



SAFARICOM INVESTMENT CO-OPERATIVE SOCIETY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 2019

CS/11960
SAFARICOM INVESTMENT CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

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**SAFARICOM INVESTMENT CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
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SOCIETY INFORMATION

MANAGEMENT COMMITTEE MEMBERS

The following served during the year:-

Mackrine Abukah	Chairperson- Upto 16th February, 2019
Peter Gichangi	Chairperson- Wef 19th February, 2019
Agnes Marete	Vice-Person
Rebecca Bisanju	Secretary- Wef 19th February, 2019
Rhoda Marimbi	Secretary- Upto 19th February, 2019
Jackson Mulwa	Treasurer- Upto 16th February, 2019
Rosemary Chege	Treasurer- Wef 19th February, 2019
Belsheba Nyabwa	Committee Member- Upto 16th February, 2019
Rhoda Marimbi	Committee Member- Upto 15th November, 2019
Tom Macakiage	Committee Member- Wef 16th February, 2019
Emily Kilongi	Committee Member- Wef 16th February, 2019
Mackrine Abukah	Committee Member
Edward Njoroge	Committee Member- Co-opted wef 27th August, 2

Supervisory Committee

Anthony Clement Odhiambo	Chairperson- Upto 16th February, 2019
Peter Mukera	Chairperson- Wef 19th February, 2019
Judy Runo	Secretary- Wef 19th February, 2019
Beth Mwangi	Member - Wef 16th February, 2019

Bankers

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

Auditors

Mbaya & Associates
Certified Public Accountants (K)
3rd Floor, Western Heights
Karuna Road, Westlands.
P.O. Box 45390-00100,
Nairobi -Kenya.

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STATISTICAL INFORMATION

	2019	2018	Change
Number of Members	4,538	4,345	4.4%
<u>FINANCIAL</u>	Kshs	Kshs	%
Total Assets	4,287,900,872	3,937,569,659	8.9%
Current Assets	3,103,050,293	3,249,875,768	-4.5%
Cash & Cash equivalents	168,653,452	179,047,869	-5.8%
Investments	33,619,171	85,602,867	-60.7%
Members Funds/Equity	2,455,680,990	2,544,218,203	-3.5%
Non Current Loan	600,363,413	436,663,758	37.5%
Current Liabilities	941,549,729	465,186,389	102.4%
Total Liabilities	1,832,219,882	1,393,351,456	31.5%
Core capital	2,455,680,990	2,544,218,203	-3.5%
Share capital	2,500,715,663	2,500,715,663	0.0%
Institutional Capital	(45,034,674)	43,502,540	-203.5%
Total Revenue	55,945,419	525,272,526	-89.3%
Total Expenditure	(144,482,633)	(137,916,627)	4.8%
Deficit Before Distribution Items	(88,537,213)	387,355,899	-122.9%
Rebates to members' share capital	-	375,000,000	-100.0%
Net deficit after rebates	(88,537,213)	12,355,899	-816.6%
Tax charge for the year	-	(5,451,384)	-100.0%
Net deficit for the year	(88,537,213)	6,904,515	-1382.3%

KEY RATIOS

1. Profitability

a) Net Profit Margin

Net surplus/deficit for the year	(88,537,213)	6,904,515
Total Revenue	55,945,419	525,272,526
Net Profit Margin=Net Profit/Revenue	-158.3%	1.3%

b). Return on Shareholders Fund (ROE)

Net surplus/ deficit for the year	(88,537,213)	6,904,515
Members Funds/Equity	2,455,680,990	2,544,218,203
Return on shareholder fund=Net surplus for the year/Members' funds	-3.6%	0.3%

2. Liquidity Ratios

a)Current Ratio

Current Assets	3,103,050,293	3,249,875,768
Current Liabilities	941,549,729	465,186,389
Current ratio=Current Assets/Current Liabilities	3.3	7.0

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REPORT OF MANAGEMENT COMMITTEE

The members of the management committee submit their annual report together with the financial statements for the year ended 31st December 2019.

Incorporation

The society is incorporated in Kenya under the Cooperative Societies Act. Cap 490 of 1997 2004 and is domiciled in Kenya.

Principal activity

The principal activity of the society is investment.

