

GLOBAL E-SCHOOLS AND COMMUNITIES INITIATIVE, (GESCI) KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2018

*Global E-Schools and Communities Initiative, Kenya
Annual report and financial statements
For the year ended 31st December 2018*

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Global E-Schools and Communities Initiative, Kenya

Organisation information

For the year ended 31st December 2018

Board members

Mr Brendan Tuohy - Chairman
Mr Jerome Morrissey - Secretary
Mr Byll-Cataria, Ahlin
Dr. Raymond Myers
Mr John Mati Muthangya - Treasurer (Appointed on 20th March 2019)
Hendrina Chalwe Doroba (Appointed on 20th March 2019)
Mary Kangethe (Appointed on 20th March 2019)
Mr Joseph Okelo (Resigned on 12th May 2017)
Ms Christina Susanna Gertruida Van Wyk (Resigned on 12th January 2018)
Mr Matti Sinko (Resigned on 6th March 2018)

Registered office

L.R. No 1870/IX/58
9th Floor, Unga House
P.O. Box 66380 - 00808
Westlands,
Nairobi,
Kenya.

Independent auditor

RSM Eastern Africa LLP
Certified Public Accountants
1st Floor, Pacis Centre,
Slip Road, off Waiyaki Way, Westlands
P.O. Box 349 - 00606
Nairobi,
Kenya.

Principal banker

Barclays Bank of Kenya Limited
Westlands Branch,
P.O. Box 46661 - 00100,
Nairobi,
Kenya

Legal advisor

Iseme, Kamau & Maema Advocates
IKM Place, Tower A, 5th Floor, 5th Ngong Avenue,
P.O. Box 11866 - 00400
Nairobi,
Kenya.

The board submits its report together with the audited financial statements for the year ended 31st December 2018, which disclose the state of affairs of the Organisation.

Registration

Global E-Schools and Communities Initiative, Kenya is a Non-Governmental Organisation (NGO) registered on 22nd March 2007 under the National NGO Co-ordination Act of 1990 and began operations on 1st September 2007.

Directorate

The members of the board who held office during the year and to the date of this report are set out on page 1.

Principal activities

The principal activity of GESCI is to assist Governments in the socio-economic development of their countries, through the widespread integration of technology for knowledge society development and in particular the application of ICT to enhance education.

Statement as to disclosure to the organisation's auditor

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

- (a) there is, so far as the person is aware, no relevant audit information of which the organisation'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 organisation's auditor is aware of that information.

Terms of appointment of the auditor

The board 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 KSh 775,000 has been charged to income statement.

By order of the board


.....
Chairman - Brendan Tuohy

Nairobi 26/3/..... 2019



RSM Eastern Africa LLP
Certified Public Accountants

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GLOBAL E-SCHOOLS AND COMMUNITIES INITIATIVE, KENYA

Opinion

We have audited the accompanying financial statements of Global E-Schools and Communities Initiative, Kenya, set out on pages 6 to 18 which comprise the statement of financial position as at 31st December 2018, the income statement, statement of changes in fund balance and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the Organisation as at 31st December 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 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.

Basis of Accounting and Restriction of Distribution and Use

Without modifying our opinion above, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Global E-schools and Communities Initiative, Kenya and the donors. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Global E-Schools and Communities Initiative, Kenya and the donors and should not be distributed to or used by parties other than Global E-Schools and Communities Initiative, Kenya and the donors.

Other information

The board is responsible for the other information. Other information comprises the information included in 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.

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Registration number: LLP-3A1VXM

Partners: Ashif Kassam, Lina Ratansi, Nihla Mazrul, Elvis Ogeto

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF GLOBAL E-SCHOOLS AND COMMUNITIES INITIATIVE, KENYA (CONTINUED)**

Board's responsibility for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the board determine 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 board is responsible for assessing the organisation'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 board 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism 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 the 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 organisation's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

RSM Eastern Africa LLP

RSM Eastern Africa LLP
Certified Public Accountants
Nairobi

26 March

..... 2019

076/2019

The signing partner responsible for the independent audit was CPA Nihla Mazrui, Practising Certificate No. 2377.

