Ronalds

TRANSPARENCY INTERNATIONAL KENYA

Transparency International Kenya

Annual Report and Financial Statements for the year ended September 30, 2020

Corporate Information

Country of incorporation and domicile	Kenya
Directors	Bernadette Musundi Luis Franceschi (Retired w.e.f 30.07.2020) 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)
Banker	NCBA Bank Kenya, Upperhill Branch, Masaba Road, P.O. Box 44599-00100, Nairobi Standard Chartered Bank Limited, Yaya Centre, P.O. Box 40984-00100, Nairobi
Registered office	LR. No. 1/713, Kindaruma Road, Off Ngong Road, P.O. Box 198-00200, Nairobi,Kenya
Auditor	Ronalds LLP Certified Public Accountants (Kenya) 3rd Floor, Rhapta Heights, Rhapta Road, Westlands P.O. Box 41331-00100 Nairobi
Secretary	Mutual Registrars Associates Certified Public Secretaries (K) P.O. Box 45669-00100 Nairobi
Company PIN	P051136411K

Contents

The reports and statements set out below comprise the annual report and financial statements presented to the members:

Directors' Report

The directors submit their report for the year ended September 30, 2020.

1. Incorporation

The company was incorporated on February 14, 1999 and obtained its certificate to commence business on the same day.

2. Principal activities

Main business and operations

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

The operating results and state of affairs of the company are fully set out in the attached annual report and financial statements and do not in our opinion require any further comment.

3. Directors

The directors of the company during the year and to the date of this report are as shown in the corporate information.

4. Auditor

The Auditor Messrs Ronalds LLP, Certified Public Accountants (K) who were appointed during the year have indicated their willingness to continue in office in accordance with Section 719(2) of the Kenyan Companies Act 2015.

Director

January 20, 2021

Statement of Directors' Responsibilities on the Financial Statements

The Directors are required in terms of the Kenyan Companies Act, 2015 to maintain adequate accounting records and are responsible for the content and integrity of the annual report and financial statements and related financial information included in this report. It is their responsibility to ensure that the annual report and financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with Applicable International Financial Reporting Standards and Generally Accepted Accounting Princples (GAAPs). They are also responsible for safeguarding the assets of the company. The external auditors are engaged to express an independent opinion on the annual report and financial statements.

The annual report and financial statements are prepared in accordance with Applicable International Financial Reporting Standards and Generally Accepted Accounting Princples (GAAPs) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, appropriate standards for internal control aimed at reducing the risk of error or loss in a cost effective manner have been set. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the annual report and financial statements. They are, also, of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results as at September 30, 2020. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.The directors have reviewed the company's cash flow forecast for the year to September 30, 2021 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual report and financial statements. The annual report and financial statements have been examined by the company's external auditors and their report is presented on pages 5 to 6.The annual report and financial statements set out on pages 7 to 21, which have been prepared on the going concern basis, were approved by the board of directors on December 15, 2020 and were signed on its behalf by:

Director	**Director**

Wednesday, January 20, 2021

Ronalds

Independent Member of BKR INTERNATIONAL

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TRANSPARENCY INTERNATIONAL

Kenya Report on the Financial Statements

Opinion

We have audited the annual report and financial statements of Transparency International Kenya, which comprise the statement of financial position as at September 30, 2020, and the statement of 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 notes, as set out on pages 7 to 21.

In our opinion, the annual report and financial statements present fairly, in all material respects, the financial position of Transparency International Kenya as at September 30, 2020, and its financial performance and its cash flows for the period then ended in accordance with applicable International Financial Reporting Standards and Generally Accepted Accounting Principles (GAAPs), and in the manner required by the Kenyan Companies Act, 2015.

Basis of 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 my report. We are independent of the select entity 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. I have fulfilled my 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 matter

Key audit matters are those matters that, in our professional judgment, were of most significance in my audit of the financial statements of the current year. 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.

Directors' Responsibility for the Annual Report and Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with applicable International Financial Reporting Standards, Generally Accepted Accounting Principles (GAAPs) and the requirements of the, and for such internal control as the 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 Directors are responsible for assessing the Organization'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 Organization or to cease operations, or have no realistic alternative but to do so.

