



Grant Thornton

An instinct for growth

Transparency International Kenya
(A Company Limited by Guarantee)
Restated Annual Report and Financial statements
for the period ended September 30, 2019

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

General Information

Country of incorporation and domicile	Kenya
Date of incorporation	February 14, 1999
Directors	Bernadette Musundi Kepta Ombati(Resigned w.e.f 11.11.2019) Luis Franceschi Samuel Kimeu (Resigned w.e.f 17.01.2020) Marion Barriskell (Resigned w.e.f 18.06.2019) John Juma (Resigned w.e.f 16.08.2019) Eva Wangui(Appointed w.e.f 14.01.2020) Lyanda Musima(Appointed w.e.f 14.01.2020) Sheila Masinde(Appointed w.e.f 18.01.2020) Samira Mary Leakey(Appointed w.e.f 18.02.2020) James Muthui(Appointed w.e.f 18.02.2020)
Registered office	L.R. No. 1/713 Kindaruma Road Off Ngong Road P.O. Box 198-00200 Nairobi
Principal bankers	NCBA Bank Kenya Upperhill Branch, Masaba Road P.O. Box 44599-00100 Nairobi Standard Chartered Bank Limited Yaya Centre P.O. Box 30003-00100 Nairobi
Independent auditors	Grant Thornton Certified Public Accountants (K) 5th Floor, Avocado Towers Muthithi Road, Westlands P.O. Box 46986-00100 Nairobi
Company secretary	Mutual Registrars Associates Certified Public Secretaries (K) P.O. Box 45669-00100 Nairobi
Company registration number	C. 84486
Tax reference number	P 051136411K

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

General Information

Country of incorporation and domicile	Kenya
Date of incorporation	February 14, 1999
Directors	Bernadette Musundi Kepta Ombati(Resigned w.e.f 11.11.2019) Luis Franceschi Samuel Kimeu (Resigned w.e.f 17.01.2020) Marion Barriskell (Resigned w.e.f 18.06.2019) John Juma (Resigned w.e.f 16.08.2019) Eva Wangui(Appointed w.e.f 14.01.2020) Lyanda Musima(Appointed w.e.f 14.01.2020) Sheila Masinde(Appointed w.e.f 18.01.2020) Samira Mary Leakey(Appointed w.e.f 18.02.2020) James Muthui(Appointed w.e.f 18.02.2020)
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Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Contents

	Page
Directors' Report	3 - 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 - 8
Statement of Surplus or Deficit and Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Significant Accounting Policies	13 - 15
Notes to the Restated Annual Report And Financial Statements	16 - 22

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Directors' Report

The directors submit their report together with the audited restated annual report and financial statements for the period ended September 30, 2019.

1. Principal activities

The company aims to curb international and national corruption through research, public awareness and advocacy and the company principally operates in Kenya.

There have been no material changes to the nature of the company's business from the prior period.

2. Business review of financial results and activities

The restated annual report and financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities and the requirements of the Kenyan Companies Act, 2015. The accounting policies have been applied consistently compared to the prior period, except for the adoption of new or revised accounting standards as set out in note 1.

The company recorded a surplus after tax for the period ended September 30, 2019 of Ksh 3,027,474. This represented a decrease of 17.34% from the surplus after tax of the prior period of Ksh 17,459,520.

Income increased by 133.76% from Ksh 156,392,411 in the prior period to Ksh 209,197,436 for the period ended September 30, 2019.

Cash flows from operating activities increased by 451.49% from Ksh 5,021,038 in the prior period to Ksh 27,690,755 for the period ended September 30, 2019.

The movement for the above financial results for the year ended September 30, 2019 have been attributed due to the following:

Economic factors:

There was not much effect from growth in GDP given that Transparency International Kenya is primarily donor funded. The institution is compliant with Employment Act. The changes in exchange rates led to exchange gains and losses given that a significant number of the institution grants are denominated in foreign currency. The losses/gains are reported accordingly to the donors. There have been no changes in the primary activity, or the institution and consequently respective taxes apply as per prior years. Costs for services from suppliers have gone up in the current year due to increase in the cost of doing business. Adjustments were also made to the budgeting process with consideration to value for money principles. Inflation has led to an increased cost of living and costs of services from suppliers the last few years. However, the institution is mobilizing resources more strategically. The management and Board have also prioritized the social enterprise model as detailed in the Strategic Plan 2017 – 2022.

