

CS-2559:

TOWER SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS AS AT
31ST DECEMBER 2016**

AUDITORS:

**BillSmith & Company
Certified Public Accountants (K)
P.O. Box 21559-00505,
NAIROBI.**

CS-2559:

TOWER SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

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TOWER SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**MEMBERS OF THE BOARD OF DIRECTORS FROM 1ST JANUARY – 31ST DECEMBER 2016:**

1. James Mwangi Kiiru - Chairman
2. Samuel K. Kuria - Vice Chairman
3. Peter Maina Ngugi - Hon. Secretary
4. John Mwangi P. Gitundu - Treasurer
5. Joseph M. Waigwa - Member
6. Anthony G. Mariga - Member
7. Benson R. Chege - Member
8. George K. Kamau - Member
9. Francis G. Wanjau - Member

SUPERVISORY COMMITTEE:

1. Josephine W. Muriithi - Chairperson
2. Elijah K. Ndirangu - Secretary
3. Peter N. Kuria - Member

EXECUTIVE OFFICERS:

1. Gabriel N. Waweru - Chief Executive Officer
2. Patrick K. Njenga - Finance Manager

BANKERS:

1. Co-operative Bank of Kenya - Ol'Kalou Branch
2. Kenya Commercial Bank - Ol'Kalou Branch
3. Equity Bank - Ol'Kalou, Nyahururu, Naivasha, Gilgil & Maralal Branches
4. Family Bank - Nyahururu & Ol'Kalou Branches
5. Sidian Bank - Naivasha Branch

AUDITORS:**BillSmith & Company****Certified Public Accountants (K)****P.O. Box 21559-00505,****NAIROBI**

TOWER SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
STATISTICAL INFORMATION AS AT 31ST DECEMBER 2016

	<u>31.12.2016</u>	<u>31.12.2015</u>
Membership-Active	44,940	33,408
-Dormant	<u>673</u>	<u>522</u>
	45,613	33,930
Financial		<u>Kshs.</u>
Total Assets	5,348,458,200	4,007,925,069
Members' deposits: Non withdrawable	3,194,139,792	2,364,720,273
Members' Savings: Withdrawable	865,972,738	670,203,313
Total deposits	4,060,112,530	3,034,923,586
Loans & advances to members	4,412,165,204	3,029,621,393
Investments	164,780,666	154,773,964
Core capital	674,353,973	438,470,739
Share capital	318,788,299	214,262,388
Institutional capital	355,565,674	224,208,351
Total revenue	758,077,242	548,883,467
Total interest income	734,989,121	524,325,554
Total expenses	727,349,932	523,883,467
Employees of the SACCO	86	72
Key ratios		
Capital adequacy ratio		
Core capital/Total assets	12.61%	11%
Core capital/Total deposits	16.61%	14.4%
Institutional capital/Total assets	6.65%	5.6%
Liquidity ratio (15%)		
Liquid assets/Withdrawable deposits	60.63%	90.10%
Operating efficiency/Loan quality ratios		
Total expenses/ Total revenue	95.94%	95.40%
Rebates on members' deposits/Total revenue	51%	52%
Rebates on members' deposits	12.05%	12%
Dividend rate on members share capital	20%	20%
Total delinquency loans/ Gross loan portfolio	11.3%	6.90%

TOWER SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2016:

Report of the Board of Directors:

The members of the Board of Directors submitted their annual report together with the audited financial statements for the year ended 31st December 2016.

Incorporation:

The Society is incorporated in Kenya under the Cooperatives Societies Act, Cap 490 and licensed under the SACCO Societies Act No.14 of 2008 and is domiciled in Kenya.

Principal Activity:

The principal activity of the society continued to be receiving savings from and provision of loans to its members.

