

Africa Centre for Open Governance (AfriCOG)
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the year ended 31 December 2017



CONTENTS

	PAGE
Company information	1
Report of the directors	2 - 3
Statement of directors' responsibilities	4
Report of the independent auditor	5 - 7
Financial statements:	
Statement of income and expenditure and general fund	8
Statement of financial position	9 -
Statement of cash flows	10
Notes	11 - 16
The following page does not form an integral part of these financial statements	
Schedule of other expenditure	17

COMPANY INFORMATION

BOARD OF DIRECTORS

: Ms. Gladwell Otieno
: Ms. Stella Chege
: Mr. Maina Kiai
: Mr. John Githongo
: Dr. Funmi Olonisakin
: Mr. Donald Deya
: Mr. Charles Kamau

**REGISTERED OFFICE AND
PRINCIPAL PLACE OF BUSINESS**

: Kabasiran Avenue,
: Off James Gichuru Road
: Lavington
: P.O. Box 34404, 00100
: NAIROBI

: Telephone - (254) 20 4443707
: Mobile - (254) 737 463166
: Email - admin@africog.org
: Website - www.africog.org

INDEPENDENT AUDITOR

: PKF Kenya
: Certified Public Accountants
: P.O. Box 47323, 00100
: NAIROBI

COMPANY SECRETARIES

: Equatorial Secretaries and Registrars
: Certified Public Secretaries
: P.O. Box 47323, 00100
: NAIROBI

LEGAL ADVISOR

: Mbugua Mureithi and Co. Advocates
: NAIROBI

PRINCIPAL BANKER

: NIC Bank Limited
: NAIROBI

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2017, which disclose the state of affairs of the company.

PRINCIPAL ACTIVITY

The principal activity of the company is that of providing cutting edge research on governance and public ethics issues and monitor governance fundamentals in both the government and private sector.

BUSINESS REVIEW

During the year 2017 the total donor income of the company amounted to Shs. 60,436,247 as compared to prior year of Shs. 57,799,072. This was mainly attributed to a continued steady support by the major donor Open Society Institute Company Limited and other donors.

As at 31 December 2017, the net assets position of the company was Shs. 3,347,340 compared to Shs. 2,288,986 as at 31 December 2016.

RESULTS

	2017 Shs	2016 Shs
Donor income	<u>60,436,248</u>	<u>57,799,072</u>
Surplus for the year	<u>584,877</u>	<u>-</u>
Net assets	<u>3,414,119</u>	<u>2,288,986</u>

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

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

REPORT OF THE DIRECTORS (CONTINUED)

TERMS OF APPOINTMENT OF THE AUDITOR

The company's auditor, PKF Kenya, continues in office in accordance with the company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of has been charged to profit or loss in the year.

BY ORDER OF THE BOARD



**DIRECTOR
NAIROBI**

30th April 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. 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; that disclose, with reasonable accuracy, the financial position of the company and that enable them to prepare financial statements of the company that comply with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenya Companies Act, 2015. The directors are also responsible for safeguarding the assets of the company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the 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:

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015.

In preparing these financial statements the directors have assessed the company's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

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

Approved by the board of directors on 30th April 2018 and signed on its behalf by:



DIRECTOR



DIRECTOR

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF AFRICA CENTRE FOR OPEN GOVERNANCE (AfriCOG) (A COMPANY
LIMITED BY GUARANTEE)**

Opinion

We have audited the financial statements of Africa Centre for Open Governance set out on pages 8 to 16, which comprise the statement of financial position as at 31 December 2017, the statement of income and expenditure and general fund, statement of cash flows for the year then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and 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 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) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 report of the directors, statement of directors' responsibilities and schedule of other expenditure that comprise the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF AFRICA CENTRE FOR OPEN GOVERNANCE (AfriCOG) (A COMPANY
LIMITED BY GUARANTEE) (CONTINUED)**

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Kenyan Companies Act, 2015 and for such internal control as management determines 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 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 has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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 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 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.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF AFRICA CENTRE FOR OPEN GOVERNANCE (AfricoG) (A
COMPANY LIMITED BY GUARANTEE) (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 communicate with those charged with governance 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 matters prescribed by the Kenyan Companies Act, 2015

In our opinion the information given in the report of the directors on page 2 and 3 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this report of the independent auditor is CPA Patrick Kuria - P/No. 2045.


