



TRANSPARENCY
INTERNATIONAL
KENYA

Transparency International Kenya
Annual Report and Financial Statements
for the year ended September 30, 2023



Ronalds

Transparency International Kenya

Annual Report And Financial Statements for the year ended September 30, 2023

Corporate Information

Country of incorporation and domicile	Kenya
Directors	Mrs. Bernadette W. Musundi Ms. Eva Wangui Dr. Bedan Lyanda Musima Ms. Sheila Masinde Ms. Samira Mary Leakey Mr. James Muthui
Banker	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
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) 136 Manyani East Road, Off-Waiyaki Way, P.O. Box 41331-00100 Nairobi
Company secretary	Emu Registrars Certified Public Secretaries (K) P.O. Box 61120-00200 Nairobi

Transparency International Kenya

Annual Report And Financial Statements for the year ended September 30, 2023

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Directors' Report

The directors submit their report together with the audited financial statements for the year ended September 30, 2023.

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

TI-Kenya is one of the autonomous chapters of the global Transparency International movement that are all bound by a common vision of a corruption-free world. TI-Kenya aims to develop a transparent and corruption-free society through good governance and social justice initiatives. TI-Kenya's vision is a corruption free Kenya. The mission is to champion the fight against corruption by promoting integrity, transparency and accountability in both public and private spheres.

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

The net loss of the company after taxation was K Sh 1,372,133 (2022 Surplus: K Sh 7,096,028).

3. Business review of financial results and activities

The annual report and financial statements have been prepared in accordance with applicable International Financial Reporting Standard (IFRS) and Generally Accepted Accounting Principles (GAAPs). The accounting policies have been applied consistently to the prior period.

The company recorded a loss after tax for the period ended September 30, 2023 of Ksh. 1,372,133. This represented a decrease of 119.34% from the surplus after tax of the prior period of Ksh. 7,096,028.

Income increased by 1.09% from Ksh. 189,558,132 in the prior period to Ksh. 191,631,346 for the period ended September 30, 2023.

Cashflows from operating activities decreased by 31.05% from Ksh. (27,537,045) in the prior period to Ksh. (36,086,171) for the period ended September 30, 2023.

The movement of the above financial results for the year ended September 30, 2022 have been attributed due to the following:

Economic factors:

Despite continued economic challenges in the country, real GDP growth climbed from 4.8% in 2022 to an estimated 5% in 2023. The economy however still faces several challenges to sustain its growth momentum such as heightened fiscal and external vulnerabilities manifested through high public debt, elevated cost of living, exchange rate pressures, global economic uncertainties, and tight global financial conditions.

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Annual Report And Financial Statements for the year ended September 30, 2023

Directors' Report

3. Business review of financial results and activities (Cont'd)

The Shilling further weakened in 2023, reversing the appreciation of the real effective exchange rate observed last year. In early 2023, dollar shortages became more widespread, widening spreads between the largely dysfunctional interbank FX market and the rate at which banks transact with clients, and within the bank-client market itself. The management closely monitored the various economic factors at play to cushion the organization from negative impacts.

Company Performance:

The revenues of the company increased marginally in the current financial year as a result of more donor funding of the annual budget for the year. Consequently, there was a increase in the direct program costs due to cost of doing research on Training Needs Analysis (TNA) which led to more workshops held during the year.

One of the pillars in the current strategy is Institutional Development which aims to build other revenue streams and manage costs to build a more self-sustaining institution going forward. Among the revenue streams identified is the establishment of an Endowment Fund, paid services including consultancies, income generating events and other activities. The management has developed a sustainable Business Model and 2-year plan to enhance the institutional sustainability of TI-Kenya.

During the year, the management also continued to employ various cost management procedures by enforcing value for money principles in the procurement of goods and services and investing in a Money Market Fund in order to generate interest income.

Key performance indicators (KPI's):

Being a not-for-profit company, the KPIs mainly focus on the utilization of donor funds - burn rate. In the year under audit, the average burn rate was approximately 95.66% with the balance of income deferred to the next financial year. The current ratio of the institution is 1:2 (2022: 1:2).

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

Principal risks specific to the company:

1. Foreign exchange risk: Exchange differences remain a risk for the company. 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 statutory deductions regulations applicable to the entity. All compliance to donor reporting guidelines are also overseen by 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 company for sustainability. Managing day to day cash planning and payment of suppliers and reporting to donors in a timely manner.

Future outlook:

Transparency International Kenya

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Directors' Report

As per the strategic plan 2022 - 2028, the main pillars for the period are:

- i) Citizen Demand and Oversight.
- ii) Natural resources and climate governance.
- iii) Public finance management.
- iv) Institutional development.

The organization is focused on implementing programmes and interventions within these pillars aimed at meeting the vision and mission of the company.

