

CS/11960

**SAFARICOM INVESTMENT CO-OPERATIVE SOCIETY
LIMITED**

MINISTRY OF INDUSTRIALIZATION
& ENTERPRISE DEVELOPMENT
MAIN REGISTRY

23 JAN 2017

No.....

P. O. Box 30547-00100
GPO, NAIROBI, KENYA.

**REPORTS AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST DECEMBER 2016**

**(EXTERNAL AUDITORS)
KIGO NJENGA & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS (KENYA)**

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SAFARICOM INVESTMENT CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2016

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STATISTICAL INFORMATION

Number of Members	2016 3,847	2015 3,188
<u>MEMBERS' FUND</u>		
	Kshs	Kshs
Share Capital	1,867,042,529	1,288,579,719
Statutory Reserves	10,532,197	7,522,116
Proposed Rebates to Members	392,000,000	322,500,000
<u>ASSETS</u>		
Property, Plant and Equipment	4,143,802	4,785,855
Intangible Assets	4,446,276	6,057,845
Current Assets	2,319,031,695	1,411,496,587
Non-current Assets	1,009,156,829	815,352,003
<u>LIABILITIES</u>		
Non Current Liabilities	125,061,102	81,304,315
Current Liabilities	1,311,512,305	841,428,811
<u>PROFITABILITY RATIOS</u>		
Turnover	474,683,944	379,952,669
Surplus	15,050,404	10,202,895
Rebate to members as a % to total Share Capital	21%	25%
<u>EXPENDITURE</u>		
Operating Expenditure as a % of Turnover	13%	11%
Return to Members as a % of Turnover	83%	85%
<u>LIQUIDITY RATIOS</u>		
Current Ratio	1.8:1	1.7:1
Acid Test Ratio	0.7	0.9
<u>RETURN RATIOS</u>		
Return on Assets	14%	17%

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MANAGEMENT COMMITTEE'S REPORT

The management committee submit their report and audited financial statements for the period ended 31st December, 2016

PRINCIPAL ACTIVITIES

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

Real Estate
Marketable Securities
Agribusiness
Private Equity

MANAGEMENT COMMITTEE MEMBERS

The following served during the year:-

Mackrine Abukah	:	Chairperson
Geoffrey Wandeto	:	Vice-Chairman
Belsheba Nyabwa	:	Secretary
James Gathumbi	:	Treasurer
Alexander Kinyae	:	Committee Member
George Mochache	:	Committee Member
Sally Mwenesi	:	Committee Member
Agnes Marete	:	Committee Member- Wef 13th February, 2016
Jackson Mulwa	:	Committee Member- Wef 13th February, 2016

Supervisory Committee

Richard Gitahi	:	Chairman-Upto 13th February, 2016
Rosemary Chege	:	Chairperson-Wef 13th February, 2016
Dolories Cheruto	:	Secretary
Anthony Clement Odhiambo	:	Member-Wef 13th February, 2016

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, 2016 and express their willingness to continue in office in accordance with the provision of Section 159(2) of the Co-operative Societies Act.

By the order of the management



HON. SECRETARY

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STATEMENT OF MANAGEMENT'S REPRESENTATION

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

It also require 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 annual accounts, 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.

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: Menteh

SECRETARY: Toba

TREASURER: [Signature]

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**SAFARICOM INVESTMENT CO-OP SOCIETY LIMITED
REPORTS AND FINANCIAL STATEMENT
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**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF SAFARICOM
INVESTMENT CO-OPERATIVE SOCIETY LIMITED**

SCOPE

We have audited the attached financial statements which have been prepared on the basis of the accounting policies set out in Note 1. 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 and to provide a reasonable basis for our opinion. The financial statements are in agreement with the books of accounts.

RESPECTIVE RESPONSIBILITIES OF THE COMMITTEE AND AUDITORS

Under the provision of the Act, the co-operative societies management committee are responsible for the preparation of financial statements which give a true and fair view of the society's state of affairs and its operating results. Our responsibility is to express an independent opinion on the financial statements based on our audit and report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on auditing. These standards require that we plan and perform our audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes an examination, on a test basis of evidence relevant to the amounts and disclosure in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the management committee as well as an evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

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, 2016 and of the result of its operations and its cash flow for the year then ended in accordance with International Financial Reporting Standards and comply with the Co-operative Societies Act No. 12 of 1997 as amended in 2004.

