|                                 |           | Kshs             | Kshs             |
| <b>Revenue</b>                  |           |                  |                  |
| Land Sales                      | <b>4</b>  | 18,741,342       | 16,400,000       |
| Cost of Sales                   | <b>5</b>  | (12,186,392)     | (10,499,779)     |
| <b>Gross Profit</b>             |           | <b>6,554,950</b> | <b>5,900,221</b> |
|                                 |           |                  |                  |
| Other Income                    | <b>6</b>  | 1,736,591        | 1,942,349        |
| Administrative expenses         | <b>7</b>  | (310,769)        | (502,172)        |
| Personnel expenses              | <b>8</b>  | (342,585)        | (227,753)        |
| Financial expenses              | <b>9</b>  | (46,739)         | (1,157,656)      |
| Governance expenses             | <b>10</b> | (3,126,798)      | (2,945,711)      |
| Other Operating expenses        | <b>11</b> | (209,932)        | (262,459)        |
| <b>Surplus for the year</b>     |           | <b>4,254,718</b> | <b>2,746,796</b> |
|                                 |           |                  |                  |
| Tax charge                      | <b>12</b> | (1,260,710)      | (824,039)        |
|                                 |           |                  |                  |
| <b>Net surplus for the year</b> |           | <b>2,994,008</b> | <b>1,922,757</b> |

# Statement of financial position

## AS AT 31<sup>ST</sup> DECEMBER 2024

|                                      |       | 2024               | 2023               |
|--------------------------------------|-------|--------------------|--------------------|
|                                      | Notes | Kshs               | Kshs               |
| <b>ASSETS</b>                        |       |                    |                    |
| Cash and cash equivalents            | 13    | 4,160,729          | 895,843            |
| Land Inventory                       | 14    | 298,947,515        | 354,432,907        |
| Financial assets                     | 15    | 30,000             | 30,000             |
| Intangible assets                    | 16    | 837,653            | 1,047,066          |
| Property and equipment               | 17    | 1,555              | 2,074              |
| Corporate tax recoverable            | 18    | 12,323,777         | 12,323,777         |
| Trade and other receivables          | 23    | 23,793,509         | -                  |
| <b>TOTAL ASSETS</b>                  |       | <b>340,094,738</b> | <b>368,731,667</b> |
|                                      |       |                    |                    |
| <b>LIABILITIES</b>                   |       |                    |                    |
| Corporate tax payable                | 18    | 1,260,710          | 824,039            |
| Plot Deposits                        | 19    | 46,417,661         | 55,012,299         |
| Trade and other payables             | 20    | 142,724,509        | 167,267,443        |
| Related Party                        | 21    | 1,163,781          | 616,368            |
| Unidentified deposits                | 22    | 765,211            | 1,342,291          |
| Dividends                            | 24    | 1,703,875          | 1,102,647          |
|                                      |       | <b>194,035,747</b> | <b>226,165,087</b> |
|                                      |       |                    |                    |
| <b>FINANCED BY</b>                   |       |                    |                    |
| Share capital                        | 25    | 112,291,725        | 110,138,749        |
| Reserves                             | 26    | 33,767,266         | 32,427,831         |
|                                      |       | <b>146,058,991</b> | <b>142,566,580</b> |
| <b>TOTAL CAPITAL AND LIABILITIES</b> |       | <b>340,094,738</b> | <b>368,731,667</b> |

The financial statements on pages 8 to 22 were approved for issue by the board of directors on 28<sup>th</sup> February 2025 and were signed on their behalf by:



Chairman



Treasurer



Member



# Statement of changes in equity

## FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024

|                                    | Share              | Retained          | Statutory         | Total              |
|------------------------------------|--------------------|-------------------|-------------------|--------------------|
|                                    | capital            | earnings          | reserve           |                    |
|                                    | Kshs               | Kshs              | Kshs              | Kshs               |
| <b>Balance as at 01.01.2023</b>    | <b>105,386,804</b> | <b>11,418,124</b> | <b>20,094,253</b> | <b>136,899,181</b> |
| Surplus for the year               | -                  | 1,922,757         | -                 | 1,922,757          |
| Transfer to statutory reserves     | -                  | (384,551)         | 384,551           | -                  |
| Share capital paid during the year | 4,751,945          | -                 | -                 | 4,751,945          |
| Prior year adjustment              | -                  | 95,345            | -                 | 95,345             |
| Proposed Dividends                 | -                  | (1,102,647)       | -                 | (1,102,647)        |
| Proposed Honoraria                 | -                  | -                 | -                 | -                  |
| <b>Balance as at 31.12.2023</b>    | <b>110,138,749</b> | <b>11,949,027</b> | <b>20,478,804</b> | <b>142,566,580</b> |
| <b>Balance as at 01.01.2024</b>    | <b>110,138,749</b> | <b>11,949,027</b> | <b>20,478,804</b> | <b>142,566,581</b> |
| Surplus for the year               | -                  | 2,994,008         | -                 | 2,994,008          |
| Transfer to statutory reserves     | -                  | (598,802)         | 598,802           | -                  |
| Share capital paid during the year | 2,152,976          | -                 | -                 | 2,152,976          |
| Revaluation of quoted investments  | -                  | -                 | -                 | -                  |
| Proposed honoraria                 | -                  | -                 | -                 | -                  |
| Proposed dividends                 | -                  | (1,654,574)       | -                 | (1,654,574)        |
| Proposed staff bonus               | -                  | -                 | -                 | -                  |
| <b>Balance as at 31.12.2024</b>    | <b>112,291,725</b> | <b>12,689,661</b> | <b>21,077,606</b> | <b>146,058,991</b> |

# Statement of cash flow

## FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024

|   |           | 2024             | 2023                |
|---|-----------|------------------|---------------------|
|   | Notes     | Kshs             | Kshs                |
| <b>Cash flow from operating activities</b>              |           |                  |                     |
| Income from land sales                                  | 4         | 18,741,342       | 16,400,000          |
| Other operating income                                  | 6         | 1,736,591        | 1,942,349           |
| Payment to employees and suppliers                      |           | (16,013,283)     | (15,333,091)        |
| Prior year adjustment                                   |           | -                | 95,345              |
|   |           | <b>4,464,650</b> | <b>3,104,600</b>    |
| <b>Working capital changes</b>                          |           |                  |                     |
| Inventory   |           | 55,485,393       | 10,499,779          |
| Decrease in plot deposits                               | 19        | (8,594,638)      | (18,231,303)        |
| Decrease in Trade and other payables                    | 20        | (24,542,934)     | (28,185,335)        |
| Related party   | 21        | 547,414          | 501,369             |
| Unidentified Banking                                    | 22        | (577,080)        | 27,071              |
| Increase in Trade and other receivables                 | 23        | (23,793,509)     | -                   |
| <b>Net Cash used in operating activities before tax</b> |           | <b>2,989,296</b> | <b>(32,283,819)</b> |
|   |           |                  |                     |
| Income tax paid   | 12        | (824,039)        | -                   |
| <b>Net cash generated from operations</b>               |           | <b>2,165,257</b> | <b>(32,283,819)</b> |
|   |           |                  |                     |
| <b>Cash flow from financing activities</b>              |           |                  |                     |
| Dividends and honorarium paid                           | 22        | (1,053,346)      | (5,280,493)         |
| Share capital contribution movement                     | 23        | 2,152,976        | 4,751,945           |
| <b>Net cash used in financing activities</b>            |           | <b>1,099,630</b> | <b>(528,548)</b>    |
|   |           |                  |                     |
| Cash and cash equivalents at the start of the year      |           | 895,843          | 33,708,210          |
| Net cash increase during the year                       |           | 3,264,886        | (32,812,367)        |
|   |           |                  |                     |
| <b>Cash and Cash equivalents at the end of the year</b> | <b>13</b> | <b>4,160,729</b> | <b>895,843</b>      |

# Notes to the financial reports

## FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024

### 1. Summary of significant accounting policies

#### a) General information

LSK Housing Cooperative Society is domiciled in Kenya where it is incorporated under the Kenyan Cooperative Societies Act, Cap 490 as a cooperative society. The address of its registered office and principal place of business are set out on Page 1.

#### b) Basis of preparation

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard issued by the International Accounting Standards Board. The financial statements are presented in Kenya Shillings (Kshs). The measurement basis used 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 certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the society's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

#### c) Foreign currency translation

##### i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings ("Kshs") which is the Society's Functional Currency.

##### ii) Transactions and balances

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the

settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income or expenses'.

#### d) Revenue recognition

A sale is only recognized when the purchased property is fully paid for. Interest from deposits made towards the purchase of land are recognized as when earned. The balances are receivable 6 months thereafter.