4. Directors

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

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:

- i) there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware: and
- ii) 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. Auditor

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

7. Approval of annual report and financial statements

The annual report and financial statements set out on pages 10 to 22, which have been prepared on the going concern basis, were approved by the board of directors on...13TH FEBRUARY 2024 and were signed on its behalf by:



Ms. Sheila Masinde

Executive Director

Transparency International Kenya

Annual Report And Financial Statements for the year ended September 30, 2023

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 Principles (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 Principles (GAAPs) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

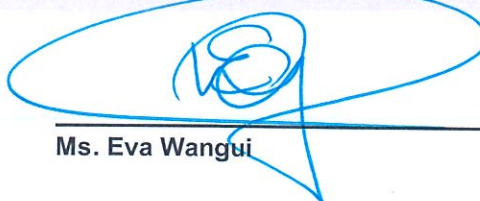
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, appropriate standards for internal 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, 2023. 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, 2024 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 7 to 9. The annual report and financial statements set out on pages 10 to 22, which have been prepared on the going concern basis, were approved by the board of directors on 13th FEBRUARY 2024 and were signed on its behalf by:



Ms. Sheila Masinde



Ms. Eva Wangui

Report of the Independent Auditor to the Members of Transparency International Kenya

Opinion

We have audited the financial statements of Transparency International Kenya, which comprise the statement of financial position as at 30 September 2023, the statement of financial activities, statement of changes in fund balances 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 10 to 22.

In our opinion, the financial statements give a true and fair view of the state of the Company's financial affairs as at 30 September 2023, the results of its operations and cash flows for the year then ended in accordance with applicable International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAPs).

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 our report. We are independent of the Company 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.

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.

Key audit matters

Key audit matters are those matters that, in our professional judgments, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no key audit matters to communicate.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with applicable International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAPs). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

In preparing the 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Report (Cont'd)

The Kenyan Companies Act, 2015 of the Laws of Kenya also requires the Board of Directors to ensure that the Company maintains proper books of accounts which are in agreement with the statement of comprehensive income and statement of financial position.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Director's 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



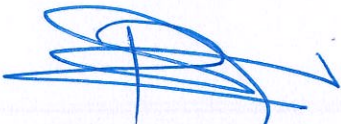
Report (Cont'd)

Report on Other Legal and Regulatory Requirements

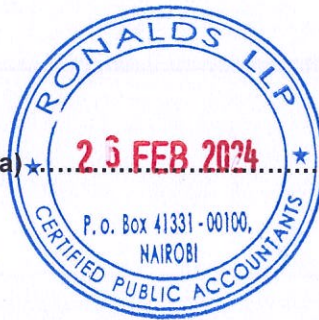
As required by the Kenyan Companies Act, 2015 of the Laws of Kenya and that based on our audit:

- 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 Ronald N Bwosi - P/No. 1865.**



For and on behalf of,
Ronalds LLP
Certified Public Accountant (Kenya)
Nairobi, Kenya



C.P.A Ronald N. Bwosi
Practising No. P/1865



Transparency International Kenya

Annual Report And Financial Statements for the year ended September 30, 2023

Statement of Comprehensive Income

Figures in Kenyan Shillings	Notes	2023	2022
Grant income	2	191,631,346	189,558,132
Programme expenses	3	(167,474,661)	(156,940,653)
Gross profit		24,156,685	32,617,479
Other income	4	13,126,176	11,305,622
Operating expenses	5	37,099,381	35,253,564
Operating surplus		183,480	8,669,537
Surplus before taxation		183,480	8,669,537
Taxation	7	(1,555,613)	(1,573,509)
(Loss) / Surplus for the year		(1,372,133)	7,096,028

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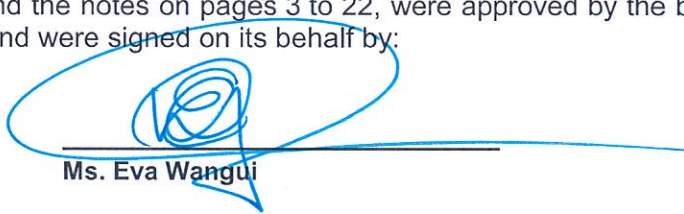
Annual Report And Financial Statements for the year ended September 30, 2023

Statement of Financial Position

Figures in Kenyan Shillings	Notes	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	8	6,795,971	7,292,703
Current Assets			
Accounts and other receivable	9	27,038,833	22,836,399
Tax recoverable	11	109,604	83,791
Cash and cash equivalents	10	67,876,351	104,652,773
		95,024,788	127,572,963
Total Assets		101,820,759	134,865,666
Equity and Liabilities			
Equity			
Reserves (Statement of Changes in Equity)		100,000	150,000
Retained income (Statement of Changes in Equity)		72,841,943	74,178,198
		72,941,943	74,328,198
Liabilities			
Current Liabilities			
Accounts and other payable	12	19,113,277	14,690,327
Deferred income	17	9,765,539	45,847,141
		28,878,816	60,537,468
Total Equity and Liabilities		101,820,759	134,865,666

