

**AFRICA CENTRE FOR OPEN GOVERNANCE (AfricOG)  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**PKF** Kenya  
Certified Public Accountants  
P.O. Box 14077  
00800 Nbi

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**COMPANY INFORMATION**

<b>BOARD OF DIRECTORS</b>	:	Ms. Gladwell Otieno
	:	Ms. Stella Chege
	:	Mr. Maina Kiai
	:	Mr. John Githongo
	:	Dr. Funmi Olonisakin
	:	Mr. Donald Deya
	:	Mr. Charles Kamau
<b>REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS</b>	:	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
<b>INDEPENDENT AUDITOR</b>	:	PKF Kenya
	:	Certified Public Accountants
	:	P.O. Box 47323, 00100
	:	NAIROBI
<b>COMPANY SECRETARIES</b>	:	Equatorial Secretaries and Registrars
	:	Certified Public Secretaries
	:	P.O. Box 47323, 00100
	:	NAIROBI
<b>LEGAL ADVISOR</b>	:	Mbugua Mureithi and Co. Advocates
	:	NAIROBI
<b>PRINCIPAL BANKER</b>	:	NIC Bank Limited
	:	NAIROBI



## REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2018, 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 2018 the total donor grants utilised amounted to Shs. 61,080,653 as compared to prior year of Shs. 59,281,923. This was mainly attributed to a continued steady support by the major donor Open Society Institute Company Limited and other donors.

### RESULTS

	2018 Shs	2017 Shs
Donor income	<u>61,080,653</u>	<u>59,281,923</u>
Surplus for the year	<u>789,418</u>	<u>584,877</u>
Net assets	<u>3,863,917</u>	<u>3,414,119</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.

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**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**

 2019

**PKF** Kenya  
Certified Public Accountants  
P.O. Box 14077  
00800 Nbi

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**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 2018 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 26 March 2019 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 17, which comprise the statement of financial position as at 31 December 2018, 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 2018, 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.

**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.

**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 (continued)**

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.
- 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.



**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)**

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.

*PKF Kenya*  
Certified Public Accountants  
Nairobi

*March 25,* 2019

CPA Patrick Kuria, Practising certificate No. 2045  
Signing partner responsible for the independent audit

0132/19



**STATEMENT OF INCOME AND EXPENDITURE AND GENERAL FUND**

	Notes	2018 Shs	2017 Shs
Donor income	4	61,080,653	59,281,923
Other income	5	1,599,448	651,656
Programme expenses		(44,320,815)	(43,979,620)
Administrative expenses		<u>(17,480,625)</u>	<u>(15,235,523)</u>
<b>Surplus before tax</b>	6	878,661	718,436
Tax charge	8	<u>(89,243)</u>	<u>(133,559)</u>
<b>Surplus for the year</b>		789,418	584,877
<b>General fund at start of year</b>		<u>936,389</u>	<u>351,512</u>
<b>General fund at end of year</b>		<u><u>1,725,807</u></u>	<u><u>936,389</u></u>

The notes on pages 11 to 17 form an integral part of these financial statements.

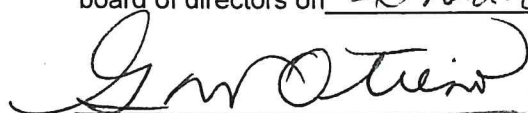
Report of the independent auditor - pages 5 to 7.

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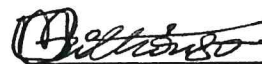
**STATEMENT OF FINANCIAL POSITION**

CAPITAL EMPLOYED	Notes	As at 31 December	
		2018 Shs	2017 Shs
General fund		1,725,807	936,389
Capital fund	9	2,138,110	2,477,730
		<u>3,863,917</u>	<u>3,414,119</u>
<b>REPRESENTED BY</b>			
<b>Non-current assets</b>			
Property and equipment	10	2,138,110	2,477,730
<b>Current assets</b>			
Receivables	11	11,959,691	6,755,966
Cash and cash equivalents	12	3,664,030	12,296,972
		<u>15,623,721</u>	<u>19,052,938</u>
<b>Current liabilities</b>			
Payables	13	4,922,521	3,317,434
Deferred income	14	8,970,150	14,732,336
Tax payable		5,243	66,779
		<u>13,897,914</u>	<u>18,116,549</u>
<b>Net current assets</b>		<u>1,725,807</u>	<u>936,389</u>
		<u>3,863,917</u>	<u>3,414,119</u>

The financial statements on pages 8 to 17 were approved and authorised for issue by the board of directors on 26 March 2019 and were signed on its behalf by:



DIRECTOR



DIRECTOR

The notes on pages 11 to 17 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.