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Independent Member of BKR INTERNATIONAL

REPORT (CONT'D)

Auditors Responsibility

Our responsibility is to express an opinion on these annual report and 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 whether the annual report and financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report and financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the annual report and 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 annual report and 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 management, as well as evaluating the overall presentation of the annual report and 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 and Regulatory Requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion proper books of accounts have been kept by the company, so far as appears from our examination of those books;

c) The company's statement of financial position is in agreement with the books of accounts.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Noah O. Ndakala - P/No. 2039

Ronalds LLP

RONALDS LLP
01 FEB 2021
P. O. Box 41331-00100
CERTIFIED PUBLIC ACCOUNTANTS

Ronalds LLP

Certified Public Accountants (Kenya) Nairobi

January 20, 2021

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Statement of Comprehensive Income

Figures in Kenyan Shillings	Notes	2020	2019
Grant income	2	159,588,120	209,197,436
Programme expenses	3	(125,501,492)	(179,095,567)
Gross profit		**34,086,628**	**30,101,869**
Other income	4	7,058,733	6,350,288
Operating expenses	5	28,595,954	32,430,655
Operating profit		**12,549,407**	**4,021,502**
Profit before taxation		**12,549,407**	**4,021,502**
Taxation	7	(372,713)	(994,028)
Profit for the year		**12,176,694**	**3,027,474**

Statement of Financial Position

Figures in Kenyan Shillings	Notes	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	8	5,642,532	4,345,378
Current Assets			
Trade and other receivables	9	10,483,743	19,748,206
Tax recoverable	11	88,143	460,856
Cash and cash equivalents	10	108,500,163	86,759,369
		119,072,049	**106,968,431**
Total Assets		**124,714,581**	**111,313,809**
Equity and Liabilities			
Equity			
Reserves (Statement of Changes in Equity)		250,000	300,000
Retained income (Statement of Changes in Equity)		45,571,007	33,344,313
		45,821,007	**33,644,313**
Liabilities			
Current Liabilities			
Trade and other payables	12	11,008,952	26,101,628
Deferred income	17	67,884,622	51,567,868
		78,893,574	**77,669,496**
Total Equity and Liabilities		**124,714,581**	**111,313,809**

The annual report, financial statements and the notes on pages 3 to 21, were approved by the board ofdirectors on January 20, 2021 and were signed on its behalf by:

Director **Director**

Statement of Changes in Equity

Figures in Kenyan Shillings	Revaluation reserve	General reserves (unrestricted funds)	Total equity
Balance at October 1, 2018	**350,000**	**30,266,839**	**30,616,839**
Total comprehensive income for the year	-	3,027,474	3,027,474
Transfer between reserves	(50,000)	50,000	-
Total changes	(50,000)	3,077,474	3,027,474
Balance at September 30, 2019	**300,000**	**33,344,313**	**33,644,313**
Balance at October 1, 2019	**300,000**	**33,344,313**	**33,644,313**
Total comprehensive income for the year	-	12,176,694	12,176,694
Transfer between reserves	(50,000)	50,000	-
Total changes	(50,000)	12,226,694	12,176,694
Balance at September 30, 2020	**250,000**	**45,571,007**	**45,821,007**

The accounting policies on pages 11 to 16 and the notes on pages 17 to 21 form an integral part of the annual report and financial statements.

Statement of Cash Flows

Figures in Kenyan Shillings	Notes	2020	2019
Cash flows from operating activities			
Cash generated from operations	13	23,987,472	24,954,818
Tax paid	11	-	(497,014)
Net cash from operating activities		**23,987,472**	**24,457,804**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(2,246,678)	(3,394,838)
Sale of property, plant and equipment	8	-	94,365
Net cash from investing activities		**(2,246,678)**	**(3,300,473)**
Cash flows from financing activities			
Total cash movement for the year		**21,740,794**	**21,157,331**
Cash at the beginning of the year		86,759,369	65,602,038
Total cash at end of the year	10	**108,500,163**	**86,759,369**

The accounting policies on pages 11 to 16 and the notes on pages 17 to 21 form an integral part of the annual report and financial statements.

Accounting Policies

1. Presentation of Annual Report And Financial Statements

The annual report and financial statements have been prepared in accordance with Applicable International Financial Reporting Standards and Generally Accepted Accounting Princples (GAAPs), and the Kenyan Companies Act, 2015. The 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 Shillingss.

These accounting policies are consistent with the previous period.