Global E-Schools and Communities Initiative, Kenya

Financial statements

For the year ended 31st December 2018

INCOME STATEMENT FOR THE YEAR END 31ST DECEMBER 2018

	Note	2018 KSh	2017 KSh
Grant income	4(a)	230,372,079	158,350,345
Other income	4(b)	<u>32,961,415</u>	<u>13,589,772</u>
		263,333,494	171,940,117
Staff costs		(111,817,075)	(132,923,664)
Capacity building		(53,297,708)	(60,517,924)
Communication		(1,012,547)	(33,204)
Other project operating expenses		(46,391,879)	(53,605,361)
General expenses		(40,614,048)	(1,202,584)
Foreign exchange differences	5	<u>762,716</u>	<u>11,592,692</u>
Surplus/(deficit) for the year	6	<u><u>10,962,953</u></u>	<u><u>(64,753,928)</u></u>
<u>Made up of:</u>			
Surplus/(deficit) from project fund		18,615,586	(77,141,116)
(Deficit)/surplus from general fund		<u>(7,652,633)</u>	<u>12,387,188</u>
		<u><u>10,962,953</u></u>	<u><u>(64,753,928)</u></u>

Global E-Schools and Communities Initiative, Kenya

Financial statements

For the year ended 31st December 2018

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER 2018

	Note	2018 KSh	2017 KSh
FUND BALANCES			
Project fund balances	7	85,474,815	75,991,296
General fund balances		<u>61,748,210</u>	<u>69,470,905</u>
		<u>147,223,025</u>	<u>145,462,201</u>
Non-current liabilities			
Deferred capital grant	8	<u>104,483</u>	<u>1,049,795</u>
		<u>147,327,508</u>	<u>146,511,996</u>
REPRESENTED BY			
Non-current assets			
Property and equipment	9	104,483	207,787
Intangible asset	10	<u>-</u>	<u>842,008</u>
		<u>104,483</u>	<u>1,049,795</u>
Current assets			
Prepayments and deposits	11	3,460,857	4,247,840
Cash at bank and in hand	12	<u>155,798,822</u>	<u>168,158,930</u>
		<u>159,259,679</u>	<u>172,406,770</u>
Current liabilities			
Payables	13	<u>12,036,654</u>	<u>26,944,569</u>
		<u>147,223,025</u>	<u>145,462,201</u>
		<u>147,327,508</u>	<u>146,511,996</u>

The financial statements on pages 6 to 18 were approved by the board for issue on 26/03/2019 2019 and were signed on its behalf by:

 Chairman
Brendan Tuohy

 Secretary
Jerome Morrissey

Global E-Schools and Communities Initiative, Kenya
Financial statements
For the year ended 31st December 2018

STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED 31ST DECEMBER 2018

Note	General Fund KSh	Projects Fund KSh	Total KSh
At 1st January 2017	74,000,617	136,215,512	210,216,129
Transfer of project fund from general fund	(16,916,900)	16,916,900	-
Surplus/(deficit) for the year	<u>12,387,188</u>	<u>(77,141,116)</u>	<u>(64,753,928)</u>
At 31st December 2017	<u>69,470,905</u>	<u>75,991,296</u>	<u>145,462,201</u>
At 1st January 2018	69,470,905	75,991,296	145,462,201
Transfer of project fund from general fund	(70,062)	70,062	-
Refunded to the donor	-	(9,202,129)	(9,202,129)
(Deficit)/surplus for the year	<u>(7,652,633)</u>	<u>18,615,586</u>	<u>10,962,953</u>
At 31st December 2018	<u>61,748,210</u>	<u>85,474,815</u>	<u>147,223,025</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2018

	Note	2018 KSh	2017 KSh
Cash flows from operating activities			
Deficit for the year		10,962,953	(64,753,928)
Adjustments for:			
Depreciation of property and equipment	9	103,304	357,076
Amortisation of intangible assets	10	842,008	912,176
Operating surplus before working capital changes			
Decrease in prepayments and deposits		786,983	2,574,128
Decrease in deferred income		(945,312)	(1,269,252)
Decrease in trade and other payables		(14,907,915)	(30,077,886)
Net cash used in operating activities		<u>(3,157,979)</u>	<u>(92,257,686)</u>
Cash flows from financing activities			
Refunded to the donor		<u>(9,202,129)</u>	<u>-</u>
Net cash used in financing activities		<u>(9,202,129)</u>	<u>-</u>
Net decrease in cash and cash equivalents		(12,360,108)	(92,257,686)
Cash and cash equivalents at start of year		<u>168,158,930</u>	<u>260,416,616</u>
Cash and cash equivalents at end of year	12	<u>155,798,822</u>	<u>168,158,930</u>

NOTES (CONTINUED)

I. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these general purpose financial statements are set out below:

a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenya Shillings, which is also the functional currency (see (c) below).