**STATEMENT OF CASH FLOWS**

	Notes	2018 Shs	2017 Shs
Surplus for the year		789,418	584,877
<b>Adjustments for non cash income and expenses:</b>			
Tax charge	8	89,243	133,559
Depreciation on property and equipment		487,520	614,069
Changes in working capital:			
- capital fund		(339,620)	540,256
- receivables		(5,203,725)	(5,448,044)
- payables		1,605,087	1,153,002
- deferred income		(5,762,186)	(12,635,616)
Cash (used in) operations		(8,334,263)	(15,057,898)
Tax paid		(150,779)	(66,780)
Net cash (used in) investing activities		(8,485,042)	(15,124,677)
<b>Investing activities</b>			
Purchase of property and equipment	10	(147,900)	(1,154,325)
Cash (used in) investing activities		(147,900)	(1,154,325)
<b>(Decrease) in cash and cash equivalents</b>		<b>(8,632,942)</b>	<b>(16,279,002)</b>
<b>Movement in cash and cash equivalents</b>			
At start of year		12,296,972	28,575,974
(Decrease)		(8,632,942)	(16,279,002)
At end of year	12	3,664,030	12,296,972

The notes on pages 11 to 17 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**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
<b>4. Donor income</b>		
Open Society International	27,031,960	22,723,295
Kenya Human Rights Commission	11,195,800	-
United Nations Development Programme	2,236	2,212
Embassy of the Republic of Netherlands	7,797,898	20,144,853
Department for International Development	3,128	1,327
Trust Africa	868,168	19,994
Canadian International Development Agency	290	287
Amnesty International	3,284	1,548,752
<b>Total donor income</b>	<b>46,902,764</b>	<b>44,440,721</b>
Transfer from deferred income		
- Deferred income	14,732,336	27,367,951
- Grant receivable	(2,745,843)	-
Transfer to deferred income	(8,970,150)	(14,732,336)
Grant receivable carried forward	10,821,927	2,745,842
<b>Net donor income (Note 14)</b>	<b>60,741,034</b>	<b>59,822,179</b>
Transfer from capital fund (Note 9)	487,520	614,069
Capital expenditure	(147,900)	(1,154,325)
<b>Total grant income</b>	<b>61,080,653</b>	<b>59,281,923</b>
<b>5. Other income</b>		
Kura yangu initiative	-	612,000
Sundry income	599,448	39,656
Private Sector Development Trust	1,000,000	-
	<b>1,599,448</b>	<b>651,656</b>
<b>6. Surplus for the year</b>		
The following items have been charged in arriving at the surplus for the year:		
Audit fees		
- current year	506,920	454,000
- underprovision in prior year	143,133	143,133
Operating lease rentals	4,306,500	3,915,000
Staff costs (Note 7)	7,137,869	5,727,925
<b>7. Staff costs</b>		
Salaries and wages	3,822,114	3,746,164
Other staff costs	2,604,954	1,320,641
Pension costs:		
- National Social Security Fund	115,801	96,120
- defined contribution scheme	595,000	565,000
	<b>7,137,869</b>	<b>5,727,925</b>
<b>8. Tax</b>		
Current tax	89,243	133,559



**NOTES (CONTINUED)**

	<b>2018</b>	<b>2017</b>		
	<b>Shs</b>	<b>Shs</b>		
<b>9. Capital fund</b>				
At start of year	2,477,730	1,937,474		
Additions during the year (Note 10)	147,900	1,154,325		
Transfer to income (Note 4)	<u>(487,520)</u>	<u>(614,069)</u>		
At end of year	<u>2,138,110</u>	<u>2,477,730</u>		
<b>10. Property and equipment</b>				
	<b>Computers</b>	<b>Office</b>	<b>Furniture</b>	<b>Total</b>
	<b>Shs</b>	<b>equipment</b>	<b>and fittings</b>	<b>Shs</b>
		<b>Shs</b>	<b>Shs</b>	
<b>Cost</b>				
At start of year	4,069,929	2,402,858	613,535	7,086,322
Additions	<u>-</u>	<u>147,900</u>	<u>-</u>	<u>147,900</u>
At end of year	<u>4,069,929</u>	<u>2,550,758</u>	<u>613,535</u>	<u>7,234,222</u>
<b>Accumulated depreciation</b>				
At start of year	3,159,552	1,068,817	380,223	4,608,592
Charge for the year	<u>273,113</u>	<u>185,243</u>	<u>29,164</u>	<u>487,520</u>
At end of year	<u>3,432,665</u>	<u>1,254,060</u>	<u>409,387</u>	<u>5,096,112</u>
<b>As at 31 December 2018</b>	<u>637,264</u>	<u>1,296,698</u>	<u>204,148</u>	<u>2,138,110</u>
<b>As at 31 December 2017</b>	<u>910,377</u>	<u>1,334,041</u>	<u>233,312</u>	<u>2,477,730</u>
<b>11. Receivables</b>		<b>2018</b>	<b>2017</b>	
		<b>Shs</b>	<b>Shs</b>	
Project advances		-	2,736,350	
Grant receivable (Note 14)		10,821,927	2,745,842	
Prepayments		1,108,495	1,255,775	
Staff advances		<u>29,269</u>	<u>17,999</u>	
		<u>11,959,691</u>	<u>6,755,966</u>	
<b>12. Cash and cash equivalents</b>				
Cash at bank and in hand		<u>3,664,030</u>	<u>12,296,972</u>	
For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise the above.				
<b>13. Payables</b>				
Accruals		4,922,521	2,819,000	
Other payables		<u>-</u>	<u>498,434</u>	
		<u>4,922,521</u>	<u>3,317,434</u>	