#### e) Property and equipment

The society has classified its financial instruments into the following categories:

- i) Land Debtors and other receivables: These comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an open market and excludes assets which the society intends to sell immediately or in the near term or those with which the society upon initial recognition designates as at fair value through profit or loss.
- ii) Available for sale: These comprise non-derivative financial assets that are not classified under any other categories of financial assets

Depreciation on assets is calculated using the reducing balance method to allocate their cost to their residual values over their estimated useful lives, as follows:

|                    |       |
|--------------------|-------|
| Software           | – 20% |
| Computer equipment | – 25% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Property and equipment are revalued regularly whenever events or changes in circumstances indicate

that the carrying amount differs materially from its fair value at the balance sheet date.

Gains and losses on disposal are determined by reference to their carrying amounts and are included in profit or loss.

#### f) Cash and cash equivalents

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 of cash and are subject to an insignificant risk of changes in value net of bank overdrafts.

#### g) Share capital

Ordinary shares are classified as 'share capital' in equity.

#### h) Income tax

##### **Current income tax**

The income tax expense for the year comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors Yearically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### i) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value.

#### j) Intangible assets

Intangible assets relate to computer software.

Intangible assets are initially recorded at cost and thereafter stated at historical cost less amortisation. Amortisation is calculated on a straight-line basis to write down the cost of each asset to its residual value

over the estimated useful life (or lease Year in the case of goodwill) using the following rates:

|                   |     |
|-------------------|-----|
| Computer software | 20% |
|-------------------|-----|

#### k) Statutory reserves

Transfers are made to the statutory reserve fund at a rate of 20% of net operating surplus after tax in compliance with the provision of section 47 (1& 2) of the Co-operative Societies Act, Cap 490.

## 2. a) Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

### Critical accounting estimates and assumptions

The Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### **Income taxes**

Significant judgment is required in determining the Society's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Society recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

#### **Useful lives of property, equipment and software**

The Society's management determines the estimated useful lives and related depreciation charges for its property and equipment. The rates used are set out in Note 1 (e).



## b) Financial risk management objectives and policies

The Society's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk and price risk), and liquidity risk. The society's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the society does not hedge any risks.

Financial risk management is carried out by the Board of Directors. The board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

### Market risk

#### i) Foreign exchange risk

The society is not exposed to foreign exchange risks.

#### ii) Price risk

The society holds land in different regions for sale. The land's sale value is subject to market forces that exposes the society to price risk.

#### iii) Interest rate risk

The society has deposits made to CIC Money Market Program that earns them interest to which is recognized as income. Interest earned is subject to market forces fluctuating and thus the exposure to the risk. See Note 1b Revenue Recognition.

### Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management performs cash flow forecasting and monitors rolling forecasts of the Society's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

### Capital management

The Society's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

## 3. Judgements and key sources of estimation uncertainty

No significant judgements have been made by the directors in preparing financial statements.

## 4. Land sales

|                          | 2024              | 2023              |
|--------------------------|-------------------|-------------------|
|                          | Kshs              | Kshs              |
| Stoni Athi project plots | 1,336,342         | 1,900,000         |
| Wakili palm              | 13,800,000        | -                 |
| Kibos project plots      | 2,605,000         | 3,350,000         |
| Birika GLE               | 1,000,000         | 11,150,000        |
|                          | <b>18,741,342</b> | <b>16,400,000</b> |

## 5. Cost of sales

|                          | 2024              | 2023              |
|--------------------------|-------------------|-------------------|
|                          | Kshs              | Kshs              |
| Stoni Athi project plots | 859,240           | 1,017,114         |
| Wakili palm              | 9,088,937         | -                 |
| Kibos project plots      | 1,654,976         | 1,241,232         |
| Birika GLE               | 583,239           | 8,241,433         |
|                          | <b>12,186,392</b> | <b>10,499,779</b> |

## 6. Other income

|                           | 2024             | 2023             |
|---------------------------|------------------|------------------|
|                           | Kshs             | Kshs             |
| Interest income           | 5,192            | 1,877,349        |
| Plot withdrawal penalties | 392,500          | 50,000           |
| Share transfer fees       | 2,000            | -                |
| Write back                | 1,325,899        | -                |
| Entrance fees             | 11,000           | 15,000           |
|                           | <b>1,736,591</b> | <b>1,942,349</b> |

The write back comprises of accrued expenses of sh 66,251 which is a legacy balance and tax penalties of sh 1,259,648 which is no longer a payable to Kenya Revenue Authority.

