PKF

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

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
PRINCIPAL PLACE OF BUSINESS	: Ramisi Road : 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 LLP : 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 2019, 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 2019 the total donor grants utilised amounted to Shs. 27,362,302 as compared to prior year of Shs. 61,080,653. This reduction was mainly attributed to the ending of the projects that were being implemented by the organisation.

.

RESULTS

	2019 Shs	2018 Shs
Donor income	27,362,302	61,080,653
(Deficit)/surplus for the year	(3,234,633)	789,418
Net assets	250,499	3,863,917

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging and this has a resultant effect on overall demand of the company's services. The company's strategic focus is to enhance growth whilst, the success of which remains dependent on overall market conditions and other factors such as the impact of the recent Coronavirus outbreak. Whilst at this stage it is too early to predict the full potential impact of this outbreak on the company operations, the directors continue to monitor this situation closely with a view to assessing and mitigating its impact on the company.

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

PKF Kenya, a partnership, was on 10 March 2020 converted to PKF Kenya LLP, a Limited Liability Partnership under the Limited Liability Partnership Act, 2011. The company's auditor, PKF Kenya LLP, 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.

BY ORDER OF THE BOARD

DIRECTOR
NAIROBI

22 September 2020

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 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 2019 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 22 September 2020 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 18, which comprise the statement of financial position as at 31 December 2019, 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 2019, 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 form part of 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.

Kalamu House • Grevillea Grove • Westlands • P O Box 14077 - 00800 • Nairobi • Kenya
Tel +254 20 4270000 • Mobile +254 732 144000 • Email pkfnbi@ke.pkfea.com • www.pkfea.com

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 have 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.

PKF

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.

PKF Kenya LLP

Certified Public Accountants
Nairobi

22 September, **2020**

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

1018/20

STATEMENT OF INCOME AND EXPENDITURE AND GENERAL FUND

	Notes	2019 Shs	2018 Shs
Donor income	4	27,362,302	61,080,653
Other income	5	3,779,908	1,599,448
Programme expenses		(20,721,493)	(44,320,815)
Administrative expenses		(13,598,852)	(17,480,625)
(Deficit)/surplus before tax	6	(3,178,135)	878,661
Tax charge	8	(56,498)	(89,243)
(Deficit)/surplus for the year		(3,234,633)	789,418
General fund at start of year		1,725,807	936,389
General fund at end of year		(1,508,826)	1,725,807

The notes on pages 11 to 18 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2019	2018
CAPITAL EMPLOYED	**Notes**	**Shs**	**Shs**
General fund		(1,508,826)	1,725,807
Capital fund	9	1,759,325	2,138,110
		250,499	3,863,917
REPRESENTED BY			
Non-current assets			
Property and equipment	10	1,759,325	2,138,110
Current assets			
Receivables	11	797,402	11,959,691
Cash and cash equivalents	12	2,415,759	3,664,030
Tax recoverable		43,502	-
		3,256,663	15,623,721
Current liabilities			
Payables	13	4,330,735	4,922,521
Deferred income	14	434,754	8,970,150
Tax payable		-	5,243
		4,765,489	13,897,914
Net current (liabilities)/assets		(1,508,826)	1,725,807
		250,499	3,863,917

The financial statements on pages 8 to 18 were approved and authorised for issue by the board of directors on 22 September 2020 and were signed on its behalf by:

_______________ **DIRECTOR** _______________ **DIRECTOR**

The notes on pages 11 to 18 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF CASH FLOWS

	Notes	2019 Shs	2018 Shs
(Deficit)/surplus for the year		(3,234,633)	789,418
Adjustments for non cash income and expenses:			
Tax charge	8	56,498	89,243
Depreciation on property and equipment	10	378,785	487,520
Changes in working capital:			
- capital fund		(378,785)	(339,620)
- receivables		11,162,289	(5,203,724)
- payables		(591,786)	1,605,087
- deferred income		(8,535,396)	(5,762,186)
Cash (used in) operations		(1,143,028)	(8,334,263)
Tax paid		(105,243)	(150,779)
Net cash (used in) investing activities		(1,248,271)	(8,485,042)
Investing activities			
Purchase of property and equipment	10	-	(147,900)
Cash (used in) investing activities		-	(147,900)
(Decrease) in cash and cash equivalents		(1,248,271)	(8,632,942)
Movement in cash and cash equivalents			
At start of year		3,664,030	12,296,972
(Decrease)		(1,248,271)	(8,632,942)
At end of year	12	2,415,759	3,664,030

The notes on pages 11 to 18 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 on 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

   At the reporting date, the statement of financial position indicates a net current liabilities position of Shs. 1,508,826. In addition, the statement of income and expenditure and general fund indicates that company realized a deficit of Shs. 3,234,633. The company meets its working capital requirement by support from its directors.

