

CS/11960
SAFARICOM INVESTMENT CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017

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STATISTICAL INFORMATION

	2017	2016
Number of Members	4,140	3,188
<u>MEMBERS' FUND</u>	Kshs	Kshs
Share Capital	2,319,807,204	1,867,042,529
Statutory Reserves	13,094,909	10,532,197
Proposed Rebates to Members	420,000,000	392,000,000
<u>ASSETS</u>		
Property, Plant and Equipment	8,390,150	4,143,802
Intangible Assets	2,606,853	4,446,276
Current Assets	2,523,154,769	2,319,031,695
Non-current Assets	1,317,495,937	1,009,156,829
<u>LIABILITIES</u>		
Non Current Liabilities	378,438,668	125,061,102
Current Liabilities	1,111,803,812	1,311,512,305
<u>PROFITABILITY RATIOS</u>		
Turnover	533,292,707	474,683,944
Surplus	12,813,564	15,050,404
Interest on Members Deposits as % of total Share Capital	18%	21%
<u>EXPENDITURE</u>		
Operating Expenditure as a % of Turnover	18%	13%
Return on Members Deposit as a % of turnover	79%	83%
<u>LIQUIDITY RATIOS</u>		
Current Ratio	2 : 1	1.8 : 1
Acid Test Ratio	1.1	0.7
<u>RETURN RATIOS</u>		
Return on Assets	14%	14%

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MANAGEMENT COMMITTEE'S REPORT

The management committee submit their report and audited financial statements for the period ended 31st December, 2017

PRINCIPAL ACTIVITIES

The principal activities of the society are as listed below:-

Real Estate
Marketable Securities
Private Equity

MANAGEMENT COMMITTEE MEMBERS

The following served during the year:-

George Mochache	:	Chairperson- Wef 3rd March, 2017
Mackrine Abukah	:	Chairperson- Upto 3rd March, 2017
Mackrine Abukah	:	Vice-Person- Wef 3rd March, 2017
Geoffrey Wandeto	:	Vice-Chairman- Upto 25th February, 2017
Belsheba Nyabwa	:	Secretary
James Gathumbi	:	Treasurer
Alexander Kinyae	:	Committee Member
Rosemary Chege	:	Committee Member - Wef 25th February 2017
Rhoda Marimbi	:	Committee Member - Wef 25th February 2017
Sally Mwenesi	:	Committee Member - Upto 25th February, 2017
Agnes Marete	:	Committee Member
Jackson Mulwa	:	Committee Member

Supervisory Committee

Dolories Cheruto	:	Chairperson- Wef 25th February, 2017
Rosemary Chege	:	Chairperson-Upto 25th February, 2017
Anthony Clement Odhiambo	:	Secretary
Peter Mukera	:	Member- Wef 25th February 2017

Bankers

Co-operative Bank of Kenya Limited-Westlands Branch
Bank of Africa
Safaricom Sacco FOSA Account

Auditors

Messrs Kigo Njenga & Company, Certified Public Accountants (K) were appointed auditors of the society for the year ended 31st December, 2017 and express their willingness to continue in office in accordance with the provision of Co-operative Societies Act Cap 490.

By the order of the management



HON. SECRETARY

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STATEMENT OF MANAGEMENT'S REPRESENTATION

The Co-operative Societies Act Cap 490 require the Management Committee to prepare accounts for each financial year, which give a true and fair view of the state of financial affairs of the society at the end of the financial year, and the operating result.


It also requires the Management Committee 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.


The Management Committee accept responsibility for the Financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with generally accepted accounting practice and in the manner required by the Co-operative Societies Act Cap 490.

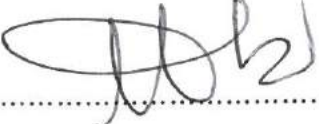
The Management Committee are of the opinion that the accounts give a true and fair view of the state of the financial affairs of the society and the operating results.

The Management Committee further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of accounts, as well as adequate systems of internal controls.