## 7. Administrative expenses

|                                     | 2024    | 2023    |
|-------------------------------------|---------|---------|
|                                     | Kshs    | Kshs    |
| Refund of LSK sacco hosting charges | 200,000 | 100,000 |
| General office expense              | 17,710  | 15,084  |

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| Telephone & postage                  | 6,392          | 5,486          |
| IT expenses                          | 8,700          | 144,000        |
| Audit fees                           | 77,000         | 70,000         |
| Supervision and recoverable fees     | -              | 15,200         |
| Legal fees                           | 967            | 150,925        |
| Marketing, publicity & advertisement | -              | 1,500          |
|                                      | <b>310,769</b> | <b>502,195</b> |

## 8. Personnel expenses

|                                  |                |                |
|----------------------------------|----------------|----------------|
|                                  | <b>2024</b>    | <b>2023</b>    |
|                                  | <b>Kshs</b>    | <b>Kshs</b>    |
| Staff Wages                      | 301,800        | 221,500        |
| Staff Travelling and Subsistence | 40,785         | 6,253          |
|                                  | <b>342,585</b> | <b>227,753</b> |

## 9. Financial expenses

|                  |               |                  |
|------------------|---------------|------------------|
|                  | <b>2024</b>   | <b>2023</b>      |
|                  | <b>Kshs</b>   | <b>Kshs</b>      |
| Bank Charges     | 46,739        | 34,511           |
| Interest Expense | -             | 1,123,145        |
|                  | <b>46,739</b> | <b>1,157,656</b> |

## 10. Governance expenses

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
|                                  | <b>2024</b>      | <b>2023</b>      |
|                                  | <b>Kshs</b>      | <b>Kshs</b>      |
| Committee sitting allowance      | 2,894,714        | 2,829,099        |
| Committee travel and subsistence | 172,084          | -                |
| Annual general meeting expenses  | 60,000           | 35,000           |
| Strategic plan expenses          | -                | 81,612           |
|                                  | <b>3,126,798</b> | <b>2,945,711</b> |

## 11. Other operating expenses

|              |                |                |
|--------------|----------------|----------------|
|              | <b>2024</b>    | <b>2023</b>    |
|              | <b>Kshs</b>    | <b>Kshs</b>    |
| Depreciation | 519            | 692            |
| Amortization | 209,413        | 261,767        |
|              | <b>209,932</b> | <b>262,459</b> |

## 12. Tax charge

|             |                  |                |
|-------------|------------------|----------------|
|             | <b>2024</b>      | <b>2023</b>    |
|             | <b>Kshs</b>      | <b>Kshs</b>    |
| Current tax | 1,260,710        | 824,039        |
|             | <b>1,260,710</b> | <b>824,039</b> |

The tax on the society's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

|  |                  |                |
|--|------------------|----------------|
| Profit before tax                                  | 4,254,718        | 2,746,796      |
| Tax calculated at a tax rate of 30%                | 1,276,416        | 824,039        |
| Effect of expenses not deductible for tax purposes | (15,706)         | -              |
| <b>Tax charge</b>                                  | <b>1,260,710</b> | <b>824,039</b> |

## 13. Cash and Cash Equivalents

|                                   |                  |                |
|-----------------------------------|------------------|----------------|
|                                   | <b>2024</b>      | <b>2023</b>    |
|                                   | <b>Kshs</b>      | <b>Kshs</b>    |
| Cooperative bank- current account | 2,167,811        | 362,415        |
| CIC money market                  | -                | 121,888        |
| Cooperative bank savings account  | 1,931,472        | 362,881        |
| KCB bank savings a/c              | 2,277            | 732            |
| Nachu savings                     | 50,000           | 50,000         |
| Petty cash                        | 9,169            | (2,073)        |
|                                   | <b>4,160,729</b> | <b>895,843</b> |

For the purposes of the statement of cashflows, cash and cash equivalents comprise the above.

## 14. Land Inventory

|                              |                    |                    |
|------------------------------|--------------------|--------------------|
|                              | <b>2024</b>        | <b>2023</b>        |
|                              | <b>Kshs</b>        | <b>Kshs</b>        |
| Kibos Land                   | 9,516,112          | 9,929,856          |
| Stoni Athi River Project (1) | 5,590,260          | 5,776,602          |
| Stoni Athi River Project (2) | 15,251,510         | 15,065,168         |
| Wakili Palm Villas           | 79,365,748         | 157,113,500        |
| Birika GLE Land              | 189,223,885        | 166,547,782        |
|                              | <b>298,947,515</b> | <b>354,432,908</b> |

## 15. Financial Assets

|              | 2024          | 2023          |
|--------------|---------------|---------------|
|              | Kshs          | Kshs          |
| Nachu shares | 30,000        | 30,000        |
|              | <b>30,000</b> | <b>30,000</b> |