Results for the year:	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs.</u>
Surplus (deficit) before tax	36,530,021	30,240,587
Income Tax expenses	5,802,711	5,240,586
Net surplus(deficit) after tax	30,727,310	25,000,001
Retained surplus for the year	30,727,310	25,000,001
Rebates on member's deposits	385,193,845	283,916,861
Dividends on member's shares :	66,957,660	45,502,478

The Board of Directors recommends payment of first and final dividend of **Kshs.20** per share (2015, Kshs.20 per share). They also recommend interest on member's deposits of 12.05% (2015, 12%)

The Board of Directors:

The members of the Board of Directors who served during the year and to the date of this report are listed on page 1.

By order of the Board of Directors:

SIGNATURE:

DATE: 14/01/2017

SECRETARY

TOWER SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF THE BOARD OF DIRECTORS RESPONSIBILITIES ON THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31ST DECEMBER 2016:

The SACCO Societies Act No.14 of 2008 requires the Board of Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the society at the end of the financial year and of its operating results for that year in accordance with IFRS. It also requires the Board of Directors to ensure that the society keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the society. They are also responsible for safeguarding the assets of the society and ensuring that the business of the society has been conducted in accordance with its objectives, by-laws and any other resolutions made at the society's general meeting.

The Board of Directors accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the SACCO Societies Act No.14 of 2008. The Board of Directors is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the society and of its operating results in accordance with the IFRS. The Board of Directors further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Approved by the Board of Directors on 14th January 2017 and signed on its behalf by:-

CHAIRMAN:

TREASURER:

BOARD MEMBER:

TOWER SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**INDEPENDENT AUDITOR'S REPORT OF FINANCIAL STATEMENTS TO THE MEMBERS OF TOWER SACCO SOCIETY LIMITED:*****Opinion***

We have audited the accompanying financial statements of Tower SACCO Society Limited, which comprise the statement of financial position as at 31st December 2016, statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 7 to 22.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan SACCO Societies Act.

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.

The SACCO has a growth path as demonstrated by the Core capital to total assets ratio and Core capital to total deposits ratios on page 2. The institutional capital ratio has stagnated and is resting at 9%. The SACCO should endeavor to strengthen this ratio by retaining more funds so that the overall growth strategy is supported.

Directors' responsibility for the financial statements

The Directors of the Society are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan SACCO Societies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Other Legal Requirements:

The Kenyan SACCO Societies Act of 2008 requires that we report the following matters to the SACCO Societies Regulatory Authority (SASRA). We report that:

- (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were considered necessary for the purposes of our audit;
- (ii) We have no evidence of irregularities or illegal acts that have been committed by directors, employees or the SACCO Society itself; and,
- (iii) We have no grounds to believe that the SACCO Society is insolvent or that there is a significant risk that it may become insolvent.

***The engagement partner responsible for the audit resulting in this independent auditor's report is
CPA Festus .M.Wanjohi – P/No. 770***

***Billsmith & Company.
Certified Public Accountants of Kenya
Nairobi, Kenya
14th January 2017***

TOWER SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2016

	<u>NOTES</u>	<u>2016</u> <u>Kshs.</u>	<u>2015</u> <u>Kshs.</u>
Revenue:			
Interest on loans & Advances	1(a)	727,652,596	521,997,700
Other interest income	1(b)	7,336,525	5,794,111
Total Interest		734,989,121	527,791,811
Interest expenses	2	412,448,669	313,234,657
Net interest income		322,540,452	214,557,154
Other operating income	3	23,088,121	21,033,310
Other gains and losses	17(b)	-	58,346
Administration expenses			
Financial expenses	4	129,752,469	77,101,492
Personnel expenses	5	66,272,705	46,327,200
Operating expenses	6	58,172,729	38,108,726
Governance expenses	7	19,996,936	15,666,070
Marketing expenses	8	14,406,141	11,929,830
Depreciation/Amortization	9	20,497,572	16,274,905
Net operating surplus/(deficit) before income tax:		36,530,021	30,240,587
Income tax expense	10	5,802,711	5,240,586
Net surplus/(deficit) for the year		30,727,310	25,000,001

TOWER SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2016:

	<u>Notes</u>	<u>2016</u> <u>Kshs.</u>	<u>2015</u> <u>Kshs.</u>
Assets:			
Cash and cash equivalent	11	525,002,281	603,830,269
Prepayments and sundry receivables	12	2,350,000	1,758,000
Trade and other receivables	13	90,764,392	82,686,739
Loans to members	14	4,412,165,204	3,029,621,393
Financial Investments	15	164,780,666	154,773,964
Intangible assets	16	39,613,564	26,475,565
Property, plant and equipment	17	107,895,469	103,015,421
Other assets	18	5,886,624	5,763,720
Total Assets:		5,348,458,200	4,007,925,069
Liabilities:			
Members deposits	19	4,060,112,530	3,034,923,586
Deferred income tax	20	2,665,043	2,113,442
Dividends & interest(rebates) payable	21	452,151,505	329,419,339
Sundry creditors	22	6,323,288	6,267,182
Risk management Fund	23	27,064,516	70,943,435
Total Liabilities:		4,548,316,882	3,443,666,986
Equity:			
Share capital	24	318,788,299	214,262,388
General reserves	25	1,244,579	1,244,579
Statutory reserves	26	56,211,844	50,066,382
Capital reserves	27	278,837,042	178,207,029
Retained earnings	28	144,889,554	120,307,706
Land grant	29	170,000	170,000
Total Equity		800,141,318	564,258,084
Total liabilities and Equity:		5,348,458,200	4,007,925,069

The Financial Statements on pages 7 to 21 were authorized by the Board of Directors on 14/01/2017 and signed on its behalf by:

1)CHAIRMAN :..... 2) BOARD MEMBER:

3) BOARD MEMBER:

Pg. 9 (changes in equity Pg.9)

TOWER SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016:**

		<u>31.12.2016</u>	<u>31.12.2015</u>
		<u>Kshs.</u>	<u>Kshs.</u>
CASH GENERATED FROM			
<u>OPERATING ACTIVITIES:</u>			
	<u>Notes</u>		
Interest receipts	1a & b	734,989,121	527,791,811
Rebates & Interest payments	2 & 4	(311,133,304)	(250,668,558)
Other income	3	23,088,121	21,033,310
Payments to employees & suppliers	5,6,7	(152,603,084)	(112,013,789)
		294,340,854	186,142,774
<u>Increase/decrease in operating assets</u>			
Loans to members	14	(1,382,543,811)	(516,495,311)
Prepayments and sundry receivables	12	(592,000)	(435,100)
Trade & other receivables	13	(8,077,653)	(69,645,247)
<u>Increase/decrease in operating liabilities</u>			
Members Deposits & savings	19	1,025,188,944	654,112,903
Creditors and accrued expenses	22	56,106	1,396,833
Risk management fund	23	(43,878,919)	6,966,533
Net cash from operating activities before income tax		(115,506,479)	262,043,385
Income tax payable	10	5,802,711	5,240,586
Net cash from operating activities		(109,703,768)	267,283,971
<u>Investing activities</u>			
Property , plant & equipment	17	(4,880,048)	(5,761,249)
Disposal of Plant, Property & Equipment		-	70,000
Purchase of shares	15	(10,006,702)	(8,975,760)
Intangible assets	16	(13,137,999)	(10,927,805)
Other assets	18	(122,904)	(1,529,506)
Net cash from investing activities		(137,851,421)	240,159,651
<u>Financing activities</u>			
Share capital	24	104,525,911	119,100,714
General reserves	25	-	196,284
Dividends paid	4	(45,502,478)	14,274,251
Cash after financing activities		59,023,433	133,571,249
Net increase/decrease in cash and cash equivalent		(78,827,988)	373,730,900
Cash and cash equivalent at the beginning of the year		603,830,269	230,099,369
Cash and cash equivalent as at 31st December 2016		525,002,281	603,830,269

TOWER SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016:****ACCOUNTING POLICIES:****i) Statement of compliance and basis of preparation:**

The society's books of accounts are prepared in accordance with and comply with the International Financial Reporting Standards.