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

CHAIRMAN: 

SECRETARY: 

TREASURER: 

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REPORT OF THE EXTERNAL AUDITOR TO THE MEMBERS OF SAFARICOM
INVESTMENT CO-OPERATIVE SOCIETY LIMITED

OPINION

We have audited the financial statements of Safaricom Investment Co-operative Society Limited set out on pages 5 to 15, which comprises of the statement of financial position as at 31st December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including summary of significant accounting policies

In our opinion, the financial statements give a true and fair view of the state of the affairs of the society as at 31st December, 2017 and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and Co-operative Societies Act, Cap 490.

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

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the Directors' report as required by the Co-operative Societies Act Cap 490. The other information 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 review 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 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 MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE
FOR THE FINANCIAL STATEMENTS**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and requirement of Co-operative Societies Act Cap 490, and for such internal control as the directors' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Society's ability to 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 Co-operative or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Co-operative's financial reporting process.

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 judgment and maintain professional skepticism throughout the audit. We also:-

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

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

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

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

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Society to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Society audit. We remain solely responsible for our audit opinion.

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

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Co-operative Society Act Cap 490 we report to you, based on our audit, that:-

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion proper books of account have been kept by the society, so far as appears from our examination of those books; and
- (iii) The society's business was conducted in accordance with the provisions of the Co-operative Societies Act Cap 490, the Co-operatives Societies Act No. 14 of 2008 and in accordance with Society's by-laws and any other resolutions made by the society at General/Annual Delegates Meeting.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Francis Kigo Njenga P/981.

KIGO NJENGA & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS (K)
P.O. BOX 6865 00300
NAIROBI

Kigo Njenga & Company
Date 25th JANUARY 2018

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STATEMENT OF COMPREHENSIVE INCOME

	<u>Notes</u>	<u>2017</u> <u>KShs.</u>	<u>2016</u> <u>KShs.</u>
Revenue:			
Interest Income	2	47,203,722	12,828,636
Operating Income	3	45,553,211	53,141,708
Other Income	4	<u>20,535,773</u>	<u>16,713,601</u>
		<u>113,292,707</u>	<u>82,683,944</u>
Expenses:			
Administration	5	12,109,076	6,639,296
Personnel	6	52,348,306	33,813,468
Financial & Professional	7	4,333,694	1,694,561
Governance	8	6,732,201	5,913,619
Business Development	9	15,628,580	9,892,537
Depreciation/Amortisation	10	<u>3,835,758</u>	<u>3,229,887</u>
		94,987,616	61,183,367
Net operating surplus before tax		18,305,091	21,500,577
Income Tax Expense		<u>(5,491,527)</u>	<u>(6,450,173)</u>
Net surplus for the year		<u><u>12,813,564</u></u>	<u><u>15,050,404</u></u>

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STATEMENT OF FINANCIAL POSITION

		2017	2016
	<u>Notes</u>	<u>KShs.</u>	<u>KShs.</u>
ASSETS			
Cash and Bank	11	92,257,684	49,467,693
Receivables and Prepayment	12	7,298,120	813,083
Trade and Other Receivables	13	1,672,480,758	1,207,637,014
Non-current assets classified held for sale	14	998,815,174	718,101,287
Housing Stock for sale	15	339,893,067	720,308,590
Land held for Investment	16	49,219,185	49,219,185
Land held for Housing Projects	17	486,590,700	274,810,000
Investment in Top Farm Ltd		3,000,000	3,000,000
Farming Infrastructure	18	45,143,222	48,049,956
Other Financial Assets	19	145,952,797	256,781,716
Property and Equipment	20	8,390,150	4,143,802
Intangible Assets	21	2,606,853	4,446,276
		<u>3,851,647,709</u>	<u>3,336,778,602</u>
EQUITY AND LIABILITIES			
Deferred Income	22	140,845,500	91,382,317
Trade Payables	23	548,616,785	821,679,815
Proposed Rebates to Members	4b	420,000,000	392,000,000
Current Income Tax Payable	24	2,341,526	6,450,173
Interest Bearing Liabilities	25	378,438,668	125,061,102
		<u>1,490,242,480</u>	<u>1,436,573,406</u>
Equity & Reserves			
Share Capital	26	2,319,807,204	1,867,042,529
Reserves	27	41,598,025	33,162,666
		<u>2,361,405,229</u>	<u>1,900,205,195</u>
Total Liabilities and Equity		<u>3,851,647,709</u>	<u>3,336,778,602</u>

REGISTERED
SEC. 27 (1) CO-OPERATIVE SOCIETIES
26 JAN 2018
M. M. M. M.
COMMISSIONER FOR
CO-OPERATIVE DEVELOPMENT

The notes on pages 9 to 16 form an integral part of the financial statements which were presented to the management committee on 18th January, 2018 and approved and signed on its behalf by:-

CHAIRMAN..... SECRETARY..... TREASURER.....