## 16. Intangible Assets

|                                  | 2024             | 2023             |
|----------------------------------|------------------|------------------|
|                                  | Kshs             | Kshs             |
| <b>Computer software</b>         |                  |                  |
| <b>Cost:</b>                     |                  |                  |
| At start of the year             | 4,121,767        | 4,121,767        |
| At end of the year               | <b>4,121,767</b> | <b>4,121,767</b> |
| <b>Amortization:</b>             |                  |                  |
| At start of the year             | 3,074,701        | 2,812,934        |
| Amortization charge for the year | 209,413          | 261,767          |
| At end of the year               | <b>3,284,114</b> | <b>3,074,701</b> |
| <b>Net book value</b>            | <b>837,653</b>   | <b>1,047,066</b> |

## 17. Property plant and equipment

|                                   | 2024          | 2023          |
|-----------------------------------|---------------|---------------|
|                                   | Kshs          | Kshs          |
| <b>Computer &amp; Accessories</b> |               |               |
| <b>Cost:</b>                      |               |               |
| At start of the year              | 44,776        | 44,776        |
| At end of the year                | <b>44,776</b> | <b>44,776</b> |
| <b>Depreciation:</b>              |               |               |
| At start of the year              | 42,702        | 42,010        |
| Depreciation charge for the year  | 519           | 692           |
| At end of the year                | <b>43,221</b> | <b>42,702</b> |
| <b>Net book value</b>             | <b>1,555</b>  | <b>2,074</b>  |

## 18. Taxation

|                          | 2024             | 2023           |
|--------------------------|------------------|----------------|
|                          | Kshs             | Kshs           |
| Balance at start of year | 824,039          | -              |
| Less: Tax paid           | (824,039)        | -              |
| Charge for the year      | 1,260,710        | 824,039        |
| Balance at end of year.  | <b>1,260,710</b> | <b>824,039</b> |

|                          |                    |                    |
|--------------------------|--------------------|--------------------|
| <b>Tax recoverable;</b>  |                    |                    |
| Balance at start of year | (12,323,777)       | (12,323,777)       |
| Balance at end of year   | <b>(12,323,77)</b> | <b>(12,323,77)</b> |

## 19. Plot deposits

|                          | 2024              | 2023              |
|--------------------------|-------------------|-------------------|
|                          | Kshs              | Kshs              |
| Deposits made by members | 46,417,661        | 55,012,299        |
|                          | <b>46,417,661</b> | <b>55,012,299</b> |

## 20. Trade and other payables

|  | 2024               | 2023               |
|--|--------------------|--------------------|
|  | Kshs               | Kshs               |
| Baita Trading co. Ltd                    | -                  | 26,000,000         |
| General deposits                         | 69,354,045         | 11,672,780         |
| Tax penalties and interest               | -                  | 1,259,648          |
| Audit fees payable                       | 77,000             | 70,000             |
| Accrued expenses                         | -                  | 66,251             |
| Commissioner of domestic taxes           | 122,651            | -                  |
| Telephone bill                           | 4,407              | 2,537              |
| Supervision and recoverable payable      | 8,600              | 15,200             |
| Committee sitting allowance              | 107,231            | 448,936            |
| Apricus                                  | 6,875              | 6,875              |
| WPV project expense provision            | 53,208,256         | 101,056,243        |
| Kibos project expense provision          | 810,221            | 872,899            |
| Stoni Athi (1) project expense provision | 2,895,690          | 2,922,330          |
| Birika GLE project expense provision     | 16,129,533         | 22,873,744         |
|  | <b>142,724,509</b> | <b>167,267,443</b> |

## 21. Related party - LSK Sacco Society Ltd

|                              | 2024      | 2023    |
|------------------------------|-----------|---------|
|                              | Kshs      | Kshs    |
| Balance b/f                  | 616,367   | 115,000 |
| Payments to LSK Sacco        | (616,367) | -       |
| Hosting charges for the year | 200,000   | -       |

|                           |                  |                |
|---------------------------|------------------|----------------|
| Transactions for the year | -                | 501,367        |
| Balance owed to Sacco     | 963,781          | -              |
| Balance c/f               | <b>1,163,781</b> | <b>616,367</b> |

## 22. Unidentified banking

|                      | <b>2024</b>    | <b>2023</b>      |
|----------------------|----------------|------------------|
|                      | <b>Kshs</b>    | <b>Kshs</b>      |
| Unidentified banking | 765,211        | 1,342,291        |
|                      | <b>765,211</b> | <b>1,342,291</b> |