   The directors have assessed the going concern status of the organisation. Subsequent to the year end the organisation has received unrestricted grant amounting to USD 200,000 from Ford Foundation and is in the process of negotiating a further funding agreement with one of its long-term donors (Open Society Initiative for East Africa) and positive outcome is expected. The directors also expect to implement cost saving measures that are expected to generate unrestricted funding going forward.

   Based on the above factors and the organisation's risk management policies, the directors are of the opinion that the organisation is well placed to continue in operation for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

3. **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.

3. **Significant accounting policies (continued)**

a) **Key sources of estimation uncertainty (continued)**

The management board have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year the assumptions and judgements set-out below do not consider the full potential impact of the recent coronavirus outbreak as it is too early at this stage to predict the full potential impact of this on the financial statements of the company.

- **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.

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 accumulated 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:

	Rate
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.

3. **Summary of significant accounting policies (continued)**

d) **Property and equipment (continued)**

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 (deficit)/surplus for the year.

e) **Impairment of non-financial assets**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are companied at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

f) **Receivables**

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

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 statement of income and expenditure and general fund.

g) **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.

h) **Payables**

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

i) **Deferred income**

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

j) **Accounting for leases**

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 statement of income and expenditure and general fund on a straight-line basis over the period of the lease.

NOTES (CONTINUED)

3. **Summary of significant accounting policies (continued)**

k) **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.

l) **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.

m) **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 and is calculated on the basis of total interest earned by the company.

n) **Comparatives**

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

	2019 Shs	2018 Shs
4. Donor income		
Open Society International	22,773,674	27,031,960
Kenya Human Rights Commission	-	11,195,800
United Nations Development Programme	1,260	2,236
Embassy of the Republic of Netherlands	6,491,566	7,797,898
Department for International Development	1,915	3,128
Trust Africa	822	868,168
Canadian International Development Agency	265	290
Amnesty International	546	3,284
Total donor income	29,270,048	46,902,764
Transfer from deferred income:		
- Deferred income	8,970,150	14,732,336
- Grant receivable	(10,821,927)	(2,745,843)
Transfer to deferred income (Note 14)	(434,754)	(8,970,150)
Grant receivable carried forward (Note 11)	-	10,821,927
Net donor income (Note 14)	26,983,517	60,741,034
Transfer from capital fund (Note 9)	378,785	487,520
Capital expenditure	-	(147,900)
Total grant income	27,362,302	61,080,653

5. Other income

	2019 Shs	2018 Shs
Sundry income	2,705,611	599,448
Private Sector Development Trust	1,074,297	1,000,000
	3,779,908	1,599,448

6. (Deficit)/surplus for the year

The following items have been charged in arriving at the (deficit)/surplus for the year:

	2019 Shs	2018 Shs
Audit fees:		
- current year	450,000	650,053
- underprovision in prior year	25,009	77,186
Operating lease rentals	4,504,180	4,306,500
Staff costs (Note 7)	5,761,012	7,137,869

7. Staff costs

	2019 Shs	2018 Shs
Salaries and wages	3,428,482	3,822,114
Other staff costs	1,881,480	2,604,954
Pension costs:		
- National Social Security Fund	64,800	115,801
- defined contribution scheme	386,250	595,000
	5,761,012	7,137,869

8. Tax

	2019 Shs	2018 Shs
Current tax	56,498	89,243

NOTES (CONTINUED)

9. **Capital fund**	**2019 Shs**	**2018 Shs**
At start of year	2,138,110	2,477,730
Additions during the year (Note 10)	-	147,900
Transfer to income (Note 4)	(378,785)	(487,520)
At end of year	1,759,325	2,138,110

10. Property and equipment

	Computers Shs	Office equipment Shs	Furniture and fittings Shs	Total Shs
Cost				
At start and end of year	4,069,929	2,550,758	613,535	7,234,222
Accumulated depreciation				
At start of year	3,432,665	1,254,060	409,387	5,096,112
Charge for the year	191,179	162,087	25,519	378,785
At end of year	3,623,844	1,416,147	434,906	5,474,897
As at 31 December 2019	446,085	1,134,611	178,629	1,759,325
As at 31 December 2018	637,264	1,296,698	204,148	2,138,110

11. **Receivables**	**2019 Shs**	**2018 Shs**
Grant receivable (Note 14)	-	10,821,927
Prepayments	633,767	1,108,495
Amount due from directors (Note 15)	163,635	29,269
	797,402	11,959,691

12. Cash and cash equivalents

Cash at bank and in hand	2,415,759	3,664,030

For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise the above.