- Real Estate
- Marketable Securities
- Private Equity

<u>Results</u>	2019	2018
	Kshs	Kshs
Surplus/Deficit before distribution	(88,537,213)	387,355,899
Income Tax expense	-	(5,451,384)
Net Surplus(deficit) after Tax	(88,537,213)	381,904,515
Retained Deficit for the year	(59,510,486)	29,026,728
Proposed rebates on members' share capital	-	375,000,000

Management Committee

The members of the management committee who served during the year and to date of this report is as listed on page 1.

Auditors

Mbaya & Associates, Certified Public Accountants (K), who were re-appointed during the year have expressed their willingness to continue in office in accordance with the Co-operative Societies (Amended) Act,2008

By order of management committee

Signature.....
Hon. Secretary.

Date 22/01/2020

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

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 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 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: 

Independent Auditor's Report

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 7 to 19, which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Safaricom Investment Co-operative Society Limited as at December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Co-operative Societies Act Cap 490.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming Our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

1. Income from Projects

The society has invested in real estate. This is where it derives its main source of income which includes sale of property that is land and housing. The society recorded total income from projects of Ksh.12.7 million as per note 3, which represents 97% decline compared to prior year. This is after the implementation of IFRS 15.

We consider this a key audit matter due to its materiality and the susceptibility of these transactions to fraud and misstatements.

Our audit procedures include;

-Assessed revenue recognition and ascertained it was in accordance with IFRS 15. The society complied with this standard.

-Obtain project listing and tallied the balances with those stated in the financials and we confirmed completeness.

-We performed analytical review and obtained explanations for changes in comparison with the prior year.

2. Project receivables

Project receivables refers to money owed by customers. At the end of the period, total project receivables amounted to 1.5 billion. This represents a decline of 20% from prior year.

We consider this a key audit matter because of the materiality of these amount and effect on liquidity position. Increase in receivables reduces cashflow while a reduction in receivables increase cashflow.

Our audit procedures include;

-Test for existence and completeness by circularization to sample debtors and obtain balance confirmations.

-Tally balances as per receivables listing to bank statements and invoices. We ascertained completeness and existence.

- Obtain aging analysis and identify the debt periods. Assess adequacy of the society's debt collection mechanism.

3. Project withdrawals

Project withdrawals refers to customers who withdraw before completion of their contractual obligation. We noted in the year under review, total withdrawals amounted to Ksh.90 million.

We consider these withdrawals key audit matter because of the negative effect it has on income.

Our audit procedures include.

-Identify withdrawals made from the project listing.

-Seek explanations for the significant number of project withdrawals.

-Assess measures taken by the management to mitigate project withdrawals.

Independent Auditor's Report

Other information

The director is responsible for the other information. The other information comprises the as required by the Co-operative Societies Act Cap 490 of Kenya, which we obtained prior to the date of this report. 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 an audit opinion or 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 director for the Financial Statements

The director is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Co-operative Societies Act Cap 490, and for such internal control as the director 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 director is 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 director 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the society to cease to continue as a going concern.
- 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 director 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.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Andrew Bulemi, Practising Certificate No. 2071.

Mbaya & Associates
Mbaya & Associates



MBAYA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 45390-00100, NAIROBI.

Date: *28 January 2020*

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STATEMENT OF COMPREHENSIVE INCOME

	<u>Notes</u>	<u>2019</u> <u>Kshs</u>	<u>2018</u> <u>Kshs</u>
Revenue:			
Interest Income	2	6,859,041	11,405,574
Operating Income	3	26,429,209	489,014,010
Other Income	4	22,657,169	24,852,942
		<u>55,945,419</u>	<u>525,272,526</u>
Expenses:			
Administration	5	14,662,916	27,342,930
Personnel	6	62,773,280	56,817,736
Financial & Professional	7	23,232,819	5,822,766
Governance	8	9,734,489	12,637,379
Business Development	9	31,570,406	32,289,690
Depreciation/Amortisation	10	2,508,724	3,006,127
		<u>144,482,633</u>	<u>137,916,627</u>
Net operating surplus/(Deficit) before distribution		(88,537,213)	387,355,899
Rebates to Members		-	(375,000,000)
		<u>(88,537,213)</u>	<u>12,355,899</u>
Tax charge for the year	11	-	5,451,384
Net surplus/(Deficit) for the year		<u>(88,537,213)</u>	<u>6,904,515</u>

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STATEMENT OF FINANCIAL POSITION