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STATEMENT OF CHANGES IN EQUITY

	<u>Notes</u>	<u>Share Capital</u> <u>Kshs</u>	<u>Statutory</u> <u>Reserve</u> <u>Kshs</u>	<u>Retained</u> <u>Earnings</u> <u>Kshs</u>	<u>Total</u> <u>Kshs</u>
Balance as at 01.01.2017		1,867,042,529	10,532,197	22,630,470	1,900,205,195
Profit for the year		-	-	12,813,564	12,813,564
20% statutory reserve		-	2,562,713	(2,562,713)	-
Prior Year Adjustment	27	-	-	(378,205)*	(378,205)
Proposed Honoraria		-	-	(4,000,000)	(4,000,000)
Additional Shares		452,764,675	-	-	452,764,675
Balance as at 31.12.17		2,319,807,204	13,094,909	28,503,116	2,361,405,229
Balance as at 01.01.2016		1,288,579,719	7,522,116	18,857,330	1,314,959,165
Profit for the year		-	-	15,050,404	15,050,404
20% statutory reserve		-	3,010,081	(3,010,081)	-
Prior year adjustment	27	-	-	(667,184)*	(667,184)
Proposed staff Bonus		-	-	(4,000,000)	(4,000,000)
Proposed Honoraria		-	-	(3,600,000)	(3,600,000)
Additional Shares		578,462,810	-	-	578,462,810
Balance as at 31.12.16		1,867,042,529	10,532,197	22,630,470	1,900,205,196

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CASH FLOW STATEMENT

	2017	2016
	<u>Kshs</u>	<u>Kshs</u>
Cash Flows from operating activities		
Receipts from customers and debtors	533,292,707	474,683,944
Payments to employees and suppliers	<u>(78,614,592)</u>	<u>(61,351,601)</u>
	454,678,115	413,332,343
Increase/Decrease in Operating Assets		
Receivable & Prepayment	(471,328,781)	(315,964,973)
Decrease/(increase) in Blue Bells stocks	380,415,523	(537,417,076)
Increase /decrease in Land held for sale	(280,713,886)	(255,036,116)
Decrease/(increase) farming infrastructure	2,906,734	133,075,032
Decrease/(increase) in land for housing	(211,780,700)	(14,610,000)
Decrease/increase I deferred income	49,463,184	57,888,607
Increase/Decrease in Operating Liabilities		
Creditors and Accruals	<u>(289,970,230)</u>	<u>336,329,538</u>
Net Cash from operating activities before taxes	<u>(366,330,041)</u>	<u>(182,402,645)</u>
Tax paid	<u>(9,600,174)</u>	<u>(4,372,669)</u>
Net Cash from operating activities after taxes	<u>(375,930,215)</u>	<u>(186,775,314)</u>
Cash Flows from Investing Activities		
Increase in fixed assets	(6,250,954)	(1,557,483)
Changes in other financial assets	<u>110,828,919</u>	<u>(109,627,938)</u>
Net cashflow from investing activities	<u>104,577,965</u>	<u>(111,185,420)</u>
Cash Flows from Financing Activities		
Increase in Share Capital	452,764,675	578,462,810
loan received	378,438,669	139,112,235
Loan Repayment	(125,061,102)	(95,355,417)
Dividend Payment	<u>(392,000,000)</u>	<u>(322,500,000)</u>
Net cash from Financing Activities	<u>314,142,241</u>	<u>299,719,628</u>
Net Increase in Cash and Cash Equivalent	42,789,991	1,758,862
Cash and Cash Equivalent at the Beginning of the Year	49,467,693	47,708,831
Cash and Cash Equivalent at the End of the Year	<u>92,257,684</u>	<u>49,467,693</u>

**SAFARICOM INVESTMENT CO-OPERATIVE SOCIETY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

a) Basis of accounting

The accounts have been prepared under historical cost convention.

b) Depreciation

Fixed assets are depreciated on the reducing balance method at rates estimated to write off the value of each individual asset over its estimated useful life.