**NOTES (CONTINUED)**

**14. Deferred income and grant receivable**

At start of year									
Transfer to donor									
Receipts during the year									
Transfer to income (Note 4)									
At end of year									

The detailed analysis of deferred income is as follows:

Project	At start of year		Receipts during the year	Expenditure and refund during the year	At end of year	
	Deferred income Shs	Grant receivable Shs			Deferred income Shs	Grant receivable Shs
Embassy of the Republic of Netherlands	4,851,845	-	7,797,898	(18,995,420)	-	(6,345,677)
United Nations Development Programme	145,891	-	2,236	(335)	147,792	-
Open Society International/Kenyans for Peace Truth and Justice	-	(2,745,843)	13,268,470	(14,998,877)	-	(4,476,250)
Open Society International/Africa Centre for Open Governance	8,275,264	-	13,763,490	(16,567,074)	5,471,680	-
Department for International Development	79,202	-	3,128	(546)	81,784	-
Trust Africa	811,574	-	868,168	(1,318,981)	360,761	-
Canadian International Development Agency	24,580	-	290	(44)	24,827	-
Amnesty International	543,980	-	3,284	(316,652)	230,612	-
Open Society International/Elections	-	-	11,195,800	(8,543,105)	2,652,695	-
	<u>14,732,336</u>	<u>(2,745,843)</u>	<u>46,902,764</u>	<u>(60,741,034)</u>	<u>8,970,150</u>	<u>(10,821,927)</u>

Deferred income relates to unexpended portion of grants received.



**NOTES (CONTINUED)**

**15. Related party transactions**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
The following transactions were carried out with related parties:		
<b>i) Key management personnel compensation</b>		
Salaries and wages	<u>7,854,520</u>	<u>7,566,920</u>

**16. Operating lease commitments - as a lessee**

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

Not later than 1 year	4,631,880	3,654,000
Later than 1 year and not later than 5 years	<u>16,864,675</u>	<u>10,756,680</u>
	<u>21,496,555</u>	<u>14,410,680</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.

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**SCHEDULE OF OTHER EXPENDITURE**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
<b>1. Programme expenses</b>		
Case studies and research	13,222,192	8,931,415
Public interest litigation consultancies and legal fees	6,919,713	6,859,720
Policy and partnership	628,879	3,964,782
Communications and postage	1,750,136	2,284,580
Advocacy	2,411,803	1,074,415
Printing and publication	1,414,620	1,640,602
Travelling and accommodation	1,776,018	3,826,842
Monitoring and evaluation	920,000	-
Dissemination and courier	29,000	412,610
Salaries and wages	15,248,454	14,984,654
<b>Total programme expenses</b>	<b>44,320,815</b>	<b>43,979,620</b>
<b>2. Administrative expenses</b>		
<b>Employment costs</b>		
Salaries and wages	3,822,114	3,746,164
Staff medical	2,553,654	1,250,991
Staff training and welfare	45,900	62,800
Employer pension contributions	595,000	565,000
Employer National Social Security Fund contributions	115,801	96,120
Employer NITA contributions	5,400	6,850
<b>Total employment costs</b>	<b>7,137,869</b>	<b>5,727,925</b>
<b>Other administrative expenses</b>		
Professional fees	302,000	366,800
Secretarial fees	17,400	70,048
Printing and office stationery	46,780	264,890
Telephone and postage	182,690	434,989
Travelling and accommodation	276,650	189,393
Rent	4,306,500	3,915,000
Insurance	24,309	64,697
Security	2,216,055	1,747,714
Bank charges	163,020	90,323
Audit fees		
- current year	650,053	454,000
- underprovision in prior year	77,186	143,133
Internet set up and maintenance	377,929	369,356
Office expenses	1,199,914	756,596
Office maintenance	14,750	26,590
Depreciation on property and equipment	487,520	614,069
<b>Total other administrative expenses</b>	<b>10,342,756</b>	<b>9,507,598</b>
<b>Total administrative expenses</b>	<b>17,480,625</b>	<b>15,235,523</b>
Capital expenditure	147,900	1,154,325
<b>Total administrative expenses and capital expenditure</b>	<b>17,628,525</b>	<b>16,389,848</b>