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

<table>
<thead>
<tr>
<th>Country of incorporation and domicile</th>
<th>Kenya</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of incorporation</td>
<td>February 14, 1999</td>
</tr>
</tbody>
</table>
| 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 18.08.2019)  
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 49986-00100  
Nairobi |
| Company secretary                    | Mutual Registrars Associates  
Certified Public Secretaries (K)  
P.O. Box 46669-00100  
Nairobi |
| Company registration number          | C. 84486 |
| Tax reference number                 | P 0511364111K |
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
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Luis Franceschi
Samuel Kimeu (Resigned w.e.f 17.01.2020)
Marlon Barriskel (Resigned w.e.f. 18.06.2019)
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Lyanda Musima (Appointed w.e.f. 14.01.2020)
Shella Masinde (Appointed w.e.f. 16.01.2020)
Samira Mary Leakey (Appointed w.e.f. 18.02.2020)
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C. 84486

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P.061136411K

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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 196,392,411 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 5,021,338 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 reserve tax applies at par 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 (KPIs):

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 Musunci
Kepa Ombati (Resigned w.e.f 11.11.2019)
Luís Franceschi
Samuel Kimut (Resigned w.e.f 17.01.2020)
Marion Barnsley (Resigned w.e.f 16.09.2019)
John Juma (Resigned w.e.f 16.06.2019)
Eva Wangui (Appointed w.e.f 14.01.2020)
Lyanda Musanga (Appointed w.e.f 14.01.2020)
Sheila Masinde (Appointed w.e.f 18.01.2020)
Samirah Mary Lekaye (Appointed w.e.f 18.02.2020)
James Muthuki (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 716 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:

Sasha 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 judgments 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:

Sasha 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 23, 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 on or 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 1650.

Grant Thornton
Certified Public Accountants (K)
Nairobi

T/101/09/19/0320/0220/AUD

Member of Grant Thornton International Limited
### Transparency International Kenya

**Statement of Surplus or Deficit and Other Comprehensive Income**

<table>
<thead>
<tr>
<th>Figures in Shillings</th>
<th>Note(s)</th>
<th>2019</th>
<th>Restated 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td>209,197,436</td>
<td>156,392,411</td>
</tr>
<tr>
<td>Program expenses</td>
<td>2</td>
<td>(179,096,567)</td>
<td>(111,384,688)</td>
</tr>
<tr>
<td>Gross surplus</td>
<td>3</td>
<td>30,101,869</td>
<td>45,007,546</td>
</tr>
<tr>
<td>Other income</td>
<td></td>
<td>6,350,288</td>
<td>4,942,676</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td>(32,430,665)</td>
<td>(32,577,655)</td>
</tr>
<tr>
<td>Operating surplus</td>
<td>4</td>
<td>4,021,602</td>
<td>17,272,270</td>
</tr>
<tr>
<td>Surplus before taxation</td>
<td>5</td>
<td>4,021,602</td>
<td>17,272,270</td>
</tr>
<tr>
<td>Tax charge</td>
<td></td>
<td>(556,028)</td>
<td>187,150</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td></td>
<td>3,027,474</td>
<td>17,459,520</td>
</tr>
<tr>
<td>Other comprehensive income for the period</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td></td>
<td>3,027,474</td>
<td>17,459,520</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Figures in Shillings</th>
<th>Revaluation reserve</th>
<th>General reserves (Unrestricted funds)</th>
<th>Restricted funds</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at October 1, 2017</strong></td>
<td>400,000</td>
<td>12,757,219</td>
<td>-</td>
<td>13,157,219</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>-</td>
<td>17,459,520</td>
<td>-</td>
<td>17,459,520</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td>-</td>
<td>17,459,520</td>
<td>-</td>
<td>17,459,520</td>
</tr>
<tr>
<td><strong>Transfer between reserves</strong></td>
<td>(50,000)</td>
<td>50,000</td>
<td>1,731,280</td>
<td>1,731,280</td>
</tr>
<tr>
<td><strong>Total changes</strong></td>
<td>(50,000)</td>
<td>50,000</td>
<td>1,731,280</td>
<td>1,731,280</td>
</tr>
<tr>
<td><strong>Balance at October 1, 2018</strong></td>
<td>350,000</td>
<td>30,266,839</td>
<td>1,731,280</td>
<td>32,248,119</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>-</td>
<td>3,027,474</td>
<td>-</td>
<td>3,027,474</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td>-</td>
<td>3,027,474</td>
<td>-</td>
<td>3,027,474</td>
</tr>
<tr>
<td><strong>Transfer between reserves</strong></td>
<td>(50,000)</td>
<td>50,000</td>
<td>(1,731,280)</td>
<td>(1,731,280)</td>
</tr>
<tr>
<td><strong>Total changes</strong></td>
<td>(50,000)</td>
<td>50,000</td>
<td>(1,731,280)</td>
<td>(1,731,280)</td>
</tr>
<tr>
<td><strong>Balance at September 30, 2019</strong></td>
<td>300,000</td>
<td>33,344,313</td>
<td>-</td>
<td>33,644,313</td>
</tr>
</tbody>
</table>