The financial statements comprise a income statement, balance sheet (statement of financial position), statement of changes in fund balance, statement of cash flows, and notes. Income and expenses are recognised in the income statement.

b) New and revised standards

i) Adoption of new and revised standards

A number of amendments to standards became effective for the first time in the financial year beginning 1st January 2018 and have been adopted by the organisation. None of them has had an effect on the organisation's financial statements.

ii) New and revised standards that have been issued but are not yet effective

The organisation has not applied any new or revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2018, and the board does not plan to apply any of them until they become effective. Note 15 lists all such new or revised standards and interpretations, with their effective dates, and provides reasonably estimable information relevant to assessing the possible impact that application of them will have on the company's financial statements in the period of initial application.

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the organisation operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the income statement in the year in which they arise,

d) Revenue and expenditure recognition

Income from donors' funds and grants received are measured at fair value of the consideration received or receivable. It is recognised when it is probable that future economic benefits will flow to the organisation and the amount of revenue can be measured reliably.

e) Taxation

Global E-Schools and Communities Initiative, Kenya is exempt from income tax under the First Schedule, paragraph 10 of the Income Tax Act. The Organisation is exempted under the Privileges and Immunity Act Chapter 179, which was gazetted on 7th October 2011.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

f) Financial instruments

Classification

The company classifies its financial instruments into the following categories:

- i) All financial assets are classified and measured at fair value through income statement or amortised costs.
- ii) All other financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows:

- Deposit and prepayments were classified as at amortised cost:

Initial measurement

On initial recognition:

- i) Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair
- ii) Deposit and prepayments are measured at their transaction price.
- iii) All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition.

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured at amortised cost or at fair value through profit or loss according to their classification.

Presentation

All financial assets are classified as current assets.

All financial liabilities are classified as current liabilities.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the organisation has transferred substantially all risks and rewards of ownership, or when the Company has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

g) Post-employment benefit obligations

The organisation operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance organisation. A defined contribution plan is a plan under which the organisation pays fixed contributions into a separate fund, and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The organisation's contributions are charged to the profit and loss account in the year to which they relate.

The organisation and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the organisation's contributions are charged to the profit and loss account in the year to which they relate.

h) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful life, using the straight-line method. The following annual rates are used for the depreciation of property and

	<u>Rate %</u>
Office equipment	12.5%
Computers, copiers and faxes	33.3%
Furniture and fittings	12.5%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in income statement.

i) Intangible assets - computer software costs

Software license costs that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to write down the cost of each license or item of software to its residual value over its estimated useful life using an annual rate of 33.33%.

j) Deferred capital grant

Grants received for the purchase of property and equipment and intangible assets are taken to deferred capital grant and transferred to the income statement over the expected lives of the respective assets.

1. Summary of significant accounting policies (continued)

k) Cash and cash equivalents

Cash and cash equivalents include cash with banking institutions.

2. Risk management objectives and policies

a) Financial risk management

The organisation's activities expose it to a variety of financial risks including credit, liquidity, market risks and the effect of changes in foreign currency. The organisation's overall risk management programme focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on its performance by setting acceptable levels of risk.

i) Credit risk and expected credit losses

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a organisation-wide basis.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

	Total KSh
Year ended 31st December 2018	
Prepayments and deposits	3,460,857
Cash at bank	<u>155,798,822</u>
	<u>159,259,679</u>
Year ended 31st December 2017	
Prepayments and deposits	4,247,840
Cash at bank	<u>168,158,930</u>
	<u>172,406,770</u>

ii) Liquidity risk

Liquidity risk is the risk that the organisation will encounter difficulty in meeting obligations associated with financial liabilities. The organisation pays trade payables and other payables as they are due. The organisation has not developed a formal liquidity risk management policy but rather relies on the judgement of board.