1.1 Investment property at fair value

Investment property at fair value is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property at fair value will flow to the enterprise, and the cost of the investment property at fair value can be measured reliably.

Investment property at fair value is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property at fair value, the carrying amount of the replaced part is derecognised.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant 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, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the reducing balance method over their expected useful lives to their estimated residual value.

The depreciation chart of items of property, plant and equipment have been assessed as follows:

Asset class	Rate per annum(%)
Motor vehicles	25%
Furniture and equipment	12.5%
Equipments	12.5%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Accounting Policies

1.3 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation is provided to write down the intangible assets, on a reducing balance method, to their residual values as follows:

Asset class	Rate per annum(%)
Computer software	20

1.4 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables

Accounts and other receivables

Accounts receivables are carried at anticipated realisable value. An estimate is made for the doubtful receivables on a review of all outstanding amounts at the period-end. Bad debts are written off in the period in which they are identified.

Accounts and other payables

Accounts payables are stated at their nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Accounting Policies

1.4 Financial instruments (continued)

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss - held for trading.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the company has the positive intention and ability to hold to maturity are classified as held to maturity.

1.5 Taxation

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.

Current tax liabilities /(assets) for the current and prior periods are measured at the amount expected to be paid to /(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.5 Taxation (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/ (tax loss).

Taxation expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

1.6 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

Accounting Policies

1.6 Impairment of assets (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Employee benefits

Retirement benefits costs

The company contributes to the statutory National Social Security Fund. This fund is a defined contribution scheme registered under the National Social Security Fund Act. The company's obligations under this scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of K Sh 200 per employee per month.

The company's obligations to the schemes are recognized in the statement of comprehensive income.

1.8 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Accounting Policies

1.9 Grants

Grant income is recognised when monitary value of the grant can be measured with suffecient reliability, there is reasonable assurance of receipt conditions for the receipt and conditions for receipt, if any, have been met. Donations in kind whose monetary value can not be quantified are not recognized are not recognised as income.
Grant income is deferred where it has been received to fund specific future expenditure.
All other income are accounted for once received.

1.10 Financial and Business Risk Management

The company risk limits are regularly assessed to ensure alignment with the company's objectives and prevalent market conditions. The directors are closely involved in ensuring that a variety of techniques are used to assess and manage said risks.

1.11 Critical accounting estimates and judgements

In the process of applying the company's accounting policies, the management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below:

- **Critical judgment's in applying the company's accounting policies:**
  The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as discussed below.

  - The classification of finance assets and liabilities; and
  - Whether assets are impaired.

- **Key sources of estimation uncertainty:**
  Key estimates and assumptions concerning the future are based on historical experiences and on various other factors as at the date of the statement of the financial position that have a significant risk causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

  The following are the key assumption concerning the future.

  Property, plant and equipment:
  Critical estimates are made by the directors in determining the depreciation rates on property, plant and equipment.

Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2020	2019
2. Revenue		
Grants received	159,588,120	209,197,436
3. Programme expenses		
Workshops	39,342,984	97,009,676
Program officer's salaries	53,391,718	53,867,671
Research and consultancy fees	23,382,257	19,076,690
Publications	5,111,178	3,489,288
Stationery and office supplies	752,678	1,682,429
Publicity and external communications	675,799	1,460,620
Public relations	1,095,000	1,071,996
International travels and forums	-	735,184
IT support services	524,137	263,158
Internet and website cost	927,074	181,623
Newspaper and periodicals	255,719	175,522
Domestic travel	42,947	81,710
	125,501,491	**179,095,567**
4. Other income		
Interest income	1,490,850	3,313,427
Profit on sale of asset	-	15,614
Realised exchange differences	3,314,189	472,424
Membership income	29,000	50,000
Other income	2,224,694	2,498,823
	7,058,733	**6,350,288**
5. Operating expenses		
Bank charges	449,968	623,038
Rent	4,215,664	4,323,315
Insurance	239,349	58,023
Capacity building and development	45,845	254,850
Office cleaning	76,563	88,146
Auditors remuneration	400,000	795,600
Repairs and maintenance	184,952	128,081
Motor vehicle expenses	12,700	67,881
Legal and professional fees	1,024,021	46,400
Security and data management	238,341	540,481
Staff costs (Note 6)	19,241,727	22,252,174
Telephone and postage	1,517,300	976,200
Depreciation	949,524	2,276,466
	28,595,954	**32,430,655**

Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2020	2019

6. Staff costs

	2020	2019
Salaries and wages	19,241,727	22,252,174
The following items are included within employee benefits expense:		
Salary and wages	12,569,564	15,798,824
Staff medical	6,672,163	6,453,350
	19,241,727	**22,252,174**

7. Taxation expense

Major components of the tax income

	2020	2019
Current		
Taxation	372,713	994,028

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2020	2019
Accounting profit	12,549,407	4,021,502
Tax at the applicable tax rate of 25%	3,137,352	1,206,451
Tax effect of adjustments on taxable income		
Income not subjected to tax	(2,764,639)	(212,423)
	372,713	**994,028**

8. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and equipments	3,378,458	(3,338,093)	40,365	3,378,458	(3,332,327)	46,131
Motor vehicles	450,000	(281,250)	168,750	450,000	(225,000)	225,000
Tools and equipment	20,773,406	(16,378,845)	4,394,561	19,825,298	(15,751,051)	4,074,247
Computer software	1,298,570	(259,714)	1,038,856	-	-	-
Total	**25,900,434**	**(20,257,902)**	**5,642,532**	**23,653,756**	**(19,308,378)**	**4,345,378**

Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2020	2019

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fittings	46,131	-	(5,766)	40,365
Motor vehicles	225,000	-	(56,250)	168,750
Equipment	4,074,247	948,108	(627,794)	4,394,561
Computer software	-	1,298,570	(259,714)	1,038,856
	4,345,378	**2,246,678**	**(949,524)**	**5,642,532**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and equipments	38,174	20,000	-	(12,043)	46,131
Motor vehicles	337,500	-	-	(112,500)	225,000
Tools and equipment	2,945,697	3,374,838	(94,365)	(2,151,923)	4,074,247
	3,321,371	**3,394,838**	**(94,365)**	**(2,276,466)**	**4,345,378**

Other information

Fully depreciated assets but still in use

	2020	2019
Furniture and fixtures	3,282,110	3,282,110
Office equipment	12,331,841	12,331,841
	15,613,951	**15,613,951**

The vehicle owned by the company was revalued by Regent Automobile Valuers & Assessors Limited on October 4, 2017 for an assessed vale of Kshs. 450,000.

9. Trade and other receivables

	2020	2019
Staff imprest	165,017	1,398,573
Deposits	4,610,181	4,610,181
Due from donors	4,548,298	13,206,272
Sub-grantees	102,588	262,927
Other receivables	1,057,659	270,253
	10,483,743	**19,748,206**

The deposits amount include Kshs 3,900,000 paid to lawyers as a settlement of lawsuit pending an appeal filed in the court.The deposit is recovarable only subject to the outcome of the case.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2020	2019

10. Cash and cash equivalents (continued)

Cash on hand	20,163	21,869
Bank balances	83,480,000	50,781,593
Short-term deposits	25,000,000	35,955,907
	108,500,163	**86,759,369**

11. Taxation

Balance at the beginning of the period	460,856	957,870
Current tax for the period recorgnised in profit or loss	(372,713)	(994,028)
Balance carried forward	-	(460,856)
	88,143	**(497,014)**

12. Trade and other payables

Trade payables	8,294,985	23,547,242
Accruals and other payables	2,713,967	2,554,386
	11,008,952	**26,101,628**

13. Cash generated from operations

Profit before taxation	12,549,407	4,021,502
Adjustments for:		
Depreciation and amortisation	949,524	2,276,466
Profit on sale of assets	-	(15,614)
Movement in restricted funds	-	(1,731,280)
Changes in working capital:		
Trade and other receivables	9,264,463	7,343,030
Trade and other payables	(15,092,676)	16,293,665
Deferred income	16,316,754	(3,232,951)
	23,987,472	**24,954,818**

14. Comparative figures

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

15. Contingencies

The Directors are of the opinion that litigations, if any, will not have a material effect on the financial position or performance of the company.

16. Events after the reporting period

In the opinion of the Directors, there are no material events after the statement of financial position date which require disclosure.

Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2020	2019

17. Deferred income

Explain / disclose.

	2020	2019
Non-current liabilities	-	-
Current liabilities	67,884,622	51,567,868
	67,884,622	**51,567,868**

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.