**Certified Public Accountants
Nairobi**

 _____ 2018
285/18

STATEMENT OF INCOME AND EXPENDITURE AND GENERAL FUND

	Notes	2017 Shs	2016 Shs
Donor income	4	60,436,248	57,799,072
Other income	5	651,656	55,753
Programme expenses		(43,979,620)	(43,958,125)
Administrative expenses		<u>(16,389,848)</u>	<u>(13,896,700)</u>
Surplus/(deficit) before tax	6	718,436	-
Tax charge	8	<u>(133,559)</u>	<u>-</u>
Surplus/(deficit) for the year		584,877	-
General fund at start of year		<u>351,512</u>	<u>351,512</u>
General fund at end of year		<u><u>936,389</u></u>	<u><u>351,512</u></u>

The notes on pages 11 to 16 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF FINANCIAL POSITION

CAPITAL EMPLOYED	Notes	As at 31 December	
		2017 Shs	2016 Shs
General fund		936,389	351,512
Capital fund	9	<u>2,477,730</u>	<u>1,937,474</u>
		<u>3,414,119</u>	<u>2,288,986</u>
REPRESENTED BY			
Non-current assets			
Property and equipment	10	<u>2,477,730</u>	<u>1,937,474</u>
Current assets			
Receivables	11	6,755,966	1,307,922
Cash and cash equivalents	12	<u>12,296,972</u>	<u>28,575,974</u>
		<u>19,052,938</u>	<u>29,883,896</u>
Current liabilities			
Payables	13	3,317,434	2,164,432
Deferred income	14	14,732,336	27,367,952
Tax payable		<u>66,779</u>	<u>-</u>
		<u>18,116,549</u>	<u>29,532,384</u>
Net current assets		<u>936,389</u>	<u>351,512</u>
		<u>3,414,119</u>	<u>2,288,986</u>

The financial statements on pages 8 to 16 were approved and authorised for issue by the board of directors on 30 April 2018 and were signed on its behalf by:

 DIRECTOR  DIRECTOR

The notes on pages 11 to 16 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF CASH FLOWS

	Notes	2017 Shs	2016 Shs
Surplus for the year		718,436	-
Tax paid		<u>(66,780)</u>	<u>-</u>
		651,656	-
Adjustments for non cash income and expenses:			
Depreciation on property and equipment		614,069	439,032
Changes in working capital:			
- capital fund		540,256	(182,032)
- receivables		(5,448,044)	366,524
- payables		1,153,002	900,915
- deferred income		<u>(12,635,616)</u>	<u>16,416,584</u>
Cash (used in)/from operations		<u>(15,124,677)</u>	<u>17,941,024</u>
Investing activities			
Purchase of property and equipment	10	<u>(1,154,325)</u>	<u>(257,000)</u>
Cash (used in) investing activities		<u>(1,154,325)</u>	<u>(257,000)</u>
(Decrease)/increase in cash and cash equivalents		<u>(16,279,002)</u>	<u>17,684,024</u>
Movement in cash and cash equivalents			
At start of year		28,575,974	10,891,950
(Decrease)/increase		<u>(16,279,002)</u>	<u>17,684,024</u>
At end of year	12	<u>12,296,972</u>	<u>28,575,974</u>

The notes on pages 11 to 16 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

NOTES

1. General information

Africa Centre for Open Governance (AfriCog) is incorporated in Kenya under the Kenyan Companies Act, 2015 as a private company limited by guarantee, and is domiciled in Kenya. The address of its registered office and principal place of business is as shown in page 1. The principal activity of the company is that of providing cutting edge research on governance and public ethics issues and monitor governance fundamentals in both the government and private sector.

2. Basis of preparation

The financial statements of Africa Centre for Open Governance (AfriCOG) have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are presented in Kenya Shillings. They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with International Financial Reporting Standard for Small and Medium-sized Entities require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in Note 3 (a).

These financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of income and expenditure and general fund represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the company is set out in the director's report and in the statement of income and expenditure and general fund. The financial position of the company is set out in the statement of financial position.

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

3. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Key sources of estimation uncertainty

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 are disclosed below.

- **Useful lives of property and equipment** - management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from donors.

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

NOTES (CONTINUED)

3. Summary of significant accounting policies (continued)

b) Revenue recognition (continued)

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

Interest income is accrued by reference to time under the effective interest method.

c) Translation of foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Kenya Shillings at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in statement of income and expenditure and general fund in the year to which they relate.

d) Property and equipment

All property and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of income and expenditure and general fund during the financial period in which they are incurred.

