

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**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**

: ESR Kenya LLP  
: Certified Public Secretaries  
: P.O. Box 47323, 00100  
: NAIROBI

**LEGAL ADVISOR**

: Mbugua Mureithi and Co. Advocates  
: NAIROBI

**PRINCIPAL BANKER**

: NCBA Bank Kenya Plc  
: NAIROBI

## REPORT OF THE DIRECTORS

The directors submit their annual report and the audited financial statements for the year ended 31 December 2023, 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 ended 31 December 2023 the total donor grants utilised amounted to Shs. 36,703,025 as compared to prior year of Shs. 61,985,002. This decrease was mainly attributed to the ending of some projects during the year.

RESULTS	2023 Shs	2022 Shs
Donor income	36,703,025	61,984,998
Surplus for the year	1,875,335	3,178,441
Net assets	<u>5,044,659</u>	<u>3,358,115</u>

### PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to a variety of financial risks in the normal course of its activities. The board of directors reviews and agrees policies and procedures for the management of these risks, success of which remains dependent on overall market conditions.

In addition to the risks discussed above, the company's activities expose it to a number of financial risks including credit risk, cash flow and foreign currency risk and liquidity risk as set out below:

#### ***Credit risk***

The company's principal financial assets are cash and bank balances and grant receivables. The company's credit risk is primarily attributable to its grant receivables. The amounts presented in the statement of financial position are net of allowances for impairment on receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a number of counterparties.

#### ***Cashflow and foreign currency risk***

The majority of the company's grants are received in foreign currency but the functional currency is Kenya Shillings. The company is exposed to currency risk. This risk is managed through appropriate operational offset of open receivable and payable foreign currency positions.

#### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company monitors its need for cash on a regular basis and takes appropriate action.

**REPORT OF THE DIRECTORS (CONTINUED)**

**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.

**TERMS OF APPOINTMENT OF THE AUDITOR**

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**

26 November 2024

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which 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 income and expenditure for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; and that disclose, with reasonable accuracy, the financial position of the company and that enables 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 Kenyan Companies Act, 2015. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and 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 confirm that the financial statements give a true and fair view of the financial position of the company as at 31 December 2023 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.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern for at least the next twelve months from the date of this statement.

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

Approved by the board of directors on 26/11/1 2024 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 2023, statement of income and expenditure and general fund, statement of cash flows for the year then ended and the notes to financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2023, 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.

**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 company information, 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.

**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 requirements of 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 have no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

**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.

The engagement partner responsible for the audit resulting in this report of the independent auditor is CPA Patrick Kuria, Practising certificate No. 2045

A handwritten signature in blue ink, appearing to read "Patrick Kuria", written over a horizontal line.

**For and behalf of PKF Kenya LLP  
Certified Public Accountants  
Nairobi, Kenya**

*November 27, 2024*

**1292/24**

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*Africa Centre for Open Governance (AfriCOG)*  
*(A company limited by guarantee)*  
*Annual report and financial statements*  
*For the year ended 31 December 2023*

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

	Notes	2023 Shs	2022 Shs
Donor income	3	36,703,025	61,984,998
Other income	4	3,390,757	3,972,693
Programme expenses		(30,498,977)	(55,595,607)
Administrative expenses		(6,757,578)	(6,199,852)
<b>Other operating expenses</b>		<u>(808,413)</u>	<u>(809,264)</u>
<b>Surplus before tax</b>	5	2,028,814	3,352,968
Tax charge	7	<u>(153,479)</u>	<u>(174,527)</u>
<b>Surplus for the year</b>		1,875,335	3,178,441
<b>General fund at start of year</b>		<u>2,215,615</u>	<u>(962,826)</u>
<b>General fund at end of year</b>		<u><u>4,090,950</u></u>	<u><u>2,215,615</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**