	<u>Notes</u>	<u>2019</u> <u>Kshs</u>	<u>2018</u> <u>Kshs</u>
ASSETS			
Cash and Bank	12	135,034,280	93,445,001
Receivables and Prepayment	13	14,505,071	1,899,458
Trade and Other Receivables	14	1,505,756,510	1,881,549,775
Non-current assets classified held for sale	15	1,275,524,905	1,012,443,404
Housing Stock for sale	16	172,229,527	260,538,130
Land held for Investment	17	75,515,117	8,619,717
Land held for Housing Projects	18	507,412,922	530,898,300
Kitusuru Gardens WIP		66,620,000	-
Investment in Zaria LLP		438,000,000	-
Investment in Top Farm Ltd		3,000,000	3,000,000
Agribusiness Investment	19	41,314,737	42,852,717
Other Financial Assets	20	33,619,171	85,602,867
Property and Equipment	21	7,895,883	8,776,755
Intangible Assets	22	1,276,865	1,825,100
Current Income Tax Receivable	11	10,195,883	6,118,435
		<u>4,287,900,872</u>	<u>3,937,569,659</u>
EQUITY AND LIABILITIES			
Deferred Income	23	290,306,740	116,501,308
Trade Payables	24	941,549,729	465,186,389
Proposed Rebates to Members		-	375,000,000
Interest Bearing Liabilities	25	600,363,413	436,663,758
		<u>1,832,219,882</u>	<u>1,393,351,456</u>
Equity & Reserves			
Share Capital	26	2,500,715,663	2,500,715,663
Reserves	27	(45,034,674)	43,502,540
		<u>2,455,680,990</u>	<u>2,544,218,203</u>
Total Liabilities and Equity		<u>4,287,900,872</u>	<u>3,937,569,659</u>

The financial statements on pages 7-19 were authorized for issue by the management committee on 22.10.1.2020.....and signed on its behalf by:

Chairman
Treasurer
Secretary



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STATEMENT OF CHANGES IN EQUITY

	Share Capital Kshs	Statutory Reserve Kshs	Retained Earnings Kshs	Total Kshs
Balance as at 01.01.2018	2,319,807,204	13,094,910	28,503,116	2,361,405,230
Surplus for the year	-	-	6,904,515	6,904,515
20% statutory reserve	-	1,380,903	(1,380,903)	-
Proposed Honoraria	-	-	(5,000,000)	(5,000,000)
Additional Shares	180,908,412	-	-	180,908,412
Balance as at 31.12.18	<u>2,500,715,616</u>	<u>14,475,813</u>	<u>29,026,728</u>	<u>2,544,218,157</u>
Balance as at 01.01.2019	2,500,715,616	14,475,813	29,026,728	2,544,218,157
Deficit for the year	-	-	(88,537,213)	(88,537,213)
20% statutory reserve	-	-	-	-
Proposed Honoraria	-	-	-	-
Additional Shares	-	-	-	-
Balance as at 31.12.19	<u>2,500,715,616</u>	<u>14,475,813</u>	<u>(59,510,486)</u>	<u>2,455,680,944</u>

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CASH FLOW STATEMENT	<u>2019</u>	<u>2018</u>
	<u>Kshs</u>	<u>Kshs</u>
Cash Flows from operating activities		
Receipts from customers and debtors	55,945,419	523,272,526
Payments to employees and suppliers	(138,352,861)	(109,727,798)
	<u>(82,407,442)</u>	<u>413,544,728</u>
Increase/Decrease in Operating Assets		
Receivable & Prepayment	363,187,651	(203,670,355)
Decrease/(increase) in Housing stock	88,308,603	79,354,937
Increase /decrease in Land held for sale	(329,976,901)	(13,628,230)
Decrease/(increase) Agribusiness	1,537,980	2,290,505
Decrease/(increase) in land for housing projects	(23,485,378)	(44,307,600)
Decrease/increase in deferred income	217,819,259	24,344,192
Increase/Decrease in Operating Liabilities		
Creditors	476,363,339	(83,430,396)
Net Cash from operating activities before taxes	<u>711,347,112</u>	<u>174,497,781</u>
Tax paid	(4,077,448)	(13,911,345)
Net Cash from operating activities after taxes	<u>707,269,664</u>	<u>160,586,436</u>
Cash Flows from Investing Activities		
Increase in fixed assets	(1,412,304)	(2,610,979)
Loss on asset disposal	(331,434)	-
Changes in investment	51,983,696	60,349,930
Kitusuru Gardens WIP	(66,620,000)	-
Investment in Zaria LLP	(438,000,000)	-
Net cashflow from investing activities	<u>(454,380,043)</u>	<u>57,738,951</u>
Cash Flows from Financing Activities		
Increase in Share Capital	-	180,908,412
Blue Bells loan received	662,318,643	200,730,860
Loan Repayment	(498,618,989)	(178,777,339)
Dividend Payment	(375,000,000)	(420,000,000)
Net cash from Financing Activities	<u>(211,300,346)</u>	<u>(217,138,067)</u>
Net Increase in Cash and Cash Equivalent	41,589,276	1,187,320
Cash and Cash Equivalent at the Beginning of the Year	93,445,004	92,257,684
Cash and Cash Equivalent at the End of the Year	<u>135,034,280</u>	<u>93,445,004</u>

