

STATISTICAL INFORMATION

	2013	2012
Membership		
Active	4,737	2,940
Dormant	509	168
Total	5,246	3,108
Employees	19	15
Total Assets	1,535,197,310	1,064,033,767
Members' Deposits	1,117,174,576	848,709,153
External Borrowing	6,646,192	85,163,589
Loans and Advances to members	1,287,787,309	917,076,721
Investments	137,692,435	77,601,444
Core Capital	83,217,121	55,111,195
Share Capital	55,300,825	41,651,991
Institutional Capital	27,916,296	13,459,204
Total Revenue	166,038,812	121,804,526
Total Interest Income	162,396,282	119,402,540
Interest on members Deposits	97,043,146	85,725,502
Ordinary Expenses	43,694,323	27,098,698
Capital Adequacy Ratio		
Core capital/Total Assets	5%	5%
Core capital/Total Deposits	7%	6%
Institutional Capital/Total Assets	2%	1%
Liquidity ratio		
Liquid Assets/Total deposits & Long term liabilities	1 : 4	1 : 5
Operating Efficiency/Loan quality ratios		
Ordinary expenses/Total revenue	26%	22%
Interest on member deposits/Total revenue	58%	70%
Interest on member deposits	8.0%	10.0%
Dividends rate on share capital	12%	12%

**SAFARICOM SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD-CS/NO.9510 ANNUAL REPORT
 AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
 STATEMENT OF COMPREHENSIVE INCOME**

	NOTES	YEAR 2013 KSHS	YEAR 2012 KSHS
REVENUE;			
Interest on loans and advances	3a	156,486,978	118,289,278
Other interest income	3b	5,909,304	1,791,262
Total interest		162,396,282	120,080,540
Less: Interest expenses	5	97,043,146	85,725,502
Net Interest income		65,353,136	34,355,038
Other operating income	4	3,642,530	1,723,987
TOTAL INCOME		68,995,666	36,079,025
EXPENSES;			
Financial expenses	5a	8,688,476	3,206,413
Administration expenses	5b	8,329,691	2,906,366
Personnel expenses	5c	19,598,458	13,439,541
Governance expenses	5d	5,661,205	6,827,399
Marketing expenses	5f	1,244,874	465,558
Depreciation and Amortization	5e	717,999	623,719
TOTAL EXPENSES		44,240,703	27,468,996
Net operating surplus before income tax		24,754,964	8,610,028
Less Income tax expense	6	(546,380)	(360,298)
TOTAL COMPREHENSIVE INCOME		24,208,584	8,249,730



**SAFARICOM SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD-CS/NO.9510 ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

	NOTES	YEAR 2013 KSHS	YEAR 2012 KSHS
ASSETS			
Cash and cash equivalents	7	77,448,235	59,163,428
Receivables and prepayments	8	25,861,043	4,767,076
Trade and other receivables	9	3,952,740	2,928,750
Net loans and advances to members	10	1,287,787,309	917,076,721
Financial assets	11	137,692,435	77,601,444
Intangible assets	12	396,454	591,723
Property, plant and equipment	13	2,059,094	1,904,625
TOTAL ASSETS		1,535,197,310	1,064,033,767
LIABILITIES;			
Members' deposits	14	1,117,174,576	756,882,018
Bank overdrafts	7 (B)	516,898	-
Withdrawable deposits	15	238,183,177	91,827,135
Current income tax payable	6	159,059	360,298
Dividends payable		6,636,099	4,998,239
Interest payable on deposits	5	73,000,000	62,683,905
Trade payables and accrued expenses	16	7,210,560	5,097,373
Other provisions	19	2,453,627	1,910,014
External borrowings	17	6,646,192	85,163,589
Total Liabilities		1,451,980,189	1,008,922,571
EQUITY			
Share capital	18	55,300,825	41,651,991
Statutory reserve		9,155,439	4,313,722
Revaluation reserve		2,125,500	-
Revenue reserve		16,635,357	9,145,482
Total Equity		83,217,121	55,111,195
TOTAL LIABILITIES AND EQUITY		1,535,197,310	1,064,033,767



The Financial Statements set out on pages 48 - 65 were approved by the Board of Directors on 6th February, 2014 and signed on its behalf by;

1) Chairman 2). Hon Secretary 3). Treasurer

**SAFARICOM SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD-CS/NO.9510 ANNUAL REPORT
 AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
 STATEMENT OF CASH FLOWS**