	Notes	As at 31 December	
		2023 Shs	2022 Shs
<b>CAPITAL EMPLOYED</b>			
General fund		4,090,950	2,215,615
Capital fund	8	<u>953,709</u>	<u>1,142,500</u>
		<u>5,044,659</u>	<u>3,358,115</u>
<b>REPRESENTED BY</b>			
<b>Non-current assets</b>			
Property and equipment	9	<u>953,709</u>	<u>1,142,500</u>
<b>Current assets</b>			
Receivables	10	445,007	670,194
Cash and cash equivalents	11	20,139,716	26,526,674
Grant receivable	13	415,700	3,839,372
Tax recoverable		<u>40,921</u>	<u>81,948</u>
		<u>21,041,344</u>	<u>31,118,188</u>
<b>Current liabilities</b>			
Payables	12	9,030,138	15,468,880
Deferred income	13	<u>7,920,256</u>	<u>13,433,693</u>
		<u>16,950,394</u>	<u>28,902,573</u>
<b>Net current assets</b>		<u>4,090,950</u>	<u>2,215,615</u>
		<u>5,044,659</u>	<u>3,358,115</u>

The financial statements on pages 8 to 17 were approved and authorised for issue by the Board

of Directors on 26/11/2024 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.

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**STATEMENT OF CASH FLOWS**

	Notes	2023 Shs	2022 Shs
Surplus for the year		1,875,335	3,178,441
<b>Adjustments for non cash income and expenses:</b>			
Tax charge	7	153,479	174,527
Depreciation on property and equipment	9	188,791	238,276
Changes in working capital:			
- capital fund		(188,791)	(81,530)
- receivables		225,188	(362,790)
- payables		(6,438,742)	10,642,546
- Grant receivable		3,423,672	(3,839,372)
- deferred income		<u>(5,513,437)</u>	<u>(22,698,600)</u>
Cash from operating activities		(6,274,505)	(12,748,502)
Tax paid		<u>(112,453)</u>	<u>(228,499)</u>
Net cash (used in) operating activities		<u>(6,386,958)</u>	<u>(12,977,001)</u>
<b>Cash flows (used in) investing activities</b>			
Purchase of property and equipment	9	<u>-</u>	<u>(156,750)</u>
Net cash (used in) investing activities		<u>-</u>	<u>(156,750)</u>
<b>(Decrease) in cash and cash equivalents</b>		<u>(6,386,958)</u>	<u>(13,133,751)</u>
<b>Movement in cash and cash equivalents</b>			
At start of year		26,526,674	39,660,425
(Decrease)		<u>(6,386,958)</u>	<u>(13,133,751)</u>
At end of year	11	<u>20,139,716</u>	<u>26,526,674</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.

## 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.

### 2. 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) Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board. They are presented in Kenya Shillings (Shs). The measurement basis used is the historical cost basis.

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 trust's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2(b).

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 report of the directors 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.

#### b) Key sources of estimation uncertainty and judgements

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors 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.

- **Useful lives, depreciation methods and residual values of property and equipment** - Management reviews the useful lives, depreciation methods 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. The carrying amounts of property and equipment are disclosed in note 9.
- **Grants receivable** - Grants receivable comprise refundable expenditure on programs approved by donors. The carrying amount of grants receivable is disclosed in note 13.

**NOTES (CONTINUED)**

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

**b) Key sources of estimation uncertainty and judgements (continued)**

- **Impairment of non-financial assets** - Impairment exists when the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DC) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The carrying amounts of property and equipment is disclosed in note 9.

- **Taxation**

In making their judgement, as to whether the organisation is subject to taxation or not, the directors have recognised the fact that the organisation is engaged in charitable activities and thus would qualify for tax exemption as per the Income Tax Act. The management has applied for a tax exemption certificate from Kenya Revenue Authority.

**c) Revenue recognition**

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Grants for restricted purposes and for specified funded projects are recognised when received and spent on qualifying activities. Any unutilised grants are recognised as deferred revenue grants and any excess expenditure over income is recorded as grants receivable at year end where there is commitment of additional funds from grant providers to cover such expenditure.

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

Other income is recognised upon performance of the services rendered.

**d) Translation of foreign currencies**

Transactions in foreign currencies are translated in to Kenya Shillings (the functional currency) at the rates 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 rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income and expenditure and general fund in the year to which they relate.

**e) Property and equipment**

All property and equipment are initially recorded at cost and thereafter stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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 the statement of income and expenditure during the financial year in which they are incurred.

**NOTES (CONTINUED)**

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

**e) Property and equipment (continued)**

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, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

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.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating surplus.

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

At each reporting date, property and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or cash generating unit (CGU)) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of income and expenditure.