## 23. Trade and other receivables

|                               | <b>2024</b>       | <b>2023</b> |
|-------------------------------|-------------------|-------------|
|                               | <b>Kshs</b>       | <b>Kshs</b> |
| Baita Trading Company Limited | 23,793,509        | -           |
|                               | <b>23,793,509</b> | <b>-</b>    |

## 24. Dividends and honoraria payable

|                       | <b>2024</b>      | <b>2023</b>      |
|-----------------------|------------------|------------------|
|                       | <b>Kshs</b>      | <b>Kshs</b>      |
| Dividends payable b/f | 1,102,647        | 5,280,493        |
| Dividends paid        | (1,053,346)      | (5,173,434)      |
| Honoraria paid        | -                | (107,059)        |
| Proposed dividends    | 1,654,574        | 1,102,647        |
|                       | <b>1,703,875</b> | <b>1,102,647</b> |

## 25. Share capital

|                        | <b>2024</b>        | <b>2023</b>        |
|------------------------|--------------------|--------------------|
|                        | <b>Kshs</b>        | <b>Kshs</b>        |
| At start of the year   | 110,138,749        | 105,386,804        |
| Issued during the year | 2,152,976          | 4,751,945          |
| At end of the year     | <b>112,291,725</b> | <b>110,138,749</b> |

## 26. Reserves

|                    | <b>2024</b>       | <b>2023</b>       |
|--------------------|-------------------|-------------------|
|                    | <b>Kshs</b>       | <b>Kshs</b>       |
| Retained earnings  | 12,689,660        | 11,949,027        |
| Statutory reserves | 21,077,606        | 20,478,804        |
|                    | <b>33,767,266</b> | <b>32,427,831</b> |

## 27. Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

## 28. Events after the reporting year

The directors are not aware of any material event which occurred after the reporting date and up to the date of the Directors' Report.

## 29. Contingencies

There were no contingencies for the year ended December 31, 2024.

## LSK HOUSING 2025-2026 BUDGET

|                                  | YEAR 2023 ACTUAL | YEAR 2024 AMENDED | YEAR 2024 ACTUAL | YEAR 2025 PROPOSED | YEAR 2025 AMENDED | YEAR 2026 PROPOSED |
|----------------------------------|------------------|-------------------|------------------|--------------------|-------------------|--------------------|
| <b>INCOME</b>                    |                  |                   |                  |                    |                   |                    |
| INCOME FROM SALE OF PROPERTIES   | 3,816,981        | 20,000,000        | 6,965,642        | 30,000,000         | 22,000,000        | 24,200,000         |
| INTEREST ON BANK DEPOSITS        | 1,877,349        | 1,000,000         | 5,192            | 2,000,000          | -                 | 2,000,000          |
| ENTRANCE FEE                     | 15,000           | 15,000            | 11,000           | 20,000             | 15,000            | 20,000             |
| OTHER INCOME                     | 50,000           | 50,000            | 394,500          | 50,000             | 400,000           | 450,000            |
| <b>TOTAL INCOME</b>              | <b>5,759,330</b> | <b>21,065,000</b> | <b>7,376,334</b> | <b>32,070,000</b>  | <b>22,415,000</b> | <b>26,670,000</b>  |
| <b>GENERAL EXPENDITURE</b>       |                  |                   |                  |                    |                   |                    |
| AGM EXPENSES                     | 35,000           | 150,000           | 60,000           | 500,000            | 500,000           | 500,000            |
| MEMBERS EDUCATION                | -                | 250,000           | -                | 500,000            | 500,000           | 500,000            |
| AUDIT FEES                       | 70,000           | 70,000            | 77,000           | 200,000            | 200,000           | 200,000            |
| SUPERVISION FEES                 | 15,200           | 15,200            | 6,400            | 20,200             | 20,200            | 20,200             |
| BYLAW EXPENSES                   | -                | 5,000             | -                | 5,000              | 5,000             | 5,000              |
| BANK CHARGES                     | 34,511           | 200,000           | 46,740           | 250,000            | 250,000           | 250,000            |
| COMMITTEE SITTING ALLOWANCES     | 2,829,099        | 4,025,000         | 2,894,714        | 4,025,000          | 4,025,000         | 4,025,000          |
| COMMITTEE TRAVEL EXPENSES        | -                | 200,000           | 172,084          | 500,000            | 500,000           | 500,000            |
| CORPORATE SOCIAL RESPONSIBILITY  | -                | -                 | -                | 100,000            | 100,000           | 100,000            |
| EMAIL & INTERNET EXPENSES        | -                | -                 | -                | 300,000            | 300,000           | 300,000            |
| ELECTRICITY                      | -                | -                 | -                | 150,000            | 150,000           | 150,000            |
| GENERAL INSURANCE                | -                | -                 | -                | 50,000             | 50,000            | 50,000             |
| LEGAL FEES                       | 150,925          | 1,000,000         | 967              | 1,000,000          | 500,000           | 500,000            |
| REPAIRS AND MAINTANCE FEES       | -                | -                 | -                | 500,000            | 200,000           | 200,000            |
| PRINTING AND STATIONERY          | -                | 50,000            | -                | 200,000            | 200,000           | 200,000            |
| ADVERTISING,MARKETING &PUBLICITY | 1,500            | 100,000           | -                | 500,000            | 250,000           | 250,000            |
| STAFF RECRUITMENT                | -                | -                 | -                | 100,000            | 100,000           | 100,000            |
| STAFF SALARIES                   | 221,500          | -                 | 301,800          | 2,000,000          | 2,000,000         | 2,000,000          |