	Notes	31.12.2013 KShs	31.12.2012 KShs.
Cash flow from operating activities			
Interest receipts	3a	161,611,508	119,402,540
Interest on deposits paid	5	(85,842,701)	(85,725,502)
Prior year tax assessment	20	(4,541,594)	-
Tax paid	6	(747,618)	(53,697)
Payments to employees and suppliers	5	(43,522,704)	(24,050,817)
		26,956,891	9,572,524
(Increase)/Decrease in operating assets			
Net loans to members	10	(370,710,588)	(108,429,399)
Trade and other receivables	8 & 9	(22,117,957)	(1,669,403)
Short term investments		-	-
Increase/(decrease) in operating liabilities			
Deposits from members	14	360,292,558	181,601,301
Withdrawable deposits from members	15	146,356,042	59,961,655
Trade and accrued expenses	16	2,113,187	(30,420,570)
Bank overdraft		516,898	-
Sundry creditors	19	543,613	-
Net cash from operating activities		143,950,645	110,616,108
Cashflow from investing activities			
Purchase of property and equipment	13	(932,226)	(18,700)
Proceeds on disposal of property and equipment		-	-
Purchase of intangible assets		-	-
Purchase of investments shares	11	(60,090,991)	(31,920,710)
Dividends received		4,427,304	1,113,262
Net cash from investing activities		(56,595,913)	(30,826,148)
Cash flow from financing activities			
Share capital contributions	18	13,648,834	27,655,715
Proceeds from long-term borrowings		-	-
Repayments of long-term borrowings	17	(78,517,397)	(84,973,185)
Dividends paid		(4,718,260)	(2,799,255)
Net cash flow from financing activities		(69,586,823)	(60,116,725)
Net increase (decrease) of cash and cash equivalent		17,767,910	19,673,235
Cash at the beginning of the year		59,163,428	39,490,193
Cash at the end of the year	7(A-B)	76,931,338	59,163,428
Net change in cash and cash equivalents at end of the year		17,767,910	19,673,235

SAFARICOM SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD-CS/NO.9510
 ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
 NOTES TO THE FINANCIAL STATEMENTS -Continued

	2013	2012
	KSHS.	KSHS.
3a Interest on loans and advances		
Interest from development loan	91,597,519	50,149,904
Interest from Xmass loan	2,927,859	927,135
Interest from school loan	133,695	164,133
Interest from college loan	2,705,749	1,030,003
Interest from emergency Loan	368,541	112,159
Interest from IPO loan	1,338,602	3,544,878
Interest from Instant Loan	1,580,778	1,367,752
Interest from phone loan	272,490	5,392
Interest from laptop loans	46,006	2,095
Interest from premium loans	9,647,899	14,347,214
Interest from land loan	5,172,156	11,745,309
Interest from car loan	1,982,735	1,076,660
Interest from supa instant loan	2,019,360	897,350
Interest from Vijana Loan	754,406	72,468
Interest from Consolidated Loan	16,453,211	24,025,992
Interest from Household Loan	391,378	146,078
Interest from Salary Advance	6,352,687	2,280,154
Interest from FOSA personal loan	8,377,703	1,789,916
Interest from insurance loan	486,213	64,545
Interest from loans refinancing	3,877,993	4,540,140
Total	156,486,978	118,289,278
3b Other interest income		
Interest from KUSCCO	2,509,412	562,795
Interest from CIC unit trust	984,881	-
Interest from bank savings account	321,421	34,855
Interest from African Alliance	2,098	-
Dividend income	609,492	515,612
Entrance and transfer fees	1,482,000	678,000
Total	5,909,304	1,791,262

4 Other operating income		
Fees on FOSA customers savings accounts	552,550	811,365
M-Banking & M-PESA commissions	1,191,339	866,759
Commission on cheques clearance	106,950	-
Sale of tender documents	228,000	-
Sale of bankers cheques	70,590	-
Commission on salary processing	1,117,041	-
Commission on ATM cards and withdrawals	113,139	-
Discount income on household products	262,922	45,863
Total	3,642,530	1,723,987
5 Interest expenses		
Interest on Jaza Jaza savings	151,250	19,472
Interest on children account savings	227,201	-
Interest on FOSA deposits	19,208,062	2,985,374
Interest on KUSCCO loan	4,212,112	9,342,118
Interest on Co-operative Bank loan	244,521	10,694,633
Interest payable on BOSA deposits (8%)	73,000,000	62,683,905
Total	97,043,146	85,725,502
	2013	2012
	KSHS.	KSHS.
5a Financial expenses		
Bank charges	683,086	424,352
Provision for bad debts	6,505,391	411,953
Loan insurance	1,500,000	2,370,108
	8,688,476	3,206,413
5b Administrative expenses		
Printing and stationary	1,053,022	380,101
Postage	175,447	107,390
Annual subscriptions	23,000	39,000
Travelling expense	115,410	95,545
CIT expenses	371,888	65,758
Consultancy fees	291,523	226,600
Strategic plan review	1,950,960	-
General land expenses	1,340,390	322,846
SASRA FOSA licence fees and deposit levy	709,012	70,000
Software maintainance	1,447,848	1,020,480
Project expenses: Computerization	-	9,860
Fidelity insurance fees	526,391	311,796
Audit fees	324,800	256,990