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set below:

a Statement of compliance & basis of preparation

The financial statements are prepared in accordance and comply with international financial reporting standards. Financial statements are presented in the functional currency, Kenya shillings and prepared under historical cost convention, as modified by revaluation of certain assets as prescribed by International Financial Reporting Standards.

b Revenue recognition

The Society adopted IFRS 15 in the year under review. Under IFRS 15, revenue is recognised when the goods or services are transferred to the customer, at the transaction price. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

c Depreciation

Depreciation is calculated on a reducing balance basis to allocate the costs or revalued amounts over their estimated useful lives as follows:

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

d Land amortization

Land amortization is done depending on the remaining lease years of each leasehold property. The asset's residual value and lives are reviewed, Adjusted if appropriate at each balance sheet date.

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Accounting policies cont....

e Financial Assets

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

- i) **Held to maturity investment:** These comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the society has a positive intention and ability to hold to maturity.
- ii) **Land Debtors and other receivables:** These comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and excludes assets which
- iii) **Available-for-sale :** These comprise non-derivative financial assets that are not classified

c Tax

Current tax is provided on the basis of the results for the year, as shown in the financial statements in compliance with and adjusted in accordance with tax legislation.

d Statutory Reserves.

Transfers are made to the statutory reserves fund at a rate of 20% of net operating surplus after tax provision of section 47 (1&2) of the cooperative societies act Cap 490. However, non made during the year under review due to losses.

e Trade and other payables

Trade and other payables are recognized initially at fair values and subsequently measured at amortized cost using the effective interest rate method.

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

g. Investment properties

Investment properties are long-term investments in land and buildings that are not occupied substantially for own use. Investment properties are initially recognized at cost and subsequently carried at fair value representing open market value at the reporting date and is determined annually by independent external registered values. Changes in fair value are recorded in profit or loss.

Subsequent expenditure on investment properties where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognized as an expense in the year which it is incurred.

Gains and losses on disposal of investment property are determined by reference to their carrying amount and are taken into account in determining operating profit.

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NOTES TO THE FINANCIAL STATEMENTS

	<u>2019</u> <u>Kshs</u>	<u>2018</u> <u>Kshs</u>
2 Interest Income		
Interest on Fixed Deposits	3,777,977	6,253,715
Interest on Tenancy Purchase	3,081,064	5,151,859
	<u>6,859,041</u>	<u>11,405,574</u>
3 Operating Income		
Income from Sale of Land	9,780,755	399,767,070
Income from Housing Project	2,946,738	61,064,250
Interest on Extended payment	15,494,645	30,545,391
Loss from Farming	(1,792,929)	(2,362,701)
Total Operating Income	<u>26,429,209</u>	<u>489,014,010</u>
4 Other Income		
Rental Income	3,345,050	3,409,750
Dividend Income	1,510,753	-
Sale of Tenders	75,304	1,239,889
Project Exit Fee	5,770,588	6,827,344
Share Transfer Fees	5,306,935	5,575,759
Entrance Fees	3,460,000	5,800,200
2018 AGM Savings	39,859	-
Prior year Rebates	148,680	-
2018 honoraria & staff bonus	3,000,000	2,000,000
	<u>22,657,169</u>	<u>24,852,942</u>