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.

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

Statement of Cash Flows

<table>
<thead>
<tr>
<th>Figures in Shillings</th>
<th>Note(s)</th>
<th>2019</th>
<th>Restated 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows generated from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>15</td>
<td>28,167,759</td>
<td>5,543,459</td>
</tr>
<tr>
<td>Tax paid</td>
<td>8</td>
<td>(497,014)</td>
<td>(522,430)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td></td>
<td>27,690,755</td>
<td>5,021,038</td>
</tr>
<tr>
<td><strong>Cash flows (used in) investing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>9</td>
<td>(3,394,838)</td>
<td>(2,139,717)</td>
</tr>
<tr>
<td>Sale of property and equipment</td>
<td>9</td>
<td>94,364</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash from investing activities</strong></td>
<td></td>
<td>(3,300,474)</td>
<td>(2,139,717)</td>
</tr>
<tr>
<td><strong>Cash flows (used in) financing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Income</td>
<td>13</td>
<td>(3,232,951)</td>
<td>407,937</td>
</tr>
<tr>
<td><strong>Total cash and cash equivalents movement for the year</strong></td>
<td></td>
<td>21,157,330</td>
<td>3,289,268</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>11</td>
<td>65,602,038</td>
<td>62,312,780</td>
</tr>
<tr>
<td><strong>Total cash and cash equivalents at end of the year</strong></td>
<td>11</td>
<td>86,759,368</td>
<td>65,602,038</td>
</tr>
</tbody>
</table>

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 determines 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:

<table>
<thead>
<tr>
<th>Item</th>
<th>Depreciation method</th>
<th>Rate per annum (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>Straight line</td>
<td>12.5</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>Straight line</td>
<td>25</td>
</tr>
<tr>
<td>Equipment</td>
<td>Straight line</td>
<td>25</td>
</tr>
</tbody>
</table>

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 estimates.

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 11.3(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 lessee’s expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.
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 cannot be quantified are not recognised 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.

2. Income

Grants revenue

Grants revenue

Deferred income brought forward

Restricted grants

Unrestricted grants

Deferred income carried forward (Note 13)

210,241,436

209,197,436

54,392,881

156,392,411

54,392,881

156,143,415

2,113,988

695,034

(50,523,886)

(54,800,819)

2019

3. Program expenses (restricted)

Workshops

Program officer's salaries

Research and consultancy fees

Publications

Stationery and office supplies

Publicity and external communication

Public relations

International travel and forums

IT support services

Internet and website cost

Newspaper and periodicals

Domestic travel

179,055,567

4,229,051

42,035,735

5,073,587

2,070,597

4,177,255

280,050

108,008

203,073

1,188,100

173,220

36,022

111,384,955

15,014

472,424

50,000

3,313,427

3,482,999

2,498,623

1,315,910

6,350,288

4,842,679

4. Other income

Profit on sale of assets

Realised exchange differences

Membership income

Interest income

Other income

5. Operating expenses

The following items are included within operating expenses:

Staff costs (Note 6)