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities.

	Less than 1 month KSh	Between 1-3 months KSh	Between 3-12 months KSh	Total KSh
Year ended 31st December 2018				
Other payables	<u>12,036,654</u>	<u>-</u>	<u>-</u>	<u>12,036,654</u>
Year ended 31st December 2017				
Other payables	<u>26,944,569</u>	<u>-</u>	<u>-</u>	<u>26,944,569</u>

2. Risk management objectives and policies (continued)

a) Financial risk management (continued)

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises two types of risks: currency risk and other price risk.

Currency risk

Currency risk arises on financial instruments denominated in foreign currency. The organisation has bank balances that are denominated in foreign currency.

The significant exposure in respect of each currency is as follows:

	KSh	Total KSh
Year ended 31st December 2018		
Cash at bank	<u>155,798,822</u>	<u>155,798,822</u>
Year ended 31st December 2017		
Cash at bank	<u>120,972,650</u>	<u>120,972,650</u>

If the foreign currency were to appreciate against the Kenya Shilling by 10%, with all other factors remaining constant, the surplus for the year would be lower/higher by KSh 12,731,549 (2017: KSh 12,097,265).

Other price risk

The organisation is not exposed to other price risk.

3. Significant judgements and key sources of estimation uncertainty

There are no critical accounting estimates and judgements made in the preparation of the financial statements for the current year.

	2018 KSh	2017 KSh
4(a) Grant income		
Swedish International Development Agency	-	23,479,126
The Master Card Foundation - ADSI Programme	<u>230,372,079</u>	<u>134,871,219</u>
	<u>230,372,079</u>	<u>158,350,345</u>
4(b) Other income		
Administrative expenses recoveries:		
- Ministry of Foreign Affairs - ALICT phase	-	1,113,068
- The Master Card Foundation - ADSI Programme	23,359,955	7,049,642
Consultancy income	9,601,460	3,665,115
The Master Card Foundation - ISE Workshop	-	1,292,411
Interest income	-	469,536
	<u>32,961,415</u>	<u>13,589,772</u>

Global E-Schools and Communities Initiative, Kenya
 Financial statements
 For the year ended 31st December 2018
NOTES (CONTINUED)

	2018 KSh	2017 KSh
5. Foreign exchange differences		
Foreign exchange gain	<u>(762,716)</u>	<u>(11,592,692)</u>

The exchange gain arises from the translation of foreign currency at the year end.

6. Surplus/(deficit) for the year

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

Employee benefits expense	111,817,075	132,925,664
Depreciation of property and equipment	103,304	357,076
Amortisation of intangible assets	842,008	912,176
Auditors' remuneration		
- Current year	909,130	909,484
- Prior year under provision	<u>-</u>	<u>125,422</u>

7. Project fund balances

As at 1st January	75,991,296	136,215,512
Transfer of project fund to from general fund	70,062	16,916,900
Refunded to the donor	(9,202,129)	-
Receipts during the year taken to income statement	230,372,079	158,350,345
Expenses paid as reflected in the income statement	(212,519,209)	(247,084,153)
Foreign exchange differences	<u>762,716</u>	<u>11,592,692</u>
As at 31st December	<u>85,474,815</u>	<u>75,991,296</u>

* Transfer of project fund to general fund relates to amounts reclassified from the project fund balances to the general fund as recoveries for operation expenses which had initially been carried under general fund balances.

8. Deferred capital grant

Deferred income relates to funds utilised in the acquisition of assets and are transferred to the income statement over the expected lives of the respective asset.