Depreciation on assets is calculated on a reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	<u>Rate</u>
Computers	30%
Office equipment	12.5%
Furniture and fittings	12.5%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining surplus for the year.

e) Receivables

Receivables are initially recognised at the transaction price. They are subsequently measured at amortised cost using the effective interest method.

At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the income and expenditure and general fund.

NOTES (CONTINUED)

3. Summary of significant accounting policies (continued)

f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

g) Payables

Payables are recognised initially at the transaction price. They are obligations on the basis of normal credit terms and do not bear interest.

h) Deferred income

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

i) The company as a lessee

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to income and expenditure and general fund on a straight-line basis over the period of the lease.

j) Retirement benefits

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to statement of income and expenditure and general fund in the year to which they relate.

The company operates a defined contribution staff retirement benefit scheme for its employees. The scheme is administered by an insurance company. The company's contributions to the defined contribution retirement benefit scheme are charged to the statement of income and expenditure and general fund in the year to which they relate. The company has no further payment obligations once the contributions have been paid.

k) Capital fund

Assets donated to the company are recognised in the capital fund in the period in which they have been received. Each year an equivalent amount equal to the depreciation charge of the donated assets is recognised as income in the statement of income and expenditure and general fund.

l) Taxation

The tax expense for the year relates to current tax. Tax is recognised in statement of income and expenditure.

Current tax

Current tax is provided on interest income earned for the year.

m) Comparatives

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

NOTES

	2017 Shs	2016 Shs
4. Donor income		
Open Society International	22,723,295	27,813,937
United Nations Development Programme	2,212	2,189
Embassy of the Republic of Netherlands	20,144,853	38,599,762
Department for International Development	1,327	1,331
Trust Africa	19,994	7,355,610
Canadian International Development Agency	287	3,795
Amnesty International	1,548,752	-
Total donor income	<u>44,440,721</u>	<u>73,776,624</u>
Transfer from deferred income	27,367,951	10,951,367
Transfer to deferred income	(14,732,336)	(27,367,951)
Grant receivable carried forward	2,745,842	-
Net donor income	<u>59,822,179</u>	<u>57,360,040</u>
Transfer from capital fund (Note 9)	614,069	439,032
Total grant income	<u>60,436,248</u>	<u>57,799,072</u>
5. Other income		
Kura yangu initiative	612,000	-
Sundry income	39,656	55,753
	<u>651,656</u>	<u>55,753</u>
6. Surplus/(deficit) for the year		
The following items have been charged in arriving at the surplus/(deficit) for the year:		
Audit fees		
- current year	310,867	454,000
- underprovision in prior year	143,133	100,178
Operating lease rentals	3,915,000	3,480,000
Staff costs (Note 7)	5,727,925	4,533,045
7. Staff costs		
Salaries and wages	3,746,164	3,646,881
Other staff costs	1,320,641	371,044
Pension costs:		
- National Social Security Fund	96,120	91,800
- defined contribution scheme	565,000	423,320
	<u>5,727,925</u>	<u>4,533,045</u>
8. Tax		
Current tax	<u>133,559</u>	<u>-</u>

NOTES (CONTINUED)

		2017	2016	
		Shs	Shs	
9. Capital fund				
At start of year		1,937,474	2,119,506	
Additions during the year (Note 10)		1,154,325	257,000	
Transfer to income (Note 4)		<u>(614,069)</u>	<u>(439,032)</u>	
At end of year		<u>2,477,730</u>	<u>1,937,474</u>	
10. Property and equipment				
	Computers	Office	Furniture	Total
	Shs	equipment	and fittings	Shs
		Shs	Shs	Shs
Cost				
At start of year	3,337,264	1,981,198	613,535	5,931,997
Additions	<u>732,665</u>	<u>421,660</u>	<u>-</u>	<u>1,154,325</u>
At end of year	<u>4,069,929</u>	<u>2,402,858</u>	<u>613,535</u>	<u>7,086,322</u>
Depreciation				
At start of year	2,769,390	878,240	346,893	3,994,523
Charge for the year	<u>390,162</u>	<u>190,577</u>	<u>33,330</u>	<u>614,069</u>
At end of year	<u>3,159,552</u>	<u>1,068,817</u>	<u>380,223</u>	<u>4,608,592</u>
As at 31 December 2017	<u>910,377</u>	<u>1,334,041</u>	<u>233,312</u>	<u>2,477,730</u>
As at 31 December 2016	<u>567,874</u>	<u>1,102,958</u>	<u>266,642</u>	<u>1,937,474</u>
11. Receivables		2017	2016	
		Shs	Shs	
Project advances		2,736,350	46,000	
Grant receivable		2,745,842	-	
Prepayments		1,255,775	1,261,922	
Staff advances		<u>17,999</u>	<u>-</u>	
		<u>6,755,966</u>	<u>1,307,922</u>	
12. Cash and cash equivalents				
Cash at bank and in hand		<u>12,296,972</u>	<u>28,575,974</u>	
For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise the above.				
13. Payables				
Accruals		2,819,000	1,654,000	
Other payables		<u>498,434</u>	<u>510,432</u>	
		<u>3,317,434</u>	<u>2,164,432</u>	