The annual report, financial statements and the notes on pages 3 to 22, were approved by the board of directors on 13th FEBRUARY 2024 and were signed on its behalf by:


Ms. Sheila Masinde


Ms. Eva Wangui

Transparency International Kenya

Annual Report And Financial Statements for the year ended September 30, 2023

Statement of Changes in Equity

	Revaluation reserve	General reserves (unrestricted funds)	Total equity
Figures in Kenyan Shillings			
Balance at October 1, 2021	200,000	67,032,170	67,232,170
Total comprehensive income for the year	-	7,096,028	7,096,028
Transfer between reserves	(50,000)	50,000	-
Total changes	(50,000)	7,146,028	7,096,028
Balance at September 30, 2022	150,000	74,178,198	74,328,198
Balance at October 1, 2022	150,000	74,178,198	74,328,198
Total comprehensive loss for the year	-	(1,372,133)	(1,372,133)
Transfer between reserves	(50,000)	50,000	-
Opening balance adjustment	-	(14,122)	(14,122)
Total changes	(50,000)	(1,336,255)	(1,386,255)
Balance at September 30, 2023	100,000	72,841,943	72,941,943

The accounting policies on pages 14 to 17 and the notes on pages 18 to 22 form an integral part of the annual report and financial statements.

Transparency International Kenya

Annual Report And Financial Statements for the year ended September 30, 2023

Statement of Cash Flows

Figures in Kenyan Shillings	Notes	2023	2022
Cash flows from operating activities			
Cash used in operations	13	<u>(36,086,171)</u>	<u>(27,537,045)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(690,251)	(1,731,045)
Disposal of property, plant and equipment at cost	8	-	125,802
Accumulated depreciation on disposals		-	(38,959)
Net cash from investing activities		<u>(690,251)</u>	<u>(1,644,202)</u>
Total cash movement for the year		<u>(36,776,422)</u>	<u>(29,181,247)</u>
Cash at the beginning of the year		104,652,773	133,834,020
Total cash at end of the year	10	<u>67,876,351</u>	<u>104,652,773</u>

The accounting policies on pages 14 to 17 and the notes on pages 18 to 22 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 Principles (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 Kenya Shillings.

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 fittings	12.5%
Computers and accessories	30%

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:

- Accounts payable and receivable

Accounts and other receivable

Accounts receivable 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 payable

Accounts payable are stated at their nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash in 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.

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)

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 Employee benefits

Retirement benefits costs

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

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

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

1.7 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.

1.8 Grants

Grant income is recognised when monetary value of the grant can be measured with sufficient 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 as income.

Grant income is deferred where it has been received to fund specific future expenditure. All other incomes are accounted for once received.

1.9 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.

Accounting Policies

1.10 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.

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Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2023	2022
2. Revenue		
Grants received	191,631,346	189,558,132
Grant revenue		
Deferred income brought forward	45,847,140	72,184,401
Restricted grants	155,549,745	163,220,871
Deferred income carried forward	(9,765,539)	(45,847,140)
	191,631,346	189,558,132
3. Programme expenses		
Workshops	88,970,523	69,570,712
Program officers' salaries	44,381,775	43,831,718
Research and consultancy fees	25,810,945	33,840,688
Publications	2,804,178	2,929,860
Stationery and office supplies	1,007,142	872,899
Publicity and external communications	2,036,100	4,289,440
Internet and website cost	991,767	351,673
Newspaper and periodicals	1,470,649	1,244,613
Domestic travel	1,582	9,050
	167,474,661	156,940,653
4. Other income		
Interest income	5,185,378	4,741,533
Profit on sale of asset	-	12,518
Unrealized exchange differences	3,292,451	178,514
Membership income	107,400	90,750
Consultancies	4,535,147	6,282,307
Insurance claim	5,800	-
	13,126,176	11,305,622
5. Operating expenses		
Auditors remuneration	600,000	550,000
Bank charges	913,822	1,046,605
Capacity building and development	42,000	29,650
Depreciation	1,186,983	2,710,452
Insurance	49,243	4,109
Interest and penalties	1,046,905	35,880
Legal and professional fees	617,180	279,931
Licenses and renewals	-	4,500
Motor vehicle expenses	-	29,310
Office cleaning	143,313	91,192
Rent	4,912,166	4,894,508