	2018 KSh	2017 KSh
At 1st January	1,049,795	2,319,047
Grant amortised during the year - property and equipment (Note 9)	(103,304)	(357,076)
Grant amortised during the year - intangible assets (Note 10)	<u>(842,008)</u>	<u>(912,176)</u>
At 31st December	<u>104,483</u>	<u>1,049,795</u>

9. Property, plant and equipment

	Furniture & fittings KSh	Computers copiers & faxes KSh	Office equipment KSh	Total KSh
At 1st January 2017				
Cost	1,353,070	5,603,144	1,775,700	8,731,914
Accumulated depreciation	(1,271,404)	(5,395,871)	(1,499,776)	(8,167,051)
Net carrying value	81,666	207,273	275,924	564,863
Year ended 31st December 2017				
Opening carrying amount	81,666	207,273	275,924	564,863
Charge for the year	(23,915)	(207,273)	(125,888)	(357,076)
Closing carrying value	57,751	-	150,036	207,787
At 31st December 2017				
Cost	1,353,070	5,603,144	1,775,700	8,731,914
Accumulated depreciation	(1,295,319)	(5,603,144)	(1,625,664)	(8,524,127)
Net carrying amount	57,751	-	150,036	207,787
At 1st January 2018				
Cost	1,353,070	5,603,144	1,775,700	8,731,914
Accumulated depreciation	(1,295,319)	(5,603,144)	(1,625,664)	(8,524,127)
Net carrying value	57,751	-	150,036	207,787
Year ended 31st December 2018				
Opening carrying amount	57,751	-	150,036	207,787
Charge for the year	(17,542)	-	(85,762)	(103,304)
Closing carrying value	40,209	-	64,274	104,483
At 31st December 2018				
Cost or valuation	1,353,070	5,603,144	1,775,700	8,731,914
Accumulated depreciation	(1,312,861)	(5,603,144)	(1,711,426)	(8,627,431)
Net carrying amount	40,209	-	64,274	104,483

10. Intangible assets

	2018 KSh	2017 KSh
Cost		
At 1st January and 31st December	2,943,097	2,943,097
Amortisation		
At 1st January	2,101,089	1,188,913
Amortisation charge	842,008	912,176
At 31st December	2,943,097	2,101,089
Net book amount		
At 31st December	-	842,008

NOTES (CONTINUED)

	2018 KSh	2017 KSh
11. Receivables and deposits		
Prepayment	2,412,006	3,320,140
Deposits	<u>1,048,851</u>	<u>927,700</u>
	<u><u>3,460,857</u></u>	<u><u>4,247,840</u></u>

12. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Cash at bank and in hand	<u>155,798,822</u>	<u>168,158,930</u>
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13. Payables

Other payables	<u>12,036,654</u>	<u>26,944,569</u>
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The carrying amount of payables approximates to their fair value.

14. Operating lease Commitments

Operating lease commitments represent rentals payable by the organisation for rented office space. Rental expenses during the year amounted to KSh 3,121,029 (2017: KSh 6,253,147).

The future minimum lease payments under operating leases are as follows:

	2018 KSh	2017 KSh
Not later than 1 year	3,121,029	6,464,506
Later than 1 year and not later than 5 years	<u>-</u>	<u>6,828,572</u>
	<u><u>3,121,029</u></u>	<u><u>13,293,078</u></u>

15. New and revised financial reporting standards

The organization has not applied the following new and revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2018.

- Amendments to IFRS 10 and IAS 28 titled *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. The amendments, applicable from a date yet to be determined.
- Amendments to IFRS 10 and IAS 28 titled *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued in September 2014) – The amendments, applicable from a date yet to be determined.
- IFRS 16 *Leases* (issued in January 2016). The new standard, effective for annual periods beginning on or after 1st January 2019.
- IFRS 17 *Insurance Contracts* (issued in May 2017). The new standard, effective for annual periods beginning on or after 1st January 2021.

IFRIC 23 *Uncertainty over Income Tax Treatments* (issued in June 2017). The Interpretation, applicable to annual periods beginning on or after 1st January 2019.

NOTES (CONTINUED)

15. New and revised financial reporting standards (continued)

Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (issued in October 2017). The amendments, applicable to annual periods beginning on or after 1 January 2019.

Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (issued in October 2017). The amendments, applicable to annual periods beginning on or after 1st January 2019.

Amendments to IFRS 3 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017. The amendments, applicable to annual periods beginning on or after 1st January 2019.

Amendments to IFRS 11 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017. The amendments, applicable to annual periods beginning on or after 1st January 2019.

Amendments to IAS 12 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017. The amendments, applicable to annual periods beginning on or after 1st January 2019.