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

	<u>2019</u> <u>Kshs</u>	<u>2018</u> <u>Kshs</u>
5 Administration Expenses		
Printing and Stationery	828,562	832,599
Traveling & Subsistence	875,250	579,317
Internet Domain	2,125,071	1,080,400
Postage	350,601	335,929
Software Maintenance	2,924,257	2,448,877
Office Expenses	3,610,127	4,511,129
Office Rent	2,578,484	2,475,885
Motor Vehicle expenses	1,039,128	1,330,114
Assets written off	331,434	-
Taxes & Consultation	-	10,992,681
Corporate Social Responsibility	-	556,800
Team building	-	2,199,198
	<u>14,662,916</u>	<u>27,342,930</u>
6. Personnel Expenses		
Salaries and Wages	50,089,478	40,296,397
Staff Medical	10,121,128	7,123,834
Recruitment Expenses	1,340,080	438,368
Modem Data Bundles	147,000	130,300
Education and Training expenses	983,714	775,493
Professional Subscription	91,880	53,344
Performance Based Rewards to Employees	-	8,000,000
	<u>62,773,280</u>	<u>56,817,736</u>
7 Financial And Professional Expenses		
Bank Charges	1,776,453	1,270,686
Audit Fee and VAT	508,080	508,080
Supervision & Recoverable Expenses	44,000	44,000
Juja Rates	18,300,000	-
Consultancy/Legal Fees	2,604,286	4,000,000
	<u>23,232,819</u>	<u>5,822,766</u>
8 Governance Expenses		
AGM Expenses	3,500,000	3,700,000
Prior AGM Expenses	-	763,560
Ushirika Day Celebrations	79,200	75,000
Committee Education	441,429	395,290
Committee Expenses	5,713,860	7,703,529
	<u>9,734,489</u>	<u>12,637,379</u>

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

	<u>2019</u>	<u>2018</u>
	<u>Kshs</u>	<u>Kshs</u>
9 Business Development		
Marketing & Advertisement	25,247,270	19,825,354
Research & Development	5,456,065	8,717,996
Strategic Planning Expense	311,214	2,728,400
Members Training	555,857	1,017,940
	<u>31,570,406</u>	<u>32,289,690</u>
10 Depreciation and amortisation		
Depreciation	1,961,495	2,224,372
Amortisation	547,228	781,755
	<u>2,508,724</u>	<u>3,006,127</u>
Total expenditure	<u>144,482,633</u>	<u>137,916,627</u>
11 Taxation		
Net surplus/(Deficit) before tax	(88,537,213)	12,355,899
Less: Dividend income	-	-
Tax penalty	-	3,452,681
Add: Farming Loss	1,792,929	2,362,701
Taxable income	<u>(86,744,284)</u>	<u>18,171,280</u>
Charge for the Year @ 30%	-	5,451,384
Tax balance c/fwd	(6,118,435)	2,341,526
Payments made during the year		
- Instalment tax paid	(4,077,448)	(13,911,345)
- Withholding tax paid	-	-
Tax balance c/fwd	<u>(10,195,883)</u>	<u>(6,118,435)</u>
12 Cash and Bank		
Petty cash	280,460	170,487
Co-operative Bank - Current Account	12,349,194	35,274,990
Co-operative Bank - Savings Account	12,449,230	9,829,700
Co-op Bank Escrow Account	-	3,961,632
Co-op Bank USD Account	3,401,491	12,643,938
Bank of Africa	73,709,110	435,779
SACCO FOSA Account	8,492,810	16,630,057
Mpesa Paybills	24,351,984	14,498,419
	<u>135,034,280</u>	<u>93,445,001</u>

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

	<u>2019</u> <u>Kshs</u>	<u>2018</u> <u>Kshs</u>
13 Receivables And Prepayments		
Prepaid Medical Insurance	1,827,391	1,317,454
Prepaid Asset Insurance	23,581	32,004
Refundable Rent Deposits	450,000	450,000
Motor Vehicle Deposit	100,000	100,000
Rent Receivable	1,144,400	-
Zaria LLP	10,959,700	-
	<u>14,505,071</u>	<u>1,899,458</u>
14 Trade and Other Receivables		
Receivable within 1 year		
Housing	176,144,215	216,827,883
Land	754,969,512	1,080,929,934
	<u>931,113,727</u>	<u>1,297,757,817</u>
Receivable after 1 year		
Housing	334,657,199	378,242,825
Land	239,985,584	205,549,133
	<u>574,642,783</u>	<u>583,791,958</u>
Total	<u>1,505,756,510</u>	<u>1,881,549,775</u>
15 Non-current assets held for sale		
Kajiado County	407,962,069	326,474,709
Kiambu County	165,345,340	82,538,269
Kisumu County	14,234,784	20,774,202
Laikipia County	19,487,741	16,181,941
Machakos County	351,218,075	272,894,427
Kitui County	68,095,801	68,095,801
Mombasa County	43,743,137	42,269,622
Kilifi County	39,497,365	43,678,678
Nakuru County	50,548,588	52,150,935
Narok County	16,789,034	15,419,019
Siaya County	2,280,750	7,478,933
Uasi Gishu County	4,383,107	7,788,019
Kirinyaga County	260,645	1,698,110
Makueni County	91,678,469	55,000,738
	<u>1,275,524,905</u>	<u>1,012,443,404</u>
16 Housing Stock for sale		
Blue Bells 1	32,458,456	32,458,456
Blue Bells 2	48,323,139	102,172,924
Ruaka	64,897,170	82,403,727
Rongai Villas	10,553,262	21,106,523
Kantafu Serene Homes	15,997,500	22,396,500
	<u>172,229,527</u>	<u>260,538,130</u>