Company performance:

The revenues of the organization increased in the current financial year as a result of more donor grants to fund the annual budget for the year. Consequently, there was an increase in the direct program costs.

One of the pillars in the current strategy is Institutional Development which looks at building other revenue streams and managing organizational costs to build a more self-sustaining institution going forward. Some of the revenue streams include consultancy fees, sale of Transparency International Kenya branded merchandise, conducting and annual Integrity Walk among others. This pillar is still in the fundamental stages and the management is working closely with the Board to develop the framework under which the business arm shall operate.

During the year, the management also employed various cost management procedures by enforcing value for money in procurement of goods and services and investing in fixed deposits in order to generate interest income.

Key performance indicators (KPI's):

Being a not-for-profit organization, the KPIs mainly focus on the utilization of donor funds – burn rate. In the year under audit, the average burn rate was approximately 75% with the balance of income deferred to the next financial year. The current ratio of the institution is 1.4 (2018: 1.4).

The organization continues to engage citizenry, strategic partners and various stakeholders including the government in its mandate of fighting corruption at all levels in the country.

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Directors' Report

Principal risks specific to the company:

1. Foreign exchange risk: Exchange differences remain a risk for the institution. This is addressed within budgets shared with donors and reporting is based on actual amount received in local currency. Any transactional exchange losses and gains are reported and absorbed with the donor budgets.
2. Compliance risk: The entity ensures compliance to set deadlines and tax regulations applicable to the entity. All compliance to donor reporting guidelines are also overseen by the senior management team.
3. Operational risk: Day to day operations are overseen by the Executive Director supported by the management team.
4. Financial risk: Working towards building reserves for the institution for sustainability. Managing day to day cash planning and payment of suppliers and reporting to donors in a timely manner.

Future outlook:

As per the Strategic Plan 2017-2022, the main pillars for the period are:

- Public accountability
- Policy, legal and institutional framework
- Social and economic accountability
- Institutional development

The prospects for the organization are towards implementing programs and interventions within these pillars aimed at meeting the vision and mission of the institution.

3. Directors

The directors in office at the date of this report are as follows:

Bernadette Musundi
Kepta Ombati(Resigned w.e.f 11.11.2019)
Luis Franceschi
Samuel Kimeu (Resigned w.e.f 17.01.2020)
Marion Barriskell (Resigned w.e.f 18.06.2019)
John Juma (Resigned w.e.f 16.08.2019)
Eva Wangui(Appointed w.e.f 14.01.2020)
Lyanda Musima(Appointed w.e.f 14.01.2020)
Sheila Masinde(Appointed w.e.f 18.01.2020)
Samira Mary Leakey(Appointed w.e.f 18.02.2020)
James Muthui(Appointed w.e.f 18.02.2020)

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Statement of disclosure to the company's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- the person has taken all the steps that he or she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

6. Terms of appointment of the auditors

Grant Thornton continues in office in accordance with the company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditors. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

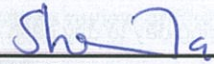
Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Directors' Report

7. Approval of annual report and financial statements

The restated annual report and financial statements set out on pages 9 to 22, which have been prepared on the going concern basis, were approved by the board of directors on February 27, 2020, and were signed on its behalf by:



Sheila Masinde
(Director)

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Statement of Directors' Responsibilities

The Kenyan Companies Act, 2015 requires the directors to prepare restated annual report and financial statements for each financial period that give a true and fair view of the financial position of the company as at the end of the financial period and of its profit or loss for that period. It also requires the directors to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these restated annual report and financial statements in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- designing, implementing and maintaining such internal controls as they determine necessary to enable the presentation of restated annual report and financial statements that are free of material misstatement, whether due to fraud or error;
- selecting suitable accounting policies and applying them consistently; and
- making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the restated annual report and financial statements does not relieve them of their responsibilities.