	8,329,691	2,906,366
5c Personnel expenses		
Salaries and wages	16,513,056	10,737,034
NSSF contribution	36,800	31,000
Pension contribution	1,229,875	746,992
Staff medical cover	1,287,309	917,105
Staff training	170,868	249,160
Team building	360,550	758,250
	19,598,458	13,439,541
5d Governance expenses		
Committee training	110,800	206,329
Sitting allowance	2,131,000	2,077,785
Committee travelling	151,202	-
AGM expenses	936,854	1,791,955
Education and training expenses	1,208,905	1,890,495
Open day and Ushirika celebrations	1,122,444	860,835
	5,661,205	6,827,399
5e Depreciation and amortization		
Depreciation	522,730	332,273
Amortization	195,269	291,446
	717,999	623,719
5f Marketing expenses		
Corporate Social Responsibility (CSR)	172,500	65,364
Advertising expenses	1,072,374	400,194
	1,244,874	465,558
6 Taxation:		
Other operating income	3,642,530	2,401,987
Total taxable	3,642,530	2,401,987
50% taxable	1,821,265	1,200,994
Tax liability - 30%	546,380	360,298
Bal. b/f	360,298	-
Tax paid during the year	(747,618)	-
Tax payable	159,059	360,298
	2013	2012
7 a) Cash and cash equivalents	KSHS.	KSHS.
Treasury cash	1,965,963	1,159,909
Co-operative Bank current account	41,546,793	29,111,898
Co-operative Bank savings account	576,031	114,181
CBA current account	11,016,574	9,837,244
Co-operative Bank FOSA account	57,602	10,309,463
NIC Bank current account	-	4,829,355
NIC savings account	11,481,956	-
M-PESA utility account	-	57,371
M-PESA account	1,500,000	1,508,766

M-PESA float control account	200,000	-
Dividend utility account	-	63,067
M-Sacco pay bill account	9,103,315	2,172,174
	77,448,235	59,163,428
7 b) Cash and cash equivalents - Overdrafts		
ATM settlement account	27,068	-
NIC Bank current account	489,830	-
	516,898	-
8 Receivables and prepayments		
December check-off receivable	4,831,575	1,153,885
M-PESA commission receivable	142,002	458,225
Kiserian land	153,568	1,742,296
Other debtors	20,659,427	260,000
M-Sacco Coretec prepaid	24,470	-
Accrued dividend income	-	515,611
KUSCCO claim	50,000	637,058
	25,861,043	4,767,076
9 Trade and other receivables		
ATM cards - 5013@ 500	2,506,740	1,213,750
Giraffe piggy bank	1,446,000	1,615,000
SIM cards	-	100,000
	3,952,740	2,928,750
10 Loans to members:		
As at start of the year:		
Normal and active members loans and advances	922,561,029	861,278,609
Delinquent members loans and advances	2,640,722	1,382,710
	925,201,751	862,661,319
Granted during the year	1,192,228,097	466,982,754
Repayment during the year	(818,158,231)	(407,083,044)
At year end	A 1,299,271,617	922,561,029
Less: Provision for impaired loans		
	(11,484,308)	(5,484,308)
Net loans with members	1,287,787,309	917,076,721
Members personal accounts listing	B 1,299,271,617	917,076,721

Ageing of delinquent loans:

	No. of loans	Outstanding Portfolio	Required Provision (%)	Loan Loss Provision
Current loan Portfolio	3,516	1,299,271,617		-
Performing	2,946	1,118,983,064		-
Watch	169	111,340,210	0.05	5,567,011
Substandard	294	62,651,853	0.25	15,662,963
Doubtful	67	3,655,768	0.50	1,827,884
Loss	40	2,640,722	1.00	2,640,722
				25,698,580

While our December 2013 risk classification report submitted loan loss provision of Shs. 25.7 Million. we have made a provision of 11.4 Million, based on practical situation. Variance occasioned by our unique arrangement with our main common bond Safaricom Limited, in which payroll cut-off date is 5th of every month, thus all loans issued after 5th of every month shall not be recovered from the payroll for that month. This spills over to other aging categories as well. Going forward, we are conducting system upgrade in March 2014, and hope this will address this unique scenario

NOTES TO THE FINANCIAL STATEMENTS -Continued

2013

2012

KSHS.