If an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised immediately in the statement of income and expenditure.

**g) 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.

Receivables are derecognised when the rights to receive the cash flows have expired, when the company has transferred substantially all risks and rewards of ownership, or when the company has no reasonable expectations of recovering the asset.

**h) 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.

**NOTES (CONTINUED)**

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

**i) Payables**

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

Payables are derecognised when the obligation under the liability is discharged or cancelled or expires.

**j) Deferred income**

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

**k) 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 are charged to statement of income and expenditure and general fund on a straight-line basis over the period of the lease.

**l) Retirement benefits obligation**

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.

**m) 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.

**n) Taxation**

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

**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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

**o) Comparatives**

There were no changes in presentation in the current year.



**NOTES (CONTINUED)**

	<b>2023</b>	<b>2022</b>
	<b>Shs</b>	<b>Shs</b>
<b>3. Donor income</b>		
Open Society International	12,891,501	11,665,500
Foundation to Promote Open Society	-	-
Ford Foundation	-	-
OSIEA - Linda Katiba	18,167,500	-
Open Society International/Elections	3,365,468	23,700,000
<b>Total donor income</b>	<b>34,424,469</b>	<b>35,365,500</b>
Deferred income brought forward (Note 13)	13,433,693	36,132,293
Grant receivable brought forward (Note 13)	(3,839,372)	-
Grant receivable carried forward (Note 13)	415,700	3,839,372
Deferred income carried forward (Note 13)	(7,920,256)	(13,433,693)
<b>Net donor income</b>	<b>36,514,234</b>	<b>61,903,472</b>
Transfer from capital fund (Note 8)	188,791	238,276
Transfer to capital fund	-	(156,750)
<b>Total grant income</b>	<b>36,703,025</b>	<b>61,984,998</b>
<b>4. Other income</b>		
Interest income	511,598	581,757
Other income	2,476,237	2,210,011
Foreign exchange gain	402,922	1,180,925
	<b>3,390,757</b>	<b>3,972,693</b>
<b>5. Surplus for the year</b>		
The following items have been charged in arriving at the surplus for the year:		
Depreciation on property and equipment (Note 9)	188,791	238,276
Audit fees:		
- current year	500,000	500,000
- underprovision in prior year	-	3,175
Operating lease rentals	576,000	541,736
Staff costs (Note 6)	12,964,384	14,390,854
<b>6. Staff costs</b>		
Salaries and wages	11,247,871	12,984,321
Other staff costs	1,171,188	980,613
Pension costs:		
- National Social Security Fund	25,920	25,920
- defined contribution scheme	420,000	400,000
Employer housing levy contributions	99,405	-
	<b>12,964,384</b>	<b>14,390,854</b>
The average number of persons employed during the year, by category, were:	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
- Management and administration	2	2

**NOTES (CONTINUED)**

	<b>2023</b>	<b>2022</b>		
	<b>Shs</b>	<b>Shs</b>		
<b>7. Tax</b>				
Current tax	153,479	174,527		
<b>8. Capital fund</b>				
At start of year	1,142,500	1,224,026		
Additions	-	156,750		
Transfer to income (Note 3)	(188,791)	(238,276)		
At end of year	953,709	1,142,500		
<b>9. 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>Shs</b>
<b>Cost</b>				
At start and end of year	4,226,679	2,550,758	613,535	7,390,972
<b>Accumulated depreciation</b>				
At start of year	3,963,947	1,790,657	493,868	6,248,472
Charge for the year	78,820	95,013	14,958	188,791
At end of year	4,042,767	1,885,670	508,826	6,437,263
<b>Net carrying amount</b>				
<b>As at 31 December 2023</b>	183,912	665,088	104,709	953,709
<b>As at 31 December 2022</b>	262,732	760,101	119,667	1,142,500
Depreciation has been charged under other operating expenses in the statement of income and expenditure and general fund.				
<b>10. Receivables</b>	<b>2023</b>	<b>2022</b>		
	<b>Shs</b>	<b>Shs</b>		
Prepayments	445,007	374,194		
Other receivables	-	296,000		
	445,007	670,194		
<b>11. Cash and cash equivalents</b>				
Cash at bank and in hand	20,139,716	26,526,674		
For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise the above.				
<b>12. Payables</b>				
Accruals	8,670,615	15,108,985		
Other payables	359,523	359,895		
	9,030,138	15,468,880		