The restated annual report and financial statements set out on pages 9 to 22, which have been prepared on the going concern basis, were approved by the board of directors on February 27, 2020 and were signed on its behalf by:



Sheila Masinde
(Director)



Eva Wangui
(Director)

Independent Auditor's Report

To the shareholder of Transparency International Kenya

Report on the Audit of the Restated Annual Report And Financial Statements

Opinion

We have audited the restated annual report and financial statements of Transparency International Kenya set out on pages 9 to 22, which comprise the statement of financial position as at September 30, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the restated annual report and financial statements, including a summary of significant accounting policies.

In our opinion, the restated annual report and financial statements present fairly, in all material respects, the financial position of Transparency International Kenya as at September 30, 2019, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities and the requirements of the Kenyan Companies Act, 2015.

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 restated annual report and financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of restated annual report and 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.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Kenyan Companies Act, 2015, which we obtained prior to the date of this report. Other information does not include the restated annual report and financial statements and our auditor's report thereon.

Our opinion on the restated annual report and 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 restated annual report and financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the restated annual report and 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 directors for the Restated Annual Report And Financial Statements

The directors are responsible for the preparation and fair presentation of the restated annual report and financial statements in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of restated annual report and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the restated annual report and financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditor's responsibilities for the audit of the Restated Annual Report And Financial Statements

Our objectives are to obtain reasonable assurance about whether the restated annual report and 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 restated annual report and 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 restated annual report and 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 restated annual report and 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the restated annual report and financial statements, including the disclosures, and whether the restated annual report and financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Report on other legal and regulatory requirements

In our opinion the information given in the report of the directors on page 3 - 5 is consistent with the restated annual report and financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA A. K. Siele - P/No 1690.



Grant Thornton
Certified Public Accountants

Grant Thornton
Certified Public Accountants (K)
Nairobi

26th SEPTEMBER 2020

T/101/0919/032/0220/AUD

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Statement of Surplus or Deficit and Other Comprehensive Income

Figures in Shillings	Note(s)	2019	Restated 2018
Income	2	209,197,436	156,392,411
Programme expenses	3	(179,095,567)	(111,384,865)
Gross surplus		30,101,869	45,007,546
Other income	4	6,350,288	4,842,679
Operating expenses	5	(32,430,655)	(32,577,855)
Operating surplus		4,021,502	17,272,370
Surplus before taxation		4,021,502	17,272,370
Tax charge	7	(994,028)	187,150
Surplus for the year		3,027,474	17,459,520
Other comprehensive income		-	-
Total comprehensive income for the period		3,027,474	17,459,520

The accounting policies on pages 13 to 15 and the notes on pages 16 to 22 form an integral part of the restated annual report and financial statements.

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Statement of Financial Position as at September 30, 2019

Figures in Shillings	Note(s)	2019	Restated 2018
Assets			
Non-Current Assets			
Property and equipment	9	4,345,378	3,305,756
Current Assets			
Trade and other receivables	10	19,748,206	27,091,236
Current tax receivable	8	460,856	957,870
Cash and bank balances	11	86,759,368	65,602,038
		106,968,430	93,651,144
Total Assets		111,313,808	96,956,900
Fund balances and Liabilities			
Fund balances			
Revaluation reserves		300,000	350,000
General reserves (Unrestricted funds)		33,344,313	30,266,839
		33,644,313	30,616,839
Restricted funds		-	1,731,280
		33,644,313	32,348,119
Liabilities			
Current Liabilities			
Trade and other payables	12	26,101,627	9,807,962
Deferred income	13	51,567,868	54,800,819
		77,669,495	64,608,781
Total Fund and Liabilities		111,313,808	96,956,900

The restated annual report and financial statements and the notes on pages 9 to 22, were approved by the board of directors on the February 27, 2020 and were signed on its behalf by:



Sheila Masinde
(Director)



Eva Wangui
(Director)

The accounting policies on pages 13 to 15 and the notes on pages 16 to 22 form an integral part of the restated annual report and financial statements.