KSHS.

11 Financial assets

Unquoted:

Ordinary shares with KUSCCO at cost

6,664,448

3,375,816

KUSCCO Ltd Vijana savings

7,735,000

22,335,000

KUSCCO Ltd Jungu Kuu Savings

11,327,004

46,755,479

African Alliance

174,430

150,799

CIC Unit Trust

32,984,881

-

KUSCCO special deposits

71,696,823

-

Shares in CIC

2,540,025

2,540,025

133,122,610

75,157,119

Quoted:

Shares in Safaricom Ltd 425100@10.75

4,569,825

2,444,325

Total investments

137,692,435

77,601,444

12 Intangible assets

At start of year

591,723

883,169

Additions

-

-

Amortisation charge

(195,269)

(291,446)

396,454

591,723

13 Property, plant and equipment movement schedule

	Office Equipments	Furniture & Fittings	Office Printers	Computers & Accessories	Total
Cost or valuation	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st January 2012	1,394,195	985,316	193,404	277,125	2,850,040
Addition/Reclassification	-	18,700	-	-	18,700
Disposals/Reclassification	-	-	-	-	-
As at 1st January 2013	1,394,195	1,004,016	193,404	277,125	2,868,740
Addition/Reclassification	-	-	145,000	787,226	932,226
Devaluation of assets	(351,370)	-	-	-	(351,370)
As at 31st Dec 2013	1,042,825	1,004,016	338,404	1,064,351	3,449,596
Accumulated depreciation					
As at 1st January 2012	231,465	230,768	86,472	83,138	631,843
Depreciation charge	145,341	96,656	32,080	58,196	332,273
As at 1st January 2013	376,806	327,424	118,552	141,334	964,116
Disposal/Reclassification	(92,599)	(3,745)	-	-	(96,344)
Depreciation charge	94,827	85,042	65,956	276,905	522,730
As at 31st Dec 2013	379,034	408,721	184,508	418,239	1,390,502
Carrying amount					
As at 31st Dec 2013	663,791	595,295	153,896	646,112	2,059,094

As at 31st Dec 2012 1,017,389 - 676,592 - 74,852 - 135,791 - 1,904,625

	2013	2012
	KSHS.	KSHS.
14 Members deposits		
As at start of the year	756,882,018	607,146,197
Deposits during the year	399,461,969	207,765,636
Withdrawals/refunds during the year	(39,169,411)	(58,029,815)
At year end	1,117,174,576	756,882,018
Members personal accounts listings	1,117,174,576	756,882,018
15 Withdrawable deposits		
Call deposits (FOSA)	178,174,143	66,693,898
FOSA savings (current accounts)	40,301,578	18,029,815
Jaza Jaza accounts	3,892,587	941,220
Furahia account	91,286	75,337
School fees savings account	426,489	56,276
Childrens savings account	5,667,359	601,286
Corporate account	9,548,046	5,419,303
Holiday account	81,689	10,000
Total	238,183,177	91,827,135
16 Trade and other payables		
Sundry creditors	3,024,893	3,948,305
Safaricom Sacco staff loans	-	59,293
Stamp duty-revenue stamps	2,168	11,184
Withholding tax on dividends and FOSA savings	675,826	306,962
Security fees and land fencing	253,126	187,526
Loan refunds	-	68,786
CIC general insurance	32,028	-
Excise duty	6,175	-
Call deposits payable	3,216,344	515,317
TOTAL	7,210,560	5,097,373

17	External Borrowings		
	Balance B/f	85,163,589.0	104,990,545.0
	KUSCCO Vijana Loan	-	23,495,229
	KUSCCO Jungu Kuu loan	-	46,668,360
	Co-operative Bank loan	-	15,000,000
	Additions:	-	-
	Repayments	(78,517,397)	(104,990,545)
	Net Loan Balance End Year	6,646,192	85,163,589
18	Share capital		
	Authorised:		
	An undetermined of shares of Kshs 100/= each (minimum 200 shares per member)		
	Issued:		
	76,504 shares of kshs 100/= fully and partly paid		
	up for members holding shares (Yr 2012-3108)	41,651,991	13,996,276
	Purchased during the year	13,648,834	27,655,715
	At year end	55,300,825	41,651,991
19	Other provisions		
	Honoraria	900,000	600,000
	Staff bonus	1,358,747	1,181,519
	Provision for audit fees	194,880	128,495
	Total	2,453,627	1,910,014
20	Prior year tax assessment		
	KRA tax assessment - prior years	4,541,594	-
	Less: Payments made during the year	(4,541,594)	-
	Balance c/f	-	-