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
KIGO NJENGA & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS (K)

P.O. BOX 6865 00300

NAIROBI

Date *20th Jan.* 2017

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STATEMENT OF COMPREHENSIVE INCOME

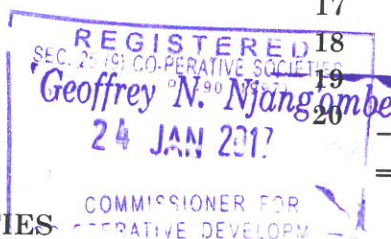
	<u>Notes</u>	<u>2016</u> <u>KShs.</u>	<u>2015</u> <u>KShs.</u>
Revenue:			
Interest Income	2	12,828,636	9,075,356
Rebates to Members		<u>(392,000,000)</u>	<u>(322,500,000)</u>
Net interest Loss		(379,171,364)	(313,424,644)
Operating Income	3	445,141,708	359,276,425
Other Income	4	<u>16,713,601</u>	<u>11,600,888</u>
		<u>82,683,944</u>	<u>57,452,669</u>
Expenses:			
Administration	5	6,639,296	3,401,393
Personnel	6	33,813,468	23,475,512
Financial & Professional	7	1,694,561	1,930,351
Governance	8	5,913,619	4,375,610
Depreciation/Amortisation		3,229,887	2,732,889
Business Development	9	<u>9,892,537</u>	<u>6,961,350</u>
		<u>61,183,367</u>	<u>42,877,105</u>
Net operating surplus before tax		21,500,577	14,575,564
Income Tax Expense		<u>(6,450,173)</u>	<u>(4,372,669)</u>
Net surplus for the year		<u><u>15,050,404</u></u>	<u><u>10,202,895</u></u>

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STATEMENT OF FINANCIAL POSITION

		2016	2015
	<u>Notes</u>	<u>KShs.</u>	<u>KShs.</u>
ASSETS			
Cash and Bank	10	49,467,693	47,708,831
Receivables and Prepayment	11	813,083	290,705
Trade and Other Receivables	12	1,207,637,013	892,194,418
Non-current assets classified held for sale	13	718,101,287	463,065,172
Housing Stock for sale	14	720,308,590	182,891,514
Land held for Investment	15	49,219,185	49,219,185
Land held for Housing Projects	16	274,810,000	260,200,000
Investment in Top Farm Ltd		3,000,000	3,000,000
Farming Infrastructure	17	48,049,956	181,124,988
Other Financial Assets	18	256,781,716	147,153,777
Property and Equipment	19	4,143,802	4,785,855
Intangible Assets	20	4,446,276	6,057,845
		<u>3,336,778,602</u>	<u>2,237,692,291</u>
EQUITY AND LIABILITIES			
Deferred Income	21	91,382,317	33,493,709
Trade Payables	22	821,679,815	481,062,433
Proposed Rebates to Members		392,000,000	322,500,000
Current Income Tax Payable	23	6,450,173	4,372,669
Interest Bearing Liabilities	24	125,061,102	81,304,315
		<u>1,436,573,407</u>	<u>922,733,126</u>
Equity & Reserves			
Share Capital	25	1,867,042,529	1,288,579,719
Reserves	26	33,162,667	26,379,446
		<u>1,900,205,196</u>	<u>1,314,959,165</u>
Total Liabilities and Equity		<u>3,336,778,602</u>	<u>2,237,692,291</u>



The notes on pages 9 to 16 form an integral part of the financial statements which were presented to the management committee on **12th January, 2017** and approved and signed on its behalf by:-

CHAIRMAN..... *Mantah* SECRETARY..... *Bobo* TREASURER..... *[Signature]*

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**SAFARICOM INVESTMENT CO-OPERATIVE SOCIETY LIMITED
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STATEMENT OF CHANGES IN EQUITY

	Share Capital <u>Kshs</u>	Statutory Reserve <u>Kshs</u>	Retained Earnings <u>Kshs</u>	Total <u>Kshs</u>
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
Transfer from Profit	-	3,010,081	(3,010,081)	-
Prior Year Adjustment	-	-	(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
Balance as at 01.01.2015	792,574,346	5,481,537	14,776,545	812,832,428
Profit for the year	-	-	10,202,895	10,202,895
Transfer from Profit	-	2,040,579	(2,040,579)	-
Prior year adjustment	-	-	418,469	418,469
Proposed Staff Bonus	-	-	(2,000,000)	(2,000,000)
Proposed Honoraria	-	-	(2,500,000)	(2,500,000)
Additional Shares	496,005,373	-	-	496,005,373
Balance as at 31.12.15	1,288,579,719	7,522,116	18,857,330	1,314,959,165