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Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2023	2022
5. Operating expenses (continued)		
Repairs and maintenance	325,943	207,076
Security and data management	182,468	168,432
Staff costs (Note 6)	26,385,632	24,491,947
Telephone and postage	693,726	709,972
	<u>37,099,381</u>	<u>35,253,564</u>
6. Staff costs		
Salaries and wages	<u>26,385,632</u>	<u>24,491,947</u>
The following items are included within employee benefits expense:		
Salary and wages	20,055,564	19,320,191
Staff medical	6,330,068	5,171,756
	<u>26,385,632</u>	<u>24,491,947</u>
7. Taxation expense		
Major components of the tax income		
Current		
Taxation	<u>1,555,613</u>	<u>1,573,509</u>
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense.		
Accounting surplus	183,480	8,669,537
Tax at the applicable tax rate of 30%	55,044	2,600,861
Tax effect of adjustments on taxable income		
Expenses not deductible for tax purposes	1,395,101	-
Income not subjected to tax	-	(1,027,352)
Other income	105,468	-
	<u>1,555,613</u>	<u>1,573,509</u>

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2023

2022

8. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fittings	3,726,766	(3,177,981)	548,785	3,692,991	(3,094,758)	598,233
Motor vehicles	450,000	(378,809)	71,191	450,000	(355,079)	94,921
Computers and accessories	11,716,507	(6,510,832)	5,205,675	1,060,031	(5,673,382)	5,386,649
Computer software	3,624,549	(2,654,229)	970,320	3,624,549	(2,411,649)	1,212,900
Total	19,517,822	(12,721,851)	6,795,971	18,827,571	(11,534,868)	7,292,703

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Total
Furniture and fittings	598,233	33,775	(83,223)	548,785
Motor vehicles	94,921	-	(23,730)	71,191
Computer and accessories	5,386,649	656,476	(837,450)	5,205,675
Computer software	1,212,900	-	(242,580)	970,320
	7,292,703	690,251	(1,186,983)	6,795,971

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Acc depreciation on disposal	Total
Furniture and fittings	613,695	70,000	-	(85,462)	-	598,233
Motor vehicles	126,562	-	-	(31,641)	-	94,921
Computer and accessories	6,102,574	1,661,045	(125,802)	(2,290,127)	38,959	5,386,649
Computer software	1,516,122	-	-	(303,222)	-	1,212,900
	8,358,953	1,731,045	(125,802)	(2,710,452)	38,959	7,292,703

The vehicle owned by the company was revalued by Regent Automobile Valuers & Assessors Limited on November 23, 2023 for an assessed value of Kshs. 390,000.

The fully depreciated assets were disposed by the management with full approval from the board of Directors as earlier sought.

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Figures in Kenyan Shillings

	2023	2022
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9. Accounts and other receivable

Staff imprest	454,974	314,671
Deposits	4,822,361	4,822,361
Due from donors	21,425,840	16,434,367
Prepayments	335,658	1,265,000
	<u>27,038,833</u>	<u>22,836,399</u>

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 recoverable only subject to the outcome of the case.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash in hand	30,329	36,776
Bank balances	12,013,530	53,124,504
Short-term deposits	55,832,492	51,491,493
	<u>67,876,351</u>	<u>104,652,773</u>

Short term deposits

The short term deposits represent a balance of Kshs. 55,832,492 invested in the money market fund under the Co-op Unit Trust as at 30 September 2023.

11. Tax paid

Balance at the beginning of the period	83,791	(190,498)
Current tax for the period recognised in profit or loss	(1,555,613)	(1,573,509)
Income tax paid	(83,791)	190,498
Instalment tax paid	467,060	499,664
Withholding tax	1,198,157	1,157,636
Tax recoverable	(109,604)	(83,791)
	<u>-</u>	<u>-</u>

12. Accounts and other payable

Accounts payable	16,125,835	9,433,413
Accruals and other payables	2,987,442	5,256,914
	<u>19,113,277</u>	<u>14,690,327</u>

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Figures in Kenyan Shillings	2023	2022
13. Cash used in operations		
Surplus before taxation	183,480	8,669,537
Adjustments for:		
Depreciation and amortisation	1,186,983	2,710,452
Changes in working capital:		
Accounts and other receivable	(4,202,434)	(8,384,571)
Accounts and other payable	4,422,950	(2,347,406)
Deferred income	(36,081,602)	(26,337,260)
Taxes paid	(1,595,548)	(1,847,797)
	<u>(36,086,171)</u>	<u>(27,537,045)</u>

14. Comparative figures

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

15. Contingencies

Civil Application No. 549 of 2017 between Miriam Njoki Warui vs Transparency International Kenya.

The possibility of an outflow of the Economic Resource is likely to happen. As per the Lawyer's confirmation, the claimant sought a compensation equivalent to Kshs. 5,655,000. Its determination is however yet to be made as at 30 September 2023.

The Directors are of the opinion that the litigation, will have a material effect on the financial position and performance of the company in subsequent financial periods.

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.

17. Deferred income

Non-current liabilities	-	-
Current liabilities	9,765,539	45,847,141
	<u>9,765,539</u>	<u>45,847,141</u>

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.