ii) Currency:

The currency used is the Kenyan Shilling and it is rounded to the nearest shilling.

iii) Revenue recognition:

Interest on loans to members is calculated on the reducing balance method. Interest income is recognized on a time proportion basis by reference to the principal outstanding and effective interest rate applicable.

iv) Depreciation on Property, Plant & Equipment:

Property, Plant and Equipment are depreciated using the reducing balance method at the following rates;

a)	Land	- Nil
b)	Building and development	- 2.5%
c)	Motor Vehicle	- 25%
d)	Plant & Equipment	- 25%
e)	Furniture & Fittings	- 12.5%
f)	Office Equipment	- 12.5%
g)	Loose tools	- 50%
h)	Computers & Accessories	- 30%

v) Intangible assets:

- a) Lease hold properties are amortized on straight line basis over the remaining lease period.
- b) Computer software is amortized at the rate of 30%

v) Other financial assets:

Investments are valued at market rate. These are shares bought in other organizations.

vi Other Assets:

Other assets consist of stock of office stationery which is valued at cost using the FIFO method.

vii) Statutory reserves:

Transfers are made to the statutory reserve fund at the rate of 20% of operating surplus in compliance with the provisions of the Co-operative Societies Act.

viii) Cash and Cash equivalent:

Cash and Cash equivalent comprises of cash in hand and demand deposits and other short term highly liquid investments that are easily convertible to a known amount of cash and are subject to an insignificant risk of changes in value net of bank overdrafts.

1.(a) Interest Income

	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs.</u>
BOSA Loans	180,247,005	183,373,270
FOSA Loans	547,405,591	338,624,430
Total	<u>727,652,596</u>	<u>521,997,700</u>

(b) Other Interest Income

	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs.</u>
Bank deposits	3,763,174	2,327,854
Investments measured at fair value	3,573,351	3,466,257
Total	<u>7,336,525</u>	<u>5,794,111</u>

(2) Interest Expense

	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs.</u>
Member's deposits	385,193,845	283,916,861
Member's Savings-FOSA	27,216,443	22,284,108
Bank Loans & overdrafts	38,381	7,033,688
Total	<u>412,448,669</u>	<u>313,234,657</u>

(3) Other operating income

	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs.</u>
Entrance fee	5,760,200	5,246,250
Non- interest income from FOSA	17,327,921	15,787,060
Total	<u>23,088,121</u>	<u>21,033,310</u>

Expenses:**(4) Financial Expenses**

	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs.</u>
Dividend Expenses	66,957,660	45,502,478
Fees and commissions expense	1,014,197	4,129,510
Net provision for loan losses	61,780,612	27,469,505
Total	<u>129,752,469</u>	<u>77,101,492</u>

Operating/Administrative expenses:**(5) Personnel Expenses**

	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Salaries and Wages	33,994,687	22,774,246
House allowance	10,470,686	6,664,409
Travelling and subsistence	2,337,955	2,242,148
casual labour and overtime	1,220,651	652,588
Commuter allowance	2,979,488	1,957,411
N.S.S.F.	194,600	186,200
Education and seminars	3,507,570	2,693,015
Medical allowance	5,106,677	4,088,905
Acting allowance	83,696	85,991
Staff provident fund	3,009,246	2,510,800
Leave travelling allowance	333,876	189,988
Insurance	740,568	588,094
Staff Welfare	1,103,705	1,039,405
Responsibility allowance	<u>1,189,300</u>	<u>654,000</u>
	<u>66,272,705</u>	<u>46,327,200</u>