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Statement of Changes in Equity

Figures in Shillings	Revaluation reserve	General reserves (Unrestricted funds)	Restricted funds	Total equity
Balance at October 1, 2017	400,000	12,757,319	-	13,157,319
Profit for the period	-	17,459,520	-	17,459,520
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	17,459,520	-	17,459,520
Transfer between reserves	(50,000)	50,000	1,731,280	1,731,280
Total changes	(50,000)	50,000	1,731,280	1,731,280
Balance at October 1, 2018	350,000	30,266,839	1,731,280	32,348,119
Profit for the period	-	3,027,474	-	3,027,474
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	3,027,474	-	3,027,474
Transfer between reserves	(50,000)	50,000	(1,731,280)	(1,731,280)
Total changes	(50,000)	50,000	(1,731,280)	(1,731,280)
Balance at September 30, 2019	300,000	33,344,313	-	33,644,313

Note(s)

The accounting policies on pages 13 to 15 and the notes on pages 16 to 22 form an integral part of the restated annual report and financial statements.

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Statement of Cash Flows

Figures in Shillings	Note(s)	ended 2019	Restated 2018
Cash flows generated from operating activities			
Cash generated from operations	15	28,187,769	5,543,468
Tax paid	8	(497,014)	(522,430)
Net cash from operating activities		27,690,755	5,021,038
Cash flows (used in) investing activities			
Purchase of property and equipment	9	(3,394,838)	(2,139,717)
Sale of property and equipment	9	94,364	-
Net cash from investing activities		(3,300,474)	(2,139,717)
Cash flows (used in) from financing activities			
Deferred Income	13	(3,232,951)	407,937
Total cash and cash equivalents movement for the year		21,157,330	3,289,258
Cash and cash equivalents at the beginning of the year	11	65,602,038	62,312,780
Total cash and cash equivalents at end of the year	11	86,759,368	65,602,038

The accounting policies on pages 13 to 15 and the notes on pages 16 to 22 form an integral part of the restated annual report and financial statements.

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Significant Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The restated annual report and financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities, and the Kenyan Companies Act, 2015. For Kenyan Companies Act, 2015 reporting purposes in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss account is represented by the statement of profit or loss and other comprehensive income.

The restated annual report and financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Shillings and rounded off to the nearest Shilling.

These accounting policies are consistent with the previous period, except for the changes set out in note 16 First-time adoption of the International Financial Reporting Standard for Small and Medium-Sized Entities.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the restated annual report and financial statements.

Key sources of estimation uncertainty

Useful lives of plant and equipment

The company reviews the estimated useful lives of plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

Impairment testing

The company reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

1.2 Property and equipment

Property and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Significant Accounting Policies

1.2 Property and equipment (continued)

The useful lives of items of property and equipment have been assessed as follows:

Item	Depreciation method	Rate per annum (%)
Furniture and fixtures	Straight line	12.5
Motor vehicles	Straight line	25
Equipment	Straight line	25

When indicators are present that the useful lives and residual values of items of property and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Significant Accounting Policies

1.6 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the statement of profit or loss and other comprehensive income in the year they fall due.

1.7 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.8 Grants

Grant income is recognised when the monetary value of the grant can be measured with sufficient reliability, there is reasonable assurance of receipt and conditions for receipt, if any, have been met. Donations in kind whose monetary value can not be quantified are not recognized as income.

Grant income is deferred where it has been received to fund specific future expenditure.

Interest income is accrued by reference to time in relation to the principal outstanding and the effective interest rate applicable.

All other income are accounted for once received.

1.9 Deferred income

Deferred income represents the unused portion of designated / specific grants and is taken into income when the related expenditure is incurred. Any unexpended grants are carried forward as liabilities at the year end.