The rates so used are:-

Computer Software	20.00%
Computers	30.00%
Motor Vehicle	25.00%
Phones Accessories	33.30%
Equipment	12.50%

b) Comparatives

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

	2017	2016
	Kshs	Kshs
2. Interest Income		
Interest on Fixed Deposits	27,133,790	12,457,850
Interest from Bank	-	44,786
Interest on Tenancy Purchase	20,069,933	326,000
	<u>47,203,722</u>	<u>12,828,636</u>
3 Operating Income		
Income from Sale of Land	315,192,238	264,232,926
Income from Value Add	-	13,842,009
Income from Housing Project	124,588,124	155,632,841
Interest on Extended payment	28,454,021	14,790,820
Loss from Farming	(2,681,171)	(3,356,888)
	<u>465,553,211</u>	<u>445,141,708</u>
Rebates to Members	(420,000,000)	(392,000,000)
	<u>45,553,211</u>	<u>53,141,708</u>
4 Other Income		
Title Deeds Collection Levy	-	16,700
Rental Income	3,944,450	2,726,251
Private Equity Investment	4,039,725	-
Dividend from CIC Group Shares	179,550	179,550
Sale of Tenders	492,000	426,300
Project Exit Fee	3,077,628	1,990,420
Share Transfer Fees	3,841,620	4,834,380
Entrance Fees	4,960,800	6,540,000
	<u>20,535,773</u>	<u>16,713,601</u>
4b Rebate to members	<u>420,000,000</u>	<u>392,000,000</u>

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NOTES TO THE FINANCIAL STATEMENTS (Cont....)

	2017 <u>Kshs</u>	2016 <u>Kshs</u>
5. Administration Expenses		
Printing and Stationery	676,007	327,890
Traveling & Subsistence	749,836	341,414
Internet Domain	968,754	797,566
Postage	280,012	257,280
Software Maintenance	1,831,145	1,123,272
Assets Written Off	8,271	581,219
Office Expenses	2,571,623	1,004,718
Office Rent	1,800,900	-
Motor Vehicle expenses	1,028,770	685,524
Team building	2,193,760	1,520,414
	<u>12,109,076</u>	<u>6,639,296</u>
6. Personnel Expenses		
Salaries and Wages	35,875,469	27,646,728
Staff Medical	6,070,407	3,827,350
Recruitment Expenses	674,000	1,762,820
Modem Data Bundles	108,800	52,500
Education and Training expenses	1,565,670	490,470
Professional Subscription	53,960	33,600
Performance Based rewards to employees	8,000,000	-
	<u>52,348,306</u>	<u>33,813,468</u>
7 Financial And Professional Expenses		
Bank Charges	862,693	836,361
Audit Fee and VAT	522,000	464,000
Supervision & Recoverable Expenses	45,200	40,200
Consultancy/Legal Fees	2,903,801	354,000
	<u>4,333,694</u>	<u>1,694,561</u>
8 Governance Expenses		
AGM Expenses	3,000,000	2,000,000
Entertainment	471,564	217,193
Ushirika Day Celebrations	73,000	79,500
Committee Education	107,475	414,495
Committee Expenses	3,080,162	3,202,431
	<u>6,732,201</u>	<u>5,913,619</u>
9 Business Development		
Marketing & Advertisement	13,613,478	8,891,719
Research & Development	1,597,806	930,818
Strategic Planning Expense	258,400	70,000
Members Training	158,896	-
	<u>15,628,580</u>	<u>9,892,537</u>
10 Depreciation and amortisation		
Depreciation	1,996,335	1,618,318
Amortisation	1,839,423	1,611,569
	<u>3,835,758</u>	<u>3,229,887</u>
Total expenditure	<u>94,987,616</u>	<u>61,183,367</u>

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NOTES TO THE FINANCIAL STATEMENTS (Cont...)