NOTES (CONTINUED)

14. Deferred income

The detailed analysis of deferred income is as follows:

Project	At start of year Shs	Receipts during the year Shs	Expenditure and refund during the year Shs	At end of year Deffered income Shs	Grant receivable Shs
Embassy of the Republic of Netherlands	22,335,279	20,144,853	(37,628,287)	4,851,845	-
United Nations Development Programme	144,010	2,212	(332)	145,891	-
Open Society International/Kenyans for Peace Truth and Justice	1,038,390	7,238,195	(11,022,428)	-	(2,745,842)
Open Society International/Africa Centre for Open Governance	167,225	15,485,100	(7,377,061)	8,275,264	-
Department for International Development	78,074	1,327	(199)	79,202	-
Trust Africa	3,580,635	19,994	(2,789,055)	811,574	-
Canadian International Development Agency	24,338	287	(45)	24,580	-
Amnesty International	-	1,548,752	(1,004,772)	543,980	-
	<u>27,367,951</u>	<u>44,440,721</u>	<u>(59,822,178)</u>	<u>14,732,336</u>	<u>(2,745,842)</u>

Deferred income relates to unexpended portion of grants received.

15. Related party transactions

The following transactions were carried out with related parties:

i) Key management personnel compensation

	2017 Shs	2016 Shs
Salaries and wages	<u>7,566,920</u>	<u>7,528,572</u>

16. Operating lease commitments - as a lessee

The future minimum lease payments payable under non-cancellable operating leases are as follows:

	2017 Shs	2016 Shs
Not later than 1 year	3,654,000	3,465,699
Later than 1 year and not later than 5 years	<u>10,756,680</u>	<u>14,410,680</u>
	<u>14,410,680</u>	<u>17,876,379</u>

The company has leased property under non-cancellable operating lease agreement. The lease term is four years and is generally renewable at the end of the tenure of the lease.

SCHEDULE OF OTHER EXPENDITURE

	2017	2016
	Shs	Shs
1. Programme expenses		
Case studies and research	8,931,415	15,268,761
Public interest litigation consultancies and legal fees	6,859,720	5,462,119
Policy and partnership	3,964,782	2,271,066
Communications and postage	2,284,580	1,195,200
Advocacy	1,074,415	1,446,202
Printing and publication	1,640,602	1,917,698
Travelling and accommodation	3,826,842	818,393
Monitoring and Evaluation	-	66,120
Dissemination & Courier	412,610	-
Salaries and wages	14,984,654	15,512,566
Total programme expenses	<u>43,979,620</u>	<u>43,958,125</u>
2. Administrative expenses		
Employment costs		
Salaries and wages	3,746,164	3,646,881
Staff medical	1,250,991	231,261
Staff training and welfare	62,800	49,570
Employer pension contributions	565,000	423,320
Employer National Social Security Fund contributions	96,120	91,800
Employer NITA contributions	6,850	90,213
Total employment costs	<u>5,727,925</u>	<u>4,533,045</u>
Other administrative expenses		
Professional fees	366,800	11,600
Secretarial fees	70,048	66,800
Printing and office stationery	264,890	503,114
Telephone and postage	434,989	455,584
Travelling and accommodation	189,393	628,035
Rent	3,915,000	3,480,000
Insurance	64,697	62,040
Security	1,747,714	1,395,226
Bank charges	90,323	168,576
Audit fees		
- current year	454,000	454,000
- underprovision in prior year	143,133	100,178
Internet set up and maintenance	369,356	564,677
Office expenses	756,596	529,743
Office maintenance	26,590	138,790
Donations	-	109,260
Depreciation on property and equipment	614,069	439,032
Total other administrative expenses	<u>9,507,598</u>	<u>9,106,655</u>
Capital expenditure	<u>1,154,325</u>	<u>257,000</u>
Total administrative expenses and capital expenditure	<u>16,389,848</u>	<u>13,896,700</u>