1.10 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

All transactions in foreign currencies are initially recorded in Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Notes to the Restated Annual Report And Financial Statements

Figures in Shillings	2019	Restated 2018
2. Income		
Grants revenue	209,197,436	156,392,411
Grants revenue		
Deferred income brought forward	54,800,819	54,392,881
Restricted grants	183,850,497	156,143,415
Unrestricted grants	22,113,988	656,934
Deferred income carried forward (Note 13)	(50,523,868)	(54,800,819)
	210,241,436	156,392,411
3. Programme expenses (restricted)		
Workshops	97,009,676	42,226,951
Program officer's salaries	53,867,671	42,035,835
Research and consultancy fees	19,076,690	13,583,587
Publications	3,489,288	5,620,097
Stationery and office supplies	1,682,429	1,327,589
Publicity and external communication	1,460,620	4,417,255
Public relations	1,071,996	390,050
International travel and forums	735,184	81,086
IT support services	263,158	303,073
Internet and website cost	181,623	1,188,100
Newspaper and periodicals	175,522	173,220
Domestic travel	81,710	38,022
	179,095,567	111,384,865
4. Other income		
Profit on sale of assets	15,614	-
Realised exchange differences	472,424	-
Membership income	50,000	44,000
Interest income	3,313,427	3,482,869
Other income	2,498,823	1,315,810
	6,350,288	4,842,679
5. Operating expenses		
The following items are included within operating expenses:		
Staff costs (Note 6)	22,252,174	20,798,187
Auditors remuneration	795,600	795,551
Bank charges	623,038	378,151
Legal and professional fees	46,400	1,911,471
Insurance	58,023	5,276
Motor vehicle expenses	67,881	41,480
Lease rentals on operating lease	4,323,315	3,455,113
Repairs and maintenance	128,081	279,834
Security and data management	540,481	850,187
Telephone and postage	976,200	1,175,785
Capacity building and development	254,850	830,998
Office cleaning	88,146	17,800
Depreciation	2,276,466	1,683,863
Realised exchange differences	-	354,159
	32,430,655	32,577,855

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Notes to the Restated Annual Report And Financial Statements

Figures in Shillings	2019	Restated 2018				
6. Staff costs						
Salaries and wages	15,798,824	16,764,800				
Staff medical	6,453,350	4,162,410				
Leave pay provision charge	-	(129,023)				
	22,252,174	20,798,187				
Included in salaries and wages above are contributions to the National Social Security Fund (NSSF) amounting to Ksh 96,600 (2018: Ksh 77,200).						
Average number of persons employed during the year was:						
Administration	42	32				
7. Taxation						
Major components of the tax expense (income)						
Current taxation						
Local normal tax - current period	994,028	1,044,861				
Overprovision of tax	-	(1,232,011)				
	994,028	(187,150)				
Reconciliation of the tax expense						
Reconciliation between accounting profit and tax expense.						
Accounting profit	4,021,502	17,272,370				
Tax at the applicable tax rate of 30% (2018: 30%)	1,206,451	5,181,711				
Tax effect of adjustments on taxable income						
Income not subject to tax	(212,423)	(4,136,850)				
Overprovision of prior year tax	-	(1,232,011)				
	994,028	(187,150)				
8. Tax paid						
Balance at beginning of the period	957,870	248,290				
Current tax for the period recognised in profit or loss	(994,028)	187,150				
Balance at end of the period	(460,856)	(957,870)				
	(497,014)	(522,430)				
9. Property and equipment						
	2019	2018				
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	3,378,458	(3,332,327)	46,131	3,358,458	(3,320,284)	38,174
Motor vehicles	450,000	(225,000)	225,000	450,000	(112,500)	337,500
Equipment	19,825,298	(15,751,051)	4,074,247	16,555,460	(13,625,378)	2,930,082
Total	23,653,756	(19,308,378)	4,345,378	20,363,918	(17,058,162)	3,305,756

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Notes to the Restated Annual Report And Financial Statements