	2017 <u>Kshs</u>	2016 <u>Kshs</u>
11. Cash and Bank		
Petty cash	131,253	80,317
Co-operative Bank - Current Account	29,254,918	12,598,014
Co-operative Bank - Savings Account	12,392,355	3,151,095
Co-op Bank Escrow Account	13,802,424	11,727,423
Co-op Bank USD Account	18,573	2,144,421
Bank of Africa	448,070	144,480
SACCO FOSA Account	12,619,941	7,922,532
Mpesa Paybills	23,590,149	11,699,411
	<u>92,257,684</u> ✓	<u>49,467,694</u> ✓
12. Receivables And Prepayment		
Prepaid Medical Insurance	900,338	681,089
Prepaid Motor vehicle Insurance	32,004	31,994
Refundable Rent Deposits	450,000	-
Prodigy Healthcare Limited	4,017,778	-
Strategic Plan Prepayment	1,798,000	-
Total Kenya - Motorvehicle Deposit	100,000	100,000
	<u>7,298,120</u> ✓	<u>813,083</u> ✓
13. Trade and Other Receivables		
Receivable within 1 year		
Housing	321,280,732	453,591,712
Land	617,657,197	119,967,614
	<u>938,937,929</u>	<u>573,559,326</u>
Receivable after 1 year		
Housing	454,066,117	126,039,900
Land	279,476,713	508,037,787
	<u>733,542,830</u>	<u>634,077,687</u>
Total	<u>1,672,480,758</u> ✓	<u>1,207,637,013</u> ✓
14. Non-current assets classified held for sale		
Kajiado County	319,560,949	363,212,906
Kiambu County	60,814,000	15,660,936
Kisumu County	11,990,613	11,812,193
Laikipia County	15,913,286	19,160,325
Mombasa County	79,807,412	63,328,970
Nakuru County	79,974,043	29,215,786
Narok County	15,984,205	16,898,653
Siaya County	4,001,968	4,001,968
Uasi Gishu County	35,973,231	-
Kirinyaga County	5,336,917	-
	<u>998,815,174</u> ✓	<u>718,101,287</u> ✓

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NOTES TO THE FINANCIAL STATEMENTS (Cont...)

	2017	2016
	<u>Kshs</u>	<u>Kshs</u>
15. Housing Stock for sale		
Blue Bells 1	52,218,923	56,249,456
Blue Bells 2	123,854,506	506,187,977
Ruaka	111,672,878	41,367,610
Rongai Villas	10,553,262	55,713,046
Kantafu Serene Homes	41,593,500	60,790,500
	<u>339,893,067</u> ✓	<u>720,308,590</u> ✓
16. Land Held for Investment		
Juja 1	6,190,979	6,190,979
Kitengela KCA	2,428,738	2,428,738
Malindi project	40,599,468	40,599,468
	<u>49,219,185</u> ✓	<u>49,219,185</u> ✓
17. Land Held For Housing		
Boutique Hotel & Holiday Homes	157,136,700	157,000,000
Kiserian Shopping Mall / Apartments	28,174,000	28,000,000
Athi River Housing	101,780,000	-
Ruaka III Housing	199,500,000	-
Ruaka 2 Housing	-	63,110,000
Kolompoi Low cost housing	-	26,700,000
	<u>486,590,700</u> ✓	<u>274,810,000</u> ✓
18. Agribusiness Investment		
Land held for SIC farming	45,143,222	48,049,956
	<u>45,143,222</u> ✓	<u>48,049,956</u> ✓
19. Other Financial Assets		
CO-OP Trust Investment	12,567,779	12,567,779
CIC Group Shares	2,025,000	2,025,000
Fixed Deposit account	121,068,046	198,436,690
Private Equity Investment	-	25,960,275
BB2 Advance	-	7,500,000
African Alliance	10,291,971	10,291,971
	<u>145,952,797</u> ✓	<u>256,781,716</u> ✓

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NOTES TO THE FINANCIAL STATEMENTS (Cont...)