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CASH FLOW STATEMENT

	2016	2015
	<u>Kshs</u>	<u>Kshs</u>
Cash Flows from operating activities		
Receipts from customers and debtors	474,683,944	378,152,669
Payments to employees and suppliers	(61,351,601)	(41,715,252)
Prior year Adjustment	-	418,469
	<u>413,332,344</u>	<u>336,855,886</u>
Increase/Decrease in Operating Assets		
Receivable & Prepayment	(315,964,973)	(292,805,460)
Decrease/(increase) in Blue Bells stocks	(537,417,076)	32,590,347
Increase /decrease in Land held for sale	(255,036,115)	(17,241,100)
Decrease/(increase) farming infrastructure	133,075,032	(181,124,988)
Decrease/(increase) in land for housing	(14,610,000)	(163,610,928)
Decrease/increase I deferred income	57,888,607	29,390,363
Increase/Decrease in Operating Liabilities		
Creditors and Accruals	336,329,538	240,313,118
Net Cash from operating activities before taxes	<u>(182,402,644)</u>	<u>(15,632,762)</u>
Tax paid	(4,372,669)	(3,332,503)
Net Cash from operating activities after taxes	<u>(186,775,313)</u>	<u>(18,965,265)</u>
Cash Flows from Investing Activities		
Increase in fixed assets	(1,557,483)	(4,509,900)
Changes in investment	(109,627,938)	12,024,075
Net cashflow from investing activities	<u>(111,185,421)</u>	<u>7,514,176</u>
Cash Flows from Financing Activities		
Increase in Share Capital	578,462,810	496,005,373
Blue Bells loan received	139,112,235	84,321,775
Loan Repayment	(95,355,447)	(411,090,300)
Rebates paid to members	(322,500,000)	(200,000,000)
Net cash from Financing Activities	<u>299,719,596</u>	<u>(30,763,152)</u>
Net Increase in Cash and Cash Equivalent	1,758,862	(42,214,241)
Cash and Cash Equivalent at the Beginning of the Year	47,708,831	89,923,072
Cash and Cash Equivalent at the End of the Year	<u>49,467,693</u>	<u>47,708,831</u>

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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 & Camera	33.30%
Equipment	12.50%

b) Comparatives

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

	2016	2015
	<u>Kshs</u>	<u>Kshs</u>
2. Interest Income		
Interest on Fixed Deposits	12,457,850	8,984,767
Interest from Bank	44,786	90,589
Interest on Tenancy Purchase	326,000	-
	<u>12,828,636</u>	<u>9,075,356</u>
3. Operating Income		
Income from Sale of Land	264,232,926	188,790,703
Income from Value Add	13,842,009	44,655,254
Income from Housing Project	155,632,841	117,865,904
Interest on Extended payment	14,790,820	7,284,565
Income from Farming	(3,356,888)	680,000
	<u>445,141,708</u>	<u>359,276,425</u>
4. Other Income		
Title Deeds Collection Levy	16,700	8,900
BB late Payment Interest	-	117,130
Rental Income	2,726,251	-
Unealised Foreign Exchange Gain	-	7,478
Dividend from CIC Group Shares	179,550	171,000
Sale of Tenders	426,300	233,380
Project Exit Fee	1,990,420	1,510,000
Share Transfer Fees	4,834,380	2,874,000
Entrance Fees	6,540,000	6,679,000
	<u>16,713,601</u>	<u>11,600,888</u>

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

	2016	2015
	<u>Kshs</u>	<u>Kshs</u>
5. Administration Expenses		
Printing and Stationery	327,890	211,819
Traveling & Subsistence	341,414	245,780
Internet Domain	797,566	166,926
Postage	257,280	38,210
Software Maintenance	1,123,272	685,108
Assets Written Off	581,219	-
Office Expenses	1,004,718	651,126
Motor Vehicle expenses	685,524	585,907
Team building	1,520,414	816,518
	<u>6,639,296</u>	<u>3,401,393</u>
6. Personnel Expenses		
Salaries and Wages	27,646,728	20,455,963
Staff Medical	3,827,350	2,097,102
Recruitment Expenses	1,762,820	504,210
Modem Data Bundles	52,500	37,000
Education and Training expenses	490,470	361,236
Professional Subscription	33,600	20,000
	<u>33,813,468</u>	<u>23,475,512</u>
7. Financial And Professional Expenses		
Bank Charges	836,361	671,141
Audit Fee and VAT	464,000	348,000
Supervision & Recoverable Expenses	40,200	30,200
Consultancy Fees	354,000	881,010
	<u>1,694,561</u>	<u>1,930,351</u>
8. Governance Expenses		
AGM Expenses	2,000,000	1,500,000
Entertainment	217,193	172,456
Ushirika Day Celebrations	79,500	20,000
Committee Education	414,495	-
Committee Expenses	3,202,431	2,683,154
	<u>5,913,619</u>	<u>4,375,610</u>
9. Business Development		
Marketing & Advertisement	8,891,719	5,924,088
Research & Development	930,818	509,862
Strategic Planning Expense	70,000	248,900
Members Training	-	278,500
	<u>9,892,537</u>	<u>6,961,350</u>