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

	<u>2019</u> <u>Kshs</u>	<u>2018</u> <u>Kshs</u>			
17 Land Held for Investment					
Juja I	6,190,979	6,190,979			
Kitengela KCA	2,428,738	2,428,738			
Ruaka II	66,895,400	-			
	<u>75,515,117</u>	<u>8,619,717</u>			
18 Land Held For Housing Projects					
Boutique Hotel & Holiday Homes	188,096,700	184,136,700			
Kiserian Shopping Mall / Apartments	28,174,000	28,174,000			
Athi River Housing	108,046,000	115,080,000			
Ruaka III Housing	183,096,222	203,507,600			
	<u>507,412,922</u>	<u>530,898,300</u>			
19 Agribusiness Investment					
Land held for SIC farming	41,314,737	42,852,717			
	<u>41,314,737</u>	<u>42,852,717</u>			
20 Other Financial Assets					
CO-OP Trust Investment	21,302,200	12,567,779			
CIC Group Shares	2,025,000	2,025,000			
Fixed Deposit account	-	60,718,117			
African Alliance	10,291,971	10,291,971			
	<u>33,619,171</u>	<u>85,602,867</u>			
21 Property & Equipment Movement Schedule					
	Phones & Accessories	Computers	Motor vehicle	Furniture & Equipment	Totals
Rate	33.30%	30.00%	25.00%	12.50%	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Cost					
As at 01.01.2019	649,499	5,280,529	5,421,439	6,625,118	17,976,585
Additions	-	1,070,538	-	341,766	1,412,304
Disposals	(649,499)	-	-	-	(649,499)
As at 31.12.2019	<u>-</u>	<u>6,351,067</u>	<u>5,421,439</u>	<u>6,966,884</u>	<u>18,739,390</u>
Depreciation					
As at 01.01.2019	396,663	3,273,756	3,807,798	1,721,859	9,200,076
Adjustment	(78,845)	62,352	-	16,246	(246)
Write off	(317,818)	-	-	-	(317,818)
Charge for the Year	-	904,488	403,410	653,597	1,961,495
As at 31.12.2019	<u>-</u>	<u>4,240,596</u>	<u>4,211,208</u>	<u>2,391,703</u>	<u>10,843,506</u>
Net Book Value					
As at 31.12.19	<u>-</u>	<u>2,110,471</u>	<u>1,210,231</u>	<u>4,575,181</u>	<u>7,895,883</u>
As at 31.12.18	<u>252,836</u>	<u>2,006,773</u>	<u>1,613,641</u>	<u>4,903,259</u>	<u>8,776,755</u>
22 Intangible Assets					
Software					
As at start of Year			1,825,099	2,606,853	
Opening balance adjustment			(1,005)	-	
Amortization			(547,228)	(781,755)	
At end of Year			<u>1,276,865</u>	<u>1,825,099</u>	

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

	2019	2018
	<u>Post IFRS 15</u>	<u>Pre IFRS 15</u>
	<u>Kshs</u>	<u>Kshs</u>
27. Reserves		
a. Statutory Reserve		
Opening Balance	14,475,812	13,094,909
Provided During the Period	-	1,380,903
Closing Balance	<u>14,475,812</u>	<u>14,475,812</u>
b. General Reserve		
Opening Balance	29,026,727	28,503,116
Proposed Honoraria	-	(5,000,000)
Retained Earnings for the year	(88,537,213)	6,904,515
Statutory reserve re-stated	-	(1,380,903)
Closing Balance	<u>(59,510,486)</u>	<u>29,026,727</u>
Total Reserves	<u>(45,034,674)</u>	<u>43,502,540</u>