Auditors remuneration

Bank charges

Legal and professional fees

Insurance

Motor vehicle expenses

Lease rentals on operating lease

Repairs and maintenance

Security and data management

Telephone and postage

Capacity building and development

Office cleaning

Depreciation

Realised exchange differences

32,430,846

22,252,174

799,600

223,038

46,400

58,223

67,881

4,323,315

129,981

540,481

976,200

294,850

88,146

2,276,466

32,577,855
6. Staff costs

<table>
<thead>
<tr>
<th>Items</th>
<th>2019</th>
<th>Restated 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>15,788,624</td>
<td>16,764,600</td>
</tr>
<tr>
<td>Staff medical</td>
<td>9,453,350</td>
<td>4,162,410</td>
</tr>
<tr>
<td>Leave pay provision charge</td>
<td>-</td>
<td>(129,023)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22,252,174</strong></td>
<td><strong>20,795,167</strong></td>
</tr>
</tbody>
</table>

Included in salaries and wages are contributions to the National Social Security Fund (NSSF) amounting to Ksh. 95,600 (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) - 2019

<table>
<thead>
<tr>
<th>Items</th>
<th>2019</th>
<th>Restated 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local normal tax - current period</td>
<td>994,028</td>
<td>1,044,861</td>
</tr>
<tr>
<td>Overprovision of tax</td>
<td>-</td>
<td>(1,232,011)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>994,028</strong></td>
<td><strong>187,150</strong></td>
</tr>
</tbody>
</table>

Reconciliation of the tax expense - 2019

Reconciliation between accounting profit and tax expense

Accounting profit | 4,021,602 | 17,272,370 |

Tax at the applicable tax rate of 30% (2018: 30%)

<table>
<thead>
<tr>
<th>Items</th>
<th>2019</th>
<th>Restated 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the period</td>
<td>957,870</td>
<td>248,290</td>
</tr>
<tr>
<td>Current tax for the period recognised in profit or loss</td>
<td>(994,028)</td>
<td>187,150</td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>(460,066)</td>
<td>(957,870)</td>
</tr>
</tbody>
</table>

8. Tax paid

Reconciliation of property and equipment - 2019

<table>
<thead>
<tr>
<th>Items</th>
<th>Opening balance</th>
<th>Additions</th>
<th>Disposals</th>
<th>Depreciation</th>
<th>Closing balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>38,174</td>
<td>20,000</td>
<td>-</td>
<td>(12,043)</td>
<td>46,131</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>337,500</td>
<td>-</td>
<td>(112,560)</td>
<td>225,000</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>2,930,082</td>
<td>3,374,838</td>
<td>(78,750)</td>
<td>(2,151,523)</td>
<td>4,074,247</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,305,756</strong></td>
<td><strong>3,394,838</strong></td>
<td>(78,750)</td>
<td>(2,276,466)</td>
<td><strong>4,345,378</strong></td>
</tr>
</tbody>
</table>

Reconciliation of property and equipment - 2018

<table>
<thead>
<tr>
<th>Items</th>
<th>Opening balance</th>
<th>Additions</th>
<th>Depreciation</th>
<th>Closing balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>316,833</td>
<td>-</td>
<td>(278,659)</td>
<td>38,174</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>450,000</td>
<td>-</td>
<td>(112,560)</td>
<td>337,500</td>
</tr>
<tr>
<td>Equipment</td>
<td>2,063,069</td>
<td>2,139,717</td>
<td>(1,292,704)</td>
<td>2,930,082</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,849,922</strong></td>
<td><strong>2,139,717</strong></td>
<td>(1,683,853)</td>
<td><strong>3,305,756</strong></td>
</tr>
</tbody>
</table>

Other information

Fully depreciated assets but still in use

<table>
<thead>
<tr>
<th>Items</th>
<th>2019</th>
<th>Restated 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>3,282,110</td>
<td></td>
</tr>
<tr>
<td>Office equipment</td>
<td>12,331,841</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,613,951</strong></td>
<td><strong>14,939,593</strong></td>
</tr>
</tbody>
</table>

Trade and other receivables

<table>
<thead>
<tr>
<th>Items</th>
<th>2019</th>
<th>Restated 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due from donors</td>
<td>13,206,272</td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td>270,253</td>
<td></td>
</tr>
<tr>
<td>Sub-grantees</td>
<td>262,927</td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>4,610,181</td>
<td></td>
</tr>
<tr>
<td>Staff in pretax</td>
<td>1,389,573</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19,748,206</strong></td>
<td><strong>27,091,236</strong></td>
</tr>
</tbody>
</table>

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.