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NOTES TO THE FINANCIAL STATEMENTS (Cont...)

	2016 <u>Kshs</u>	2015 <u>Kshs</u>
10. Cash and Bank		
Petty cash	80,317	99,571
Co-operative Bank - Current Account	12,598,014	9,667,107
Co-operative Bank - Savings Account	3,151,095	5,003,957
Co-op Bank Escrow Account	11,727,423	11,545,760
Co-op Bank USD Account	2,144,421	8,247,414
Bank of Africa	144,480	2,798,525
SACCO FOSA Account	7,922,532	4,020,826
Mpesa Paybills	11,699,411	6,325,670
	<u>49,467,693</u>	<u>47,708,832</u>
11. Receivables And Prepayment		
Prepaid Medical Insurance	681,089	253,002
Prepaid Motor vehicle Insurance	31,994	37,703
Total Kenya - Motorvehicle Deposit	100,000	-
	<u>813,083</u>	<u>290,705</u>
12. Trade and Other Receivables		
Receivable within 1 year		
Housing	453,591,712	456,766,313
Land	119,967,614	112,940,274
Farming Debtors	-	680,000
	<u>573,559,326</u>	<u>570,386,587</u>
Receivable after 1 year		
Housing	126,039,900	-
Land	508,037,787	321,807,830
	<u>634,077,687</u>	<u>321,807,830</u>
Total	<u>1,207,637,013</u>	<u>892,194,417</u>
13. Non-current assets classified held for sale		
Kajiado County	363,212,906	239,577,278
Kiambu County	15,660,936	14,346,767
Kisumu County	11,812,193	9,428,029
Laikipia County	19,160,325	18,590,723
Machakos County	194,809,550	73,539,209
Mombasa County	63,328,970	102,153,612
Nakuru County	29,215,786	1,569,962
Narok County	16,898,653	2,912,696
Siaya County	4,001,968	946,896
	<u>718,101,287</u>	<u>463,065,172</u>

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NOTES TO THE FINANCIAL STATEMENTS (Cont...)

	2016	2015
	<u>Kshs</u>	<u>Kshs</u>
14. Housing Stock for sale		
Blue Bells 1	56,249,456	77,095,965
Blue Bells 2 WIP	506,187,977	-
Ruaka	41,367,610	10,816,195
Rongai Villas	55,713,046	94,979,354
Kantafu Serene Homes	60,790,500	-
	<u>720,308,590</u>	<u>182,891,514</u>
15. 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>
16. Land Held For Housing		
Boutique Hotel & Holiday Homes	157,000,000	148,500,000
Ruaka 2 Housing	63,110,000	50,000,000
Low cost housing	26,700,000	26,700,000
Ololua Joint Venture	-	18,000,000
Kiserian Shopping Mall / Apartments	28,000,000	17,000,000
	<u>274,810,000</u>	<u>260,200,000</u>
17. Agribusiness Investment		
Land held for SIC farming	48,049,956	49,948,337
Land for resale	-	131,176,651
	<u>48,049,956</u>	<u>181,124,988</u>
18. 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	198,436,690	104,799,842
Private Equity Investment	25,960,275	-
BB2 Advance	7,500,000	17,469,185
African Alliance	10,291,971	10,291,971
	<u>256,781,716</u>	<u>147,153,777</u>

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NOTES TO THE FINANCIAL STATEMENTS (Cont...)