## LSK HOUSING 2025-2026 BUDGET (continued)

|                              | YEAR 2023 ACTUAL | YEAR 2024 AMENDED | YEAR 2024 ACTUAL | YEAR 2025 PROPOSED | YEAR 2025 AMENDED | YEAR 2026 PROPOSED |
|------------------------------|------------------|-------------------|------------------|--------------------|-------------------|--------------------|
| NSSF & PENSION               | -                | -                 | -                | 150,000            | 150,000           | 150,000            |
| HOUSING LEVY                 |                  |                   | -                | 50,000             | 50,000            | 50,000             |
| STAFF MEDICAL                | -                | -                 | -                | 200,000            | 200,000           | 200,000            |
| TENDERING & PROCUREMENT      | -                | 250,000           | -                | 250,000            | 250,000           | 250,000            |
| CONSULTANCY & TRAINING       | -                | 500,000           | -                | 500,000            | 500,000           | 500,000            |
| PROJECT PRELIMINARY EXPENSES | -                | 200,000           | -                | 1,000,000          | 500,000           | 500,000            |
| LAND RATES                   | -                | 500,000           | -                | 500,000            | 500,000           | 500,000            |
| STAFF TRAVEL                 | 6,253            | 100,000           | 40,785           | 200,000            | 200,000           | 200,000            |
| TELEPHONE AND POSTAGE        | 5,486            | 15,000            | 6,392            | 100,000            | 100,000           | 100,000            |
| GENERAL OFFICE EXPENSES      | 15,084           | 25,000            | 17,710           | 200,000            | 200,000           | 200,000            |
| STAFF WELFARE                | -                | -                 | -                | 100,000            | 100,000           | 100,000            |
| INTEREST EXPENSE             | 1,123,145        | 7,500,000         | -                | 3,000,000          | 2,000,000         | 2,000,000          |
| AMORTISATION                 | 262,689          | 300,000           | 209,413          | 750,000            | 750,000           | 750,000            |
| DEPRECIATION                 | 692              | 1,000             | 519              | 100,000            | 100,000           | 100,000            |
| STRATEGIC PLAN               | 81,612           | 250,000           | -                | 500,000            | 500,000           | 500,000            |
| MOTOR VEHICLE EXPENSES       | -                | -                 | -                | 400,000            | -                 | -                  |
| CORPORATE TAX                | 229,074          | 130,068           |                  | 818,620            | 818,620           | 818,620            |
| LICENCES AND COMPLIANCE COST | -                | 50,000            | -                | 50,000             | 50,000            | 50,000             |
| ANNUAL SYSTEM SUPPORT        | -                | -                 | -                | 300,000            | 300,000           | 300,000            |
| DATA BACKUP & REPLICATION    | -                | -                 | -                | 200,000            | 200,000           | 200,000            |
| CONTINUOUS DEVELOPMENT       | -                | -                 | -                | 200,000            | 200,000           | 200,000            |
| RENT AND HOSTING CHARGES     | 100,000          | 200,000           | 200,000          | 2,000,000          | 500,000           | 500,000            |
| CONTINGENCIES                | -                | 2,000,000         | -                | 2,000,000          | 1,000,000         | 1,000,000          |
| WEBSITE                      | -                | 100,000           | -                | 300,000            | 300,000           | 300,000            |
| IT EXPENSES                  | 144,000          | 150,000           | 8,700            | 150,000            | 150,000           | 150,000            |
| <b>TOTAL EXPENDITURE</b>     | <b>5,325,770</b> | <b>18,336,268</b> | <b>4,043,224</b> | <b>24,918,820</b>  | <b>19,468,820</b> | <b>19,468,820</b>  |
| <b>NET SURPLUS AFTER TAX</b> | <b>433,560</b>   | <b>2,728,732</b>  | <b>3,333,110</b> | <b>7,151,180</b>   | <b>2,946,180</b>  | <b>2,946,180</b>   |