Figures in Shillings	2019	Restated 2018			
9. Property and equipment (continued)					
Reconciliation of property and equipment - 2019					
	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	38,174	20,000	-	(12,043)	46,131
Motor vehicles	337,500	-	-	(112,500)	225,000
Equipment	2,930,082	3,374,838	(78,750)	(2,151,923)	4,074,247
	3,305,756	3,394,838	(78,750)	(2,276,466)	4,345,378
Reconciliation of property and equipment - 2018					
	Opening balance	Additions	Depreciation	Closing balance	
Furniture and fixtures	316,833	-	(278,659)	38,174	
Motor vehicles	450,000	-	(112,500)	337,500	
Equipment	2,083,069	2,139,717	(1,292,704)	2,930,082	
	2,849,902	2,139,717	(1,683,863)	3,305,756	
Other information					
Fully depreciated assets but still in use					
Furniture and fixtures		3,282,110	3,282,110		
Office equipment		12,331,841	11,657,483		
		15,613,951	14,939,593		
The vehicle owned by the company was revalued by Regent Automobile Valuers & Assessors Limited on October 4, 2017 for an assessed value of Ksh 450,000.					
10. Trade and other receivables					
Due from donors		13,206,272	20,655,564		
Other receivables		270,253	336,942		
Sub-grantees		262,927	944,800		
Deposits		4,610,181	4,962,430		
Staff imprest		1,398,573	191,500		
		19,748,206	27,091,236		
The deposits amount include Ksh 3,900,000/= paid to lawyers as a settlement of a lawsuit pending an appeal filed in the court. This deposit is recoverable only subject to the outcome of the case.					

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Notes to the Restated Annual Report And Financial Statements

Figures in Shillings	2019	Restated 2018
11. Cash and bank balances		
Cash and bank balances consist of:		
Cash on hand	21,869	70,938
Bank balances	50,781,592	32,049,044
Short-term deposits	35,955,907	33,482,056
	86,759,368	65,602,038
The carrying amount of cash and cash equivalents are denominated in the following currencies:		
Kenyan Shillings	66,090,913	41,609,352
US Dollars	7,716,593	16,034,945
Euro	9,686,119	3,612,566
GBP	3,265,743	4,345,175
	86,759,368	65,602,038
12. Trade and other payables		
Trade payables	23,547,241	9,012,944
Accruals and other payables	2,554,386	795,018
	26,101,627	9,807,962
13. Deferred income		
Development Alternatives, Inc	-	2,628,727
Embassy of Finland	-	8,533,742
Embassy of Netherlands	14,699,814	4,651,402
Eye On Corruption	-	2,188,373
Fojo Media Institute	785,601	9,747,580
Ford Foundation	10,449,121	9,436,042
Open Society Foundation	705,609	2,470,239
Germanwatch e.V.	2,782,554	4,582,909
PAWA 254	-	725,000
Porticus Africa	931,214	1,942,779
TI A - Mining for Sustainable Development	-	2,826,112
TIS - Climate Governance Integrity	-	2,870,597
TIS - Land and Corruption in Africa	1,151,695	666,149
Uraia	-	1,531,168
UNDP - Amkeni Wakenya II	2,778,417	-
Diakonia - Africa Economic Justice	3,456,242	-
Diakonia - Democracy, Governance and Human Rights	3,530,730	-
The Judiciary	7,680,501	-
TI-UK : Open contracting for Health	2,616,370	-
	51,567,868	54,800,819

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Notes to the Restated Annual Report And Financial Statements