19 Property & Equipment Movement Schedule

	Camera	Phones & Accessories	Computers	Motor vehicle	Furniture & Equipment	Totals
	<u>Kshs.</u>	<u>Kshs.</u>	<u>Kshs.</u>	<u>Kshs.</u>	<u>Kshs.</u>	<u>Kshs.</u>
<u>Cost</u>						
As at 01.01.2016	66,950	996,541	2,615,865	4,401,439	539,864	8,620,659
Additions	-	649,499	877,360	-	30,624	1,557,483
Written Off	(33,475)	(996,541)	-	-	-	(1,030,016)
As at 31.12.2016	33,475	649,499	3,493,225	4,401,439	570,488	9,148,126
<u>Depreciation</u>						
As at 1.1.2016	42,149	427,723	772,043	2,389,844	203,046	3,834,804
Written Off	(21,074)	(427,723)	-	-	-	(448,797)
Charge for the Year	4,129	216,283	816,355	502,899	78,652	1,618,318
As at 31.12.2016	25,204	216,283	1,588,398	2,892,743	281,697	5,004,324
<u>Net Book Value</u>						
As at 31.12.16	8,271	433,216	1,904,827	1,508,696	288,791	4,143,802
As at 31.12.15	24,801	568,818	1,843,822	2,011,595	336,819	4,785,855

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**SAFARICOM INVESTMENT CO-OPERATIVE SOCIETY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Cont...)

	2016 <u>Kshs</u>	2015 <u>Kshs</u>
20. Intangible Assets		
<u>Goodwill</u>		
As start of Year	500,000	1,000,000
Additions	-	-
Amortization	(500,000)	(500,000)
At end of Year	<u>-</u>	<u>500,000</u>
 <u>Software</u>		
As start of Year	5,557,845	4,059,468
Additions	-	2,496,332
Amortization	(1,111,569)	(997,954)
At end of Year	<u>4,446,276</u>	<u>5,557,845</u>
	<u>4,446,276</u>	<u>6,057,845</u>
21. Deferred Income		
Ruaka	-	16,673,198
Blue Bells II	27,156,310	-
Interest on Tenancy Purchase Scheme	29,761,190	-
Premium on Extended Payments	34,464,817	16,820,511
	<u>91,382,317</u>	<u>33,493,709</u>
22. Trade Payables		
Projects creditors	790,730,727	442,217,827
Deposits received	4,125,267	11,789,370
Accrued Expenses	251,000	1,225,463
Proposed Honoraria & Staff Bonus	7,600,000	4,500,000
Audit Fees	504,200	378,200
AGM Expenses	2,000,000	1,500,000
Payroll Deductions	1,654,964	1,108,657
Trade creditors	13,278,485	17,797,744
Blue Bells Management Fees Payable	1,535,172	545,172
	<u>821,679,815</u>	<u>481,062,433</u>

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NOTES TO THE FINANCIAL STATEMENTS (Cont...)

	2016 <u>Kshs</u>	2015 <u>Kshs</u>
23. Current Income Tax Payable		
Opening Balance	4,372,669	3,332,503
Charge for the Year	6,450,173	4,372,669
Paid during the Year	(4,372,669)	(3,332,503)
Closing Balance	<u>6,450,173</u>	<u>4,372,669</u>
24. Interest Bearing Liabilities		
Opening Balance	81,304,315	408,072,840
Receipts in the year	139,112,235	67,781,775
Ololua Joint Venture	-	16,540,000
Payments	(95,355,447)	(411,090,300)
Closing Balance	<u>125,061,102</u>	<u>81,304,315</u>
25. Share Capital		
Opening Balance	1,288,579,719	792,574,346
Additions During the Period	343,939,251	333,412,485
Capitalized Rebates	234,523,559	162,592,888
Closing Balance	<u>1,867,042,529</u>	<u>1,288,579,719</u>
26. Reserves		
Statutory Reserve		
Opening Balance	7,522,116	5,481,537
Provided During the Period	3,010,081	2,040,579
Closing Balance	<u>10,532,197</u>	<u>7,522,116</u>
General Reserve		
Opening Balance	18,857,330	14,776,545
Prior Year Adjustment		
AGM expenses	(667,184)	418,469
Balance Re-stated	18,190,147	15,195,014
Add Retained Earnings for the Year	4,440,323	3,662,316
Closing Balance	<u>22,630,470</u>	<u>18,857,330</u>
	<u>33,162,667</u>	<u>26,379,446</u>

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APPROPRIATION ACCOUNT

	<u>2016</u> <u>kshs</u>	<u>2015</u> <u>kshs</u>
Surplus for the Year	15,050,404	10,202,895
Statutory Reserve - 20%	(3,010,081)	(1,555,168)
Proposed Staff Bonus	(4,000,000)	(2,000,000)
Proposed Honoraria	<u>(3,600,000)</u>	<u>(2,500,000)</u>
Retained Earnings for the Year	<u>4,440,323</u>	<u>4,147,727</u>