## LSK HOUSING 2025-2026 BUDGET (continued)

|  | YEAR 2023 ACTUAL | YEAR 2024 AMENDED | YEAR 2024 ACTUAL | YEAR 2025 PROPOSED | YEAR 2025 AMENDED | YEAR 2026 PROPOSED |
|--|------------------|-------------------|------------------|--------------------|-------------------|--------------------|
| <b>OFFICE SPACE, FURNITURE AND FITTINGS</b>                                |                  |                   |                  |                    |                   | -                  |
| OFFICE SPACE   | -                | 1,000,000         | -                | 20,000,000         | -                 | -                  |
| OFFICE LAYOUT, REDESIGN AND PARTITION                                      | -                | 500,000           | -                | 2,500,000          | -                 | 1,500,000          |
| OFFICE FURNITURE   | -                | 250,000           | -                | 500,000            | 500,000           | 500,000            |
| FILING CABINETS & SAFES  | -                | 500,000           | -                | 1,000,000          | -                 | -                  |
| ELECTRONIC DOCUMENT MANAGEMENT SYSTEM (EDMS)                               | -                | 5,000,000         | -                | 500,000            | 3,500,000         | -                  |
| <b>TOTAL</b>   | -                | <b>7,250,000</b>  | -                | <b>24,500,000</b>  | <b>4,000,000</b>  | <b>2,000,000</b>   |
| <b>COMPUTERS/PERIPHERALS</b>   |                  |                   |                  |                    |                   |                    |
| SERVER   | -                | -                 | -                | 1,000,000          | -                 | -                  |
| ROUTER & OTHER ACCESSORIES   | -                | -                 | -                | 300,000            | 300,000           | 300,000            |
| POWER BACKUP SYSTEM  | -                | -                 | -                | 500,000            | -                 | -                  |
| COMPUTERS AND ACCESSORIES  | -                | 200,000           | -                | 200,000            | 200,000           | 200,000            |
| <b>SOFTWARE</b>  |                  |                   |                  |                    |                   |                    |
| PURCHASE OF ERP SOFTWARE, UPGRADE, SYSTEM ANNUAL ENHANCEMENT & DEVELOPMENT | -                | 2,500,000         | -                | 500,000            | 500,000           | 500,000            |
| WEBSECURITY SOFTWARE   | -                | -                 | -                | 300,000            | -                 | -                  |
| <b>TOTALS</b>  | -                | <b>2,700,000</b>  | -                | <b>2,800,000</b>   | <b>1,000,000</b>  | <b>1,000,000</b>   |
| VAN PURCHASE   | -                | -                 | -                | 3,000,000          | -                 | 3,000,000          |
| <b>TOTAL CAPITAL COST</b>  | -                | <b>9,950,000</b>  | -                | <b>30,300,000</b>  | <b>5,000,000</b>  | <b>6,000,000</b>   |

## YEAR 2025 AGM RESOLUTIONS

1. Disposal of year 2024 Surplus
  - a) To approve payment of dividend of **Kshs 15 per** share held on fully paid-up members.
  - b) To approve to retain the entire surplus to reserves.
2. To consider and approve budget proposals for the year 2025-2026.
3. To appoint Auditors for the year 2025 and fix their remuneration
4. To approve Society Borrowing Powers of **Kshs 200 million Elections**
  - a) To elect three retiring members of the Board of Directors pursuant to Rule 23 of Co-operative Societies Act and Regulations 2020 to the effect that three members retire each year by rotation. **Justus M. Munyithya, Lawrence M. Mugambi** and **Gladys Wamaitha** are retiring and are **OFFERING** themselves for **re-election**.
  - b) To elect one member of Supervisory Committee following the retirement on rotational basis of **Joseph Makumi** who is **OFFERING** himself for **re-election**.
  - c) Apart from the aforementioned candidates for (a) and (b), no other candidate submitted a nomination form to participate in this year's board and supervisory committee elections.



# Vision

To be the premier real estate investment provider of choice in Kenya

# Mission

To offer innovative real estate products to customers at the most competitive prices while maximizing shareholder value

# Core Values

Our Values are the shared core beliefs and desires that will motivate and guide our attitudes and actions. They explain the behaviour portrayed by all the leaders, members and staff.

They Include:

Integrity | Accountability | Innovation | Team work | Professionalism | Customer oriented

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