**NOTES (CONTINUED)**

	<b>2023</b>	<b>2022</b>
	<b>Shs</b>	<b>Shs</b>
<b>13. Deferred income/(grant receivable)</b>		
Deferred income	7,920,256	13,433,693
Grant receivable	<u>(415,700)</u>	<u>(3,839,372)</u>
At end of year	<u><u>7,504,556</u></u>	<u><u>9,594,321</u></u>

The detailed analysis of deferred income is as follows:

<b>Project</b>	<b>At start of year deferred income/(grant receivable) Shs</b>	<b>Receipts during the year Shs</b>	<b>Expenditure and refund during the year Shs</b>	<b>At end of year grant receivable Shs</b>	<b>At end of year deferred income Shs</b>
Embassy of the Republic of Netherlands	129,686	-	(321)	-	129,365
Open Society Institute	1,462,511	-	(831,401)	-	631,110
Open Society International	5,269,538	12,891,501	(17,644,988)	-	516,051
Foundation to Promote Open Society	205,407	-	(17,241)	-	188,166
Department for International Development	1,914	-	-	-	1,914
Canadian International Development Agency	12,250	-	-	-	12,250
Ford Foundation	6,352,387	-	(6,286,633)	-	65,754
Open Society International/Elections	(3,781,168)	3,365,468	-	(415,700)	-
OSIEA- Linda Katiba	<u>(58,204)</u>	<u>18,167,500</u>	<u>(11,733,650)</u>	<u>-</u>	<u>6,375,646</u>
	<u><u>9,594,321</u></u>	<u><u>34,424,469</u></u>	<u><u>(36,514,234)</u></u>	<u><u>(415,700)</u></u>	<u><u>7,920,256</u></u>

Deferred income relates to unexpended portion of grants received.

Grant receivable relates to amounts expected from the donors for expenses incurred for the projects.

**14. Related party transactions**

The following transactions were carried out with related parties:

**i) Key management personnel compensation**

Salaries and wages	<u><u>7,392,000</u></u>	<u><u>7,392,000</u></u>
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**SCHEDULE OF OTHER EXPENDITURE**

	<b>2023</b>	<b>2022</b>
	<b>Shs</b>	<b>Shs</b>
<b>1. Programme expenses</b>		
Case studies and research	11,069,760	24,986,898
Communications and postage	894,293	3,205,160
Advocacy	-	116,000
Printing and publication	1,217,700	2,296,817
Travelling and accommodation	2,754,372	6,063,645
Salaries and wages	8,998,297	10,387,457
Professional fees	1,480,000	7,907,800
Meeting and workshops	4,084,555	631,830
<b>Total programme expenses</b>	<b>30,498,977</b>	<b>55,595,607</b>
<b>2. Administrative expenses</b>		
<b>Employment costs</b>		
Salaries and wages	2,249,574	2,596,864
Staff medical	1,170,338	979,413
Employer pension contributions	420,000	400,000
Other staff costs	273,980	-
Employer National Social Security Fund contributions	25,920	25,920
Employer housing levy contributions	99,405	-
Employer NITA contributions	850	1,200
<b>Total employment costs</b>	<b>4,240,067</b>	<b>4,003,397</b>
<b>Other administrative expenses</b>		
Professional fees	206,853	110,860
Secretarial fees	80,534	73,485
Telephone and postage	108,106	136,048
Travelling and accommodation	158,525	181,039
Bank charges	199,167	171,384
Audit fees:		
- current year	500,000	500,000
- underprovision in prior year	-	3,175
Internet set up and maintenance	87,339	290,266
Office expenses	1,115,757	659,198
Office maintenance	61,230	71,000
<b>Total other administrative expenses</b>	<b>2,517,511</b>	<b>2,196,455</b>
<b>Total administrative expenses</b>	<b>6,757,578</b>	<b>6,199,852</b>
<b>3. Other operating expenses</b>		
<b>Establishment:</b>		
Rent	576,000	541,736
Insurance	43,622	29,252
Depreciation on property and equipment	188,791	238,276
<b>Total other operating expenses</b>	<b>808,413</b>	<b>809,264</b>