9. Property and equipment

<table>
<thead>
<tr>
<th>Items</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost or revaluation</td>
<td>Accumulated depreciation</td>
<td>Carrying value</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>3,378,458</td>
<td>(3,332,327)</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>450,000</td>
<td>(225,000)</td>
</tr>
<tr>
<td>Equipment</td>
<td>19,825,298</td>
<td>(19,751,051)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23,663,756</td>
<td>(19,308,378)</td>
</tr>
</tbody>
</table>
### 11. Cash and bank balances

Cash and bank balances consist of:

<table>
<thead>
<tr>
<th></th>
<th>Figures in Shillings</th>
<th>2019</th>
<th>Restated 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>21,969</td>
<td>70,033</td>
<td></td>
</tr>
<tr>
<td>Bank balances</td>
<td>50,781,592</td>
<td>32,049,044</td>
<td></td>
</tr>
<tr>
<td>Short-term deposits</td>
<td>35,955,907</td>
<td>33,482,039</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>86,758,468</strong></td>
<td><strong>65,505,086</strong></td>
<td></td>
</tr>
</tbody>
</table>

The carrying amount of cash and cash equivalents are denominated in the following currencies:

<table>
<thead>
<tr>
<th>Currency</th>
<th>Figures in Shillings</th>
<th>2019 (in parenthesis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenyan Shillings</td>
<td>66,030,913</td>
<td>41,610,352</td>
</tr>
<tr>
<td>US Dollars</td>
<td>7,716,993</td>
<td>16,024,945</td>
</tr>
<tr>
<td>Euro</td>
<td>9,660,119</td>
<td>3,612,566</td>
</tr>
<tr>
<td>GBP</td>
<td>3,265,748</td>
<td>4,135,175</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>86,673,268</strong></td>
<td><strong>65,822,033</strong></td>
</tr>
</tbody>
</table>

### 12. Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>Figures in Shillings</th>
<th>2019</th>
<th>Restated 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>23,547,241</td>
<td>9,012,944</td>
<td></td>
</tr>
<tr>
<td>Accruals and other payables</td>
<td>2,554,386</td>
<td>785,018</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26,101,627</strong></td>
<td><strong>9,797,962</strong></td>
<td></td>
</tr>
</tbody>
</table>

### 13. Deferred income

<table>
<thead>
<tr>
<th>Organization</th>
<th>Figures in Shillings</th>
<th>2019</th>
<th>Restated 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Alternatives, Inc</td>
<td>-</td>
<td>2,628,727</td>
<td></td>
</tr>
<tr>
<td>Embassy of Finland</td>
<td>-</td>
<td>6,533,742</td>
<td></td>
</tr>
<tr>
<td>Embassy of Netherlands</td>
<td>14,699,814</td>
<td>4,641,402</td>
<td></td>
</tr>
<tr>
<td>Eye On Corruption</td>
<td>785,601</td>
<td>2,188,517</td>
<td></td>
</tr>
<tr>
<td>Fjøs Media Institute</td>
<td>-</td>
<td>9,747,550</td>
<td></td>
</tr>
<tr>
<td>Ford Foundation</td>
<td>10,449,121</td>
<td>9,436,042</td>
<td></td>
</tr>
<tr>
<td>Germanwatch e.V</td>
<td>705,609</td>
<td>2,470,239</td>
<td></td>
</tr>
<tr>
<td>PAVA 254</td>
<td>2,702,554</td>
<td>4,982,509</td>
<td></td>
</tr>
<tr>
<td>Porticus Africa</td>
<td>-</td>
<td>725,000</td>
<td></td>
</tr>
<tr>
<td>TI A - Mining for Sustainable Development</td>
<td>631,214</td>
<td>1,942,719</td>
<td></td>
</tr>
<tr>
<td>TIS - Climate Governance Integrity</td>
<td>-</td>
<td>2,800,112</td>
<td></td>
</tr>
<tr>
<td>TIS - Land and Conservation in Africa</td>
<td>-</td>
<td>2,870,597</td>
<td></td>
</tr>
<tr>
<td>UNAFA - Vankei Wakenya II</td>
<td>-</td>
<td>1,151,695</td>
<td>1,513,616</td>
</tr>
<tr>
<td>UNDP - Africa Economic Justice</td>
<td>2,776,477</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>UNDP - Democracy, Governance and Human Rights</td>
<td>3,456,242</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>The Judiciary</td>
<td>-</td>
<td>3,530,730</td>
<td></td>
</tr>
<tr>
<td>TI-UK, Open contracting for Health</td>
<td>7,990,501</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51,567,868</strong></td>
<td><strong>64,800,819</strong></td>
<td></td>
</tr>
</tbody>
</table>
### Transparency International Kenya