13. Payables

Accruals	4,121,738	4,922,521
Other payables	208,997	-
	4,330,735	4,922,521

NOTES (CONTINUED)

14. Deferred income and grant receivable

	2019 Shs	2018 Shs
At start of year	(1,851,777)	11,986,493
Receipts during the year	29,270,048	46,902,764
Transfer to income (Note 4)	(26,983,517)	(60,741,034)
At end of year	434,754	(1,851,777)

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	
	Deffered income Shs	Grant receivable Shs	Shs	Shs	Deffered income Shs	Grant receivable Shs
Embassy of the Republic of Netherlands	-	(6,345,677)	6,491,566	(1,940)	143,949	-
United Nations Development Programme	147,792	-	1,260	(149,051)	-	-
Open Society International/Kenyans for Peace Truth and Justice	-	(4,476,250)	15,037,973	(10,422,245)	139,478	-
Open Society International/Africa Centre for Open Governance	5,471,680	-	7,735,701	(13,207,381)	-	-
Department for International Development	81,784	-	1,915	(81,784)	1,915	-
Trust Africa	360,761	-	822	(239,303)	122,280	-
Canadian International Development Agency	24,827	-	265	(40)	25,052	-
Amnesty International	230,612	-	546	(231,158)	-	-
Open Society International/Elections	2,652,695	-	-	(2,650,615)	2,080	-
	8,970,150	(10,821,927)	29,270,048	(26,983,517)	434,754	-

Deferred income relates to unexpended portion of grants received.

NOTES (CONTINUED)

15. **Related party transactions**

The following transactions were carried out with related parties:	**2019 Shs**	**2018 Shs**
i) **Key management personnel compensation**		
Salaries and wages	5,200,000	7,854,520
ii) Donations from directors	1,133,070	-
iii) Amount due from director (Note 11)	163,635	29,269

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
Later than 1 year and not later than 5 years	-	16,864,675
	-	21,496,555

The company does not currenty have an operating lease agreement.

SCHEDULE OF OTHER EXPENDITURE

	2019 Shs	2018 Shs
1. Programme expenses		
Case studies and research	1,805,839	13,222,192
Public interest litigation consultancies and legal fees	-	6,919,713
Policy and partnership	-	628,879
Communications and postage	574,536	1,750,136
Advocacy	1,323,138	2,411,803
Printing and publication	3,040,487	1,414,620
Travelling and accommodation	263,565	1,776,018
Monitoring and evaluation	-	920,000
Dissemination and courier	-	29,000
Salaries and wages	7,603,928	15,248,454
Professional fees	6,110,000	-
Total programme expenses	20,721,493	44,320,815
2. Administrative expenses		
Employment costs		
Salaries and wages	3,428,482	3,822,114
Staff medical	1,878,780	2,553,654
Staff training and welfare	-	45,900
Employer pension contributions	386,250	595,000
Employer National Social Security Fund contributions	64,800	115,801
Employer NITA contributions	2,700	5,400
Total employment costs	5,761,012	7,137,869
Other administrative expenses		
Professional fees	48,720	302,000
Secretarial fees	87,448	17,400
Printing and office stationery	3,800	46,780
Telephone and postage	125,994	182,690
Travelling and accommodation	104,054	276,650
Rent	4,504,180	4,306,500
Insurance	29,599	24,309
Security	1,016,151	2,216,055
Bank charges	103,378	163,020
Audit fees:		
- current year	450,000	650,053
- underprovision in prior year	25,009	77,186
Internet set up and maintenance	172,080	377,929
Office expenses	787,642	1,199,914
Office maintenance	1,000	14,750
Depreciation on property and equipment	378,785	487,520
Total other administrative expenses	7,837,840	10,342,756
Total administrative expenses	13,598,852	17,480,625
Capital expenditure	-	147,900
Total administrative expenses and capital expenditure	13,598,852	17,628,525