20 Property & Equipment Movement Schedule

Cost	Camera	Phones & Accessories	Computers	Motor vehicle	Furniture & Equipment	Totals
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
As at 01.01.2017	33,475	649,499	3,493,225	4,401,439	570,488	9,148,126
Additions	-	-	835,004	-	5,415,950	6,250,954
Written Off	(33,475)	-	-	-	-	(33,475)
As at 31.12.2017	-	649,499	4,328,229	4,401,439	5,986,439	15,365,606
Depreciation						
As at 01.01.2017	25,204	216,283	1,588,398	2,892,743	281,697	5,004,325
Written Off	(25,204)	-	-	-	-	(25,204)
Charge for the Year	-	54,152	825,312	377,174	739,697	1,996,335
As at 31.12.2017	-	270,435	2,413,710	3,269,917	1,021,394	6,975,456
Net Book Value						
As at 31.12.17	-	379,064	1,914,519	1,131,522	4,965,045	8,390,150
As at 31.12.16	8,271	433,216	1,904,827	1,508,696	288,791	4,143,802

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NOTES TO THE FINANCIAL STATEMENTS (Cont...)

	2017 <u>Kshs</u>	2016 <u>Kshs</u>
21. Intangible Assets		
<u>Goodwill</u>		
As at start of Year	-	500,000
Amortization	-	(500,000)
At end of Year	<u>-</u>	<u>-</u>
<u>Software</u>		
As at start of Year	4,446,276	5,557,845
Amortization	(1,839,423)	(1,111,569)
At end of Year	<u>2,606,853</u>	<u>4,446,276</u>
	<u>2,606,853</u>	<u>4,446,276</u>
22. Deferred Income		
Housing Income	33,362,524	27,156,310
Interest on Tenancy Purchase Scheme	63,360,858	29,761,190
Premium on Extended Payments	44,122,118	34,464,817
	<u>140,845,500</u>	<u>91,382,317</u>
23. Trade Payables		
Projects creditors	479,909,840	790,730,727
Deposits received	28,995,771	4,125,267
Accrued Expenses	1,340,000	251,000
Honoraria & Staff Bonus	4,000,000	7,600,000
Performance based rewards to employees	8,000,000	-
Audit Fees	567,200	504,200
AGM Expenses	3,000,000	2,000,000
Payroll Deductions	2,196,518	1,654,964
Trade creditors	19,346,002	13,278,485
Blue Bells Management Fees Payable	1,261,454	1,535,172
	<u>548,616,785</u>	<u>821,679,815</u>

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NOTES TO THE FINANCIAL STATEMENTS (Cont...)

	2017 <u>Kshs</u>	2016 <u>Kshs</u>
24. Current Income Tax Payable		
Opening Balance	6,450,173	4,372,669
Charge for the Year	5,491,527	6,450,173
Paid during the Year	<u>(9,600,174)</u>	<u>(4,372,669)</u>
Closing Balance	<u>2,341,526</u>	<u>6,450,173</u>
25. Interest Bearing Liabilities		
Opening Balance	125,061,102	81,304,315
Receipts in the year	378,438,668	139,112,235
Payments	<u>(125,061,102)</u>	<u>(95,355,447)</u>
Closing Balance	<u>378,438,668</u>	<u>125,061,102</u>
26. Members Deposits		
Opening Balance	1,867,042,529	1,288,579,719
Additions During the Period	196,595,375	343,939,251
Capitalized Rebates	<u>256,169,300</u>	<u>234,523,559</u>
Closing Balance	<u>2,319,807,204</u>	<u>1,867,042,529</u>
27. Reserves		
Statutory Reserve		
Opening Balance	10,532,197	7,522,116
Provided During the Period	<u>2,562,713</u>	<u>3,010,081</u>
Closing Balance	<u>13,094,909</u>	<u>10,532,197</u>
General Reserve		
Opening Balance	22,630,470	18,857,330
Prior Year Adjustment		
AGM expenses Overspent	(378,205)	(667,184)
Balance Re-stated	22,252,265	18,190,147
Add Retained Earnings for the Year	<u>6,250,851</u>	<u>4,440,323</u>
Closing Balance	<u>28,503,116</u>	<u>22,630,470</u>
	<u>41,598,025</u>	<u>33,162,666</u>