6) Operating expenses

	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Electricity, water & fuel	2,778,503	2,752,866
Repairs, service & maintenance-PP&E	5,622,230	3,170,607
Legal fees	136,000	204,076
Transport Expenses	568,870	314,310
Audit & supervision fees	282,500	197,200
Policy Development	4,760,010	1,148,051
Entertainment	721,093	560,025
Security	11,340,973	9,814,902
Government computer & Dividend expenses	-	1,140,184
Member's subscription & Licensing	3,014,911	2,501,411
Strategic plan (monitoring & evaluation)	6,499,645	500,000
Motor vehicle running Expenses	1,061,470	831,195
General insurance	3,650,285	2,160,557
Printing & stationery	7,544,115	6,018,362
Telephone and Postage	3,145,968	2,825,485
Plot rates/rent	6,214,470	2,992,020
Contingencies	-	15,000
Office Expenses	<u>831,686</u>	<u>962,475</u>
	<u>58,172,729</u>	<u>38,108,726</u>

7) Governance expenses	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Committee sitting allowance	611,294	516,150
Committee trav. & subsistence	3,542,199	4,185,157
Group Insurance	252,539	355,661
Inspection & monitoring	2,288,000	1,133,000
Committee seminars	4,023,520	2,821,621
Member's Education	6,127,133	3,953,691
General meeting Expenses	1,016,270	711,120
SACCO Affiliation	<u>2,135,981</u>	<u>1,989,670</u>
	<u>19,996,936</u>	<u>15,666,070</u>
8. Marketing expenses	<u>31/12/2016</u>	31/12/2015
	<u>Kshs</u>	Kshs
Marketing, Public relation & advertisement	14,406,141	11,929,830
9. Depreciation & Armotisation	31/12/2016	31/12/2015
	<u>Kshs</u>	<u>Kshs</u>
Refer note 17	20,497,572	16,274,905
10) Income tax expense (Refer note 20)		
11) Cash and cash equivalent	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Cash in hand	26,006,061	29,659,742
M-Pesa A/C	6,915,753	5,948,093
M-Banking A/C	4,970,134	4,912,324
Co-operative Bank	66,629,964	95,815,002
Equity Bank	51,362,387	143,916,269
Kenya Commercial Bank	4,223,569	8,480,000
UAP, Old Mutual	1,592,084	111,483,665
Sidian Bank	102,533,151	-
Kenya Teachers Sacco Association	1,800,000	1,400,000
CIC Unit trust A/C	-	99,965,064
Family bank	192,472,882	41,635,763
KUSCCO Savings	<u>66,496,296</u>	<u>60,614,347</u>
	<u>525,002,281</u>	<u>603,830,269</u>

12) Prepayments and sundry receivables	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
License fee	190,000	150,000
Prepaid rent and rates	<u>2,160,000</u>	<u>1,608,000</u>
	<u>2,350,000</u>	<u>1,758,000</u>
13) Trade and other receivables	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Teachers service commission-Deductions remittance	67,445,583	61,986,393
Teachers service commission-Salaries remittance	-	17,111,855
Ministry of Finance-Pension	11,860,234	-
Ministry of Interior and Government coordination	-	2,065,103
National & County government	<u>11,458,575</u>	<u>1,523,388</u>
	<u>90,764,392</u>	<u>82,686,739</u>
14) Loans and advances to members	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Balance b/f	3,102,784,495	2,560,574,712
Granted during the year	<u>3,792,786,831</u>	<u>2,613,716,262</u>
	<u>6,895,571,326</u>	<u>5,174,290,974</u>
Repaid during the year	<u>2,348,462,408</u>	<u>2,071,506,479</u>
Gross loans outstanding	<u>4,547,108,918</u>	<u>3,102,784,495</u>
Provision for bad & doubtful debts	<u>134,943,714</u>	<u>73,163,102</u>
Net loans	<u>4,412,165,204</u>	<u>3,029,621,393</u>
Provision for bad and doubtful debts		
Balance b/f	73,163,102	47,448,630
Less Balance written off	-	<u>1,755,031</u>
	<u>73,163,102</u>	<u>45,693,599</u>
Provision for the year	<u>61,780,612</u>	<u>27,469,503</u>
Balance c/d	<u>134,943,714</u>	<u>73,163,102</u>

Risk classification of loans and provisioning:

<u>Classification</u>	<u>No. of Accounts</u>	<u>Outstanding loan portfolio</u>	<u>Required provision rate</u>	<u>Required provision amount</u>
Performing	16,833	4,031,940,923	0.01	40,319,409
Watch	1,313	379,902,541	0.05	18,995,127
Substandard	454	92,535,276	0.25	23,133,819
Doubtful	74	7,401,526	0.50	3,700,763
Loss	648	35,328,652	1.00	35,328,652
	19,322	4,547,108,918		121,477,770

15) Financial Investments	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Shares in KUSCCO	17,121,974	7,121,974
Shares in CIC	17,238,096	17,238,096
Shares in co-operative Bank	126,506,400	126,506,400
Shares in Codic	6,702	-
Quoted shares	<u>3,907,494</u>	<u>3,907,494</u>
	<u>164,780,666</u>	<u>154,773,964</u>

<u>Shares valued at cost</u>	No. of shares	Unit price	Total value
		<u>Kshs.</u>	<u>Kshs</u>
Shares in KUSCCO	171,219.74	100	17,121,974
Shares in CIC	696,000	5.5	3,834,960
Shares in co-operative Bank	336,000	15.3	5,140,800
Shares in Codic	6.702	1,000	6,702

Shares valued at market price

Shares in CIC	1,396,160	9.6	13,403,136
Shares in Co-operative Bank	6,068,280	20	121,365,600

Other Quoted Shares

KCB	39,343	57	2,242,551
Barclays	40,000	16.7	668,000
Mumias Sugar Company	9,300	1.95	18,135
Kenya Re	5,737	17.05	97,816
Dimension data	5,250	9.55	50,138
CMC	9,820	13.5	132,570
Safaricom	49,700	14.05	<u>698,285</u>
Total Value			<u>164,780,666</u>

16) Intangible assets	31/12/2016	31/12/2015
a) Computer software	<u>Kshs.</u>	<u>Kshs</u>
Balance b/f	15,712,974	8,409,253
Additions during the year	15,156,022	11,355,043
Amortisation	<u>5,722,070</u>	<u>4,051,322</u>
Balance at year end	<u>25,146,926</u>	<u>15,712,974</u>
(b)Leasehold		
Balance b/f	10,762,591	7,138,507
Additions during the year	6,202,266	5,528,203
Amortisation	<u>2,498,219</u>	<u>1,904,119</u>
Balance at year end	<u>14,466,638</u>	<u>10,762,591</u>
TOTAL	<u>39,613,564</u>	<u>26,475,565</u>

17.(a) Property, Plant & Equipment	107,895,469	103,015,421
See attached schedule		

18) Other Assets	31/12/2016	31/12/2015
(a) Inventory	<u>Kshs.</u>	<u>Kshs</u>
Balance b/f	5,763,720	4,234,214
Add Purchases during the year	<u>7,190,624</u>	<u>6,174,100</u>
	12,954,344	10,408,314
Less Issued during the year	<u>7,067,720</u>	<u>4,644,594</u>
Closing balance at the end of the year	<u>5,886,624</u>	<u>5,763,720</u>
19) Members deposits	31/12/2016	31/12/2015
Non-withdrawable deposits	<u>Kshs.</u>	<u>Kshs</u>
Balance b/f	2,364,720,273	1,824,636,406
Add Contributions during the year	1,157,743,124	785,717,346
Less Refunds during the year	<u>328,323,605</u>	<u>245,633,479</u>
Balance at the end of the year	<u>3,194,139,792</u>	<u>2,364,720,273</u>
Withdrawable deposits		
Balance b/f	670,203,313	556,174,277
Add savings during the year	10,067,944,227	2,533,475,248
Less withdrawals during the year	<u>9,872,174,802</u>	<u>2,419,446,212</u>
Balance at the end of the year	<u>865,972,738</u>	<u>670,203,313</u>
Total deposits	4,060,112,530	3,034,923,586
20) Income tax payable	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Balance b/f	2,113,442	4,465,047
Less Tax paid during the year	<u>- 5,251,110</u>	<u>- 7,592,191</u>
	- 3,137,668	- 3,127,144
Add: Provision for the year	<u>5,802,711</u>	<u>5,240,586</u>
Balance c/d	<u>2,665,043</u>	<u>2,113,442</u>
21) Dividends and rebates payable	31/12/2016	31/12/2015
Rebates	<u>Kshs.</u>	<u>Kshs</u>
Balance b/f	283,916,861	221,356,369
Rebates paid during the year	283,916,861	221,356,369
Provision for the year	<u>385,193,845</u>	<u>283,916,861</u>
Rebates payable	<u>385,193,845</u>	<u>283,916,861</u>