Figures in Shillings	2019	Restated 2018
14. Related parties		
Related party balances and transactions		
Related party balances		
Grants		
Transparency International	2,616,370	6,362,858
Compensation paid to key management		
Short-term employee benefits	-	-
15. Cash generated from operations		
Profit before taxation	4,021,502	17,272,370
Adjustments for:		
Depreciation	2,276,466	1,683,863
Profit on sale of assets	(15,614)	-
Movement in restricted funds	(1,731,280)	-
Changes in working capital:		
Trade and other receivables	7,343,030	(15,816,821)
Trade and other payables	16,293,665	2,404,056
	28,187,769	5,543,468
16. First-time adoption of the International Financial Reporting Standards for Small and Medium-sized Entities.		
The company has applied the International Financial Reporting Standard for Small and Medium-Sized Entities, for the first time for the 2019 year end. On principle this standard has been applied retrospectively and the 2018 comparatives contained in these restated annual report and financial statements differ from those published in the restated annual report and financial statements published for the period ended September 30, 2018. All adjustments were made to the opening comparative statement of financial position.		
The date of transition was October 1, 2017 and there was no effect on transition.		
17. Commitments		
There were no commitments during the year ended September 30, 2019.		
18. Contingencies		
Various legal claims were brought against the company during the year. Any liability as a result of this will only be confirmed by the decisions made at the courts and tribunal not wholly within the control of the company. Further information on these contingencies is omitted so as not to seriously prejudice the company's position in the related disputes.		
19. Comparative figures		
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.		
20. Events after the reporting period		
The directors are not aware of any material event which occurred after the reporting date and up to the date of the Directors' Report.		

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Notes to the Restated Annual Report And Financial Statements

21. Categories of financial instruments

	Note(s)	Debt instruments at amortised cost	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Categories of financial instruments - 2019					
Assets					
Non-Current Assets					
Property, plant and equipment	9	-	-	4,345,378	4,345,378
Current Assets					
Current tax receivable	8	-	-	1,454,884	1,454,884
Trade and other receivables	10	19,477,953	-	270,253	19,748,206
Cash and cash equivalents	11	86,759,368	-	-	86,759,368
		106,237,321	-	1,725,137	107,962,458
Total Assets		106,237,321	-	6,070,515	112,307,836
Fund balances and Liabilities					
Fund balances					
Revaluation reserves		-	-	300,000	300,000
Retained income		-	-	33,344,313	33,344,313
		-	-	33,644,313	33,644,313
Total Fund balances		-	-	33,644,313	33,644,313
Liabilities					
Current Liabilities					
Current tax payable		-	-	994,028	994,028
Trade and other payables	12	-	26,101,627	-	26,101,627
Deferred income	13	-	-	51,567,868	51,567,868
		-	26,101,627	52,561,896	78,663,523
Total Liabilities		-	26,101,627	52,561,896	78,663,523
Total Fund and Liabilities		-	26,101,627	86,206,209	112,307,836

Transparency International Kenya

Restated Annual Report And Financial Statements for the period ended September 30, 2019

Notes to the Restated Annual Report And Financial Statements

21. Categories of financial instruments (continued)

	Note(s)	Debt instruments at amortised cost	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Categories of financial instruments - 2018					
Assets					
Non-Current Assets					
Property, plant and equipment	9	-	-	3,305,756	3,305,756
Current Assets					
Current tax receivable	8	-	-	957,870	957,870
Trade and other receivables	10	26,754,294	-	336,942	27,091,236
Cash and cash equivalents	11	65,602,038	-	-	65,602,038
		92,356,332	-	1,294,812	93,651,144
Total Assets		92,356,332	-	4,600,568	96,956,900
Fund balances and Liabilities					
Fund balances					
Revaluation reserves		-	-	350,000	350,000
Retained income		-	-	30,266,839	30,266,839
		-	-	30,616,839	30,616,839
Non-controlling interest		-	-	1,731,280	1,731,280
		-	-	32,348,119	32,348,119
Total Fund balances		-	-	32,348,119	32,348,119
Liabilities					
Current Liabilities					
Trade and other payables	12	-	9,807,962	-	9,807,962
Deferred income	13	-	-	54,800,819	54,800,819
		-	9,807,962	54,800,819	64,608,781
Total Liabilities		-	9,807,962	54,800,819	64,608,781
Total Fund and Liabilities		-	9,807,962	87,148,938	96,956,900

22. Prior period errors

Prior year staff leave provisions had been wrongly provided. The error has been rectified during the year. The impact is as follows:

Statement of Financial Position	-	1,856,750
Trade and other payables	-	(1,856,750)
General fund reverses	-	-
	-	-