**Restated Annual Report And Financial Statements**

**Notes to the Restated Annual Report And Financial Statements**

#### 21. Categories of financial instruments

<table>
<thead>
<tr>
<th>Categories of financial instruments - 2019</th>
<th>Note(s)</th>
<th>Debt instruments at amortised cost</th>
<th>Financial liabilities at amortised cost</th>
<th>Equity and non financial assets and liabilities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>9</td>
<td></td>
<td>4,345,378</td>
<td></td>
<td>4,345,378</td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current tax receivables</td>
<td>8</td>
<td></td>
<td>1,454,894</td>
<td></td>
<td>1,454,894</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>10</td>
<td>19,477,963</td>
<td>270,253</td>
<td>19,748,206</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>11</td>
<td>88,756,386</td>
<td></td>
<td>88,756,386</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>106,237,321</td>
<td>1,726,137</td>
<td>107,962,458</td>
<td></td>
</tr>
<tr>
<td><strong>Fund balances and Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revaluation reserves</td>
<td></td>
<td></td>
<td>300,000</td>
<td></td>
<td>300,000</td>
</tr>
<tr>
<td>Retained income</td>
<td></td>
<td></td>
<td>33,644,313</td>
<td>33,644,313</td>
<td></td>
</tr>
<tr>
<td><strong>Total Fund balances</strong></td>
<td></td>
<td></td>
<td>33,644,313</td>
<td>33,644,313</td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>12</td>
<td>26,101,627</td>
<td>994,028</td>
<td></td>
<td>994,028</td>
</tr>
<tr>
<td>Deferred income</td>
<td>13</td>
<td></td>
<td>51,567,868</td>
<td>51,567,868</td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>26,101,627</td>
<td>52,561,896</td>
<td>78,663,523</td>
<td></td>
</tr>
<tr>
<td><strong>Total Fund and Liabilities</strong></td>
<td></td>
<td>26,101,627</td>
<td>88,206,309</td>
<td>112,307,936</td>
<td></td>
</tr>
</tbody>
</table>

### Transparency International Kenya

**Restated Annual Report And Financial Statements**

**Notes to the Restated Annual Report And Financial Statements**

#### 21. Categories of financial instruments (continued)

<table>
<thead>
<tr>
<th>Categories of financial instruments - 2018</th>
<th>Note(s)</th>
<th>Debt instruments at amortised cost</th>
<th>Financial liabilities at amortised cost</th>
<th>Equity and non financial assets and liabilities</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td><strong>Assets</strong></td>
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<tr>
<td>Non-Current Assets</td>
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<td>Property, plant and equipment</td>
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<td>Current Liabilities</td>
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<tr>
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<td>54,800,819</td>
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<tr>
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<td>9,807,962</td>
<td>87,148,838</td>
<td>96,956,800</td>
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</tr>
</tbody>
</table>

#### 22. Prior year 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**

- Trade and other payables: - 1,855,750
- General fund reverses: (1,855,750)