Dividend	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Balance b/f	45,502,478	14,274,251
Dividend paid during the year	45,502,478	14,274,251
Provision for the year	<u>66,957,660</u>	<u>45,502,478</u>
Dividend payable	<u>66,957,660</u>	<u>45,502,478</u>
Total	452,151,505	329,419,339
22) Sundry Creditors	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Mwangi Kariuki and Co. Advocate	-	25,550
DPEC Fund A/c	2,695,701	2,695,701
Audit fee	110,000	112,200
Lantern lamps and Jikos collection a/c	-	44,600
Motorbikes collection a/c	-	98,647
CIC Collection a/c	33,330	4,050
TSC Remittance	-	142,190
Interest receivable	898,146	907,216
Tax Payable (Withholding & Excise)	2,150,677	1,520,585
Tender deposit A/c	-	200,000
Overages A/c	1,975	88,309
Recoverable plot expenses	<u>433,459</u>	<u>428,134</u>
	<u>6,323,288</u>	<u>6,267,182</u>
23) Risk Management fund	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Balance b/f	70,943,435	63,976,902
Contribution during the year	90,123,115	55,285,151
Paid during the year	34,002,034	48,318,618
Transferred to Capital reserve	<u>100,000,000</u>	<u>-</u>
Balance c/d	<u>27,064,516</u>	<u>70,943,435</u>
24) Share capital	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Bal b/f	214,262,388	95,161,674
Increase during the year	<u>104,525,911</u>	<u>119,100,714</u>
Balance c/d	<u>318,788,299</u>	<u>214,262,388</u>

	31/12/2016	31/12/2015
25) General reserves	<u>Kshs</u>	<u>Kshs</u>
Bal b/f	1,244,579	1,048,295
Increase during the year	-	<u>196,284</u>
Balance c/d	<u>1,244,579</u>	<u>1,244,579</u>
26) Statutory reserves	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Bal b/f	50,066,382	45,066,382
Increase during the year	<u>6,145,462</u>	<u>5,000,000</u>
Balance c/d	<u>56,211,844</u>	<u>50,066,382</u>
27) a) Capital reserves	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Bal b/f	52,419,684	52,419,684
Increase during the year	630,013	-
Transfer from Risk management fund	<u>100,000,000</u>	-
Balance c/d	<u>153,049,697</u>	<u>52,419,684</u>
b) Revaluation reserve fund account		
Bal b/f	125,787,345	125,787,345
Increase during the year	<u>-</u>	<u>-</u>
Balance c/d	<u>125,787,345</u>	<u>125,787,345</u>
Total	278,837,043	178,207,029
28) Retained earnings	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Bal b/f	120,307,706	100,307,706
Increase during the year	<u>24,581,848</u>	<u>20,000,000</u>
Balance c/d	<u>144,889,554</u>	<u>120,307,706</u>
29) Land grant	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Balance b/f	170,000	170,000
Increase during the year	<u>-</u>	<u>-</u>
Balance c/d	<u>170,000</u>	<u>170,000</u>
30) Insider Lending	31/12/2016	31/12/2015
	<u>Kshs.</u>	<u>Kshs</u>
Directors	109,670,010	101,387,905
Employees	<u>97,122,469</u>	<u>78,658,069</u>
Total Insider loans	<u>206,792,479</u>	<u>180,045,974</u>