Amendments to IAS 23 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017. The amendments, applicable to annual periods beginning on or after 1st January 2019.

Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (issued in February 2018). The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2019.

Amendments to IFRS 3 titled Definition of a Business (issued in October 2018). The amendments, applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st January 2020.

Amendments to IAS 1 and IAS 8 titled Definition of Material (issued in October 2018). The amendments, applicable to annual periods beginning on or after 1 January 2020.

Global E-Schools and Communities Initiative, Kenya
Supplementary information
For the year ended 31st December 2018

SCHEDULE OF OPERATING EXPENDITURE

A. PROJECT EXPENSES

	2018	2017
	KSh	KSh
1. STAFF COSTS		
Salaries and wages	82,966,229	97,678,494
Statutory deductions	14,362,770	13,854,317
Pension contribution	4,306,211	10,507,117
Home trip benefits	-	109,432
Recruitment expenses	39,585	36,110
Health insurance	7,872,410	8,701,991
Medical cost	15,602	-
Death & disability insurance	2,254,268	2,038,203
	<u>111,817,075</u>	<u>132,925,664</u>
2. CAPACITY BUILDING		
Official travel	5,068,831	9,267,690
Per diem	221,682	-
Meetings & workshops	41,565,679	34,789,940
Conferences	-	383,459
Consultants and external services	6,441,516	16,076,835
	<u>53,297,708</u>	<u>60,517,924</u>
3. COMMUNICATION		
Deliveries and courier	12,774	1,250
Telephone	295,414	393,789
Internet	704,359	1,155,466
Marketing and promotional materials	-	(1,515,301)
	<u>1,012,547</u>	<u>35,204</u>
4. OTHER PROJECTS OPERATING EXPENSES		
Rent & utilities	1,953,802	5,381,804
Insurance	784,540	628,303
Office printing and stationery	59,423	476,479
Newspapers	12,766	70,484
IT support systems	200,915	16,700
Other office costs	19,340,295	37,338,617
Electricity expenses	180,886	88,816
Audit fees		
- Current year	-	909,484
- Prior year under provision	-	125,422
Depreciation of property and equipment	846,508	235,784
Amortisation of intangible asset	-	912,176
Amortisation of grant income	(846,508)	(1,147,960)
Bank charges	361,345	406,542
Programme delivery fees	23,497,907	8,162,710
	<u>46,391,879</u>	<u>53,605,361</u>

Global E-Schools and Communities Initiative, Kenya
Supplementary information
For the year ended 31st December 2018

SCHEDULE OF OPERATING EXPENDITURE

B. GENERAL EXPENSES

	2018	2017
	KSh	KSh
I. OTHER GENERAL OPERATING EXPENSES		
Salaries and wages	19,759,439	3,631,331
Pension contribution	1,776,826	575,984
Other staff costs	87,390	-
Meetings & workshops	-	1,304,425
Consultants and external services	196,010	928,410
Telephone	243,195	-
Internet	445,936	-
Rent & utilities	4,701,962	871,343
Insurance	639,172	398,361
Other office costs	6,025,344	120,217
Electricity expenses	199,041	-
Depreciation of property and equipment	98,804	121,292
Amortised grant income	(98,804)	(121,292)
Bank charges	106,620	3,573
Audit fees	909,130	-
Foreign exchange income	5,523,983	(6,631,060)
	<u>40,614,048</u>	<u>1,202,584</u>

*Global E-Schools and Communities Initiative, Kenya
Supplementary information
For the year ended 31st December 2018*

SCHEDULE OF PROJECT FUND BALANCES

Donor	Project fund balance at 1st January 2018 KSh	*Transferred to general fund KSh	Refunded to the donor KSh	Grant income received KSh	Administrative expenses recovery for the year 2018 KSh	Operating expenditure KSh	Fund balance at 31st December 2018 KSh
The Master Card Foundation-ADSI Program	48,421,207	-	-	230,372,079	-	(193,318,471)	85,474,815
Ministry of Foreign Affairs-AKE Phase 3	1,434,236	(148,513)	(1,285,723)	-	-	-	-
Swedish International Development Agency	18,219,447	218,575	-	-	-	(18,438,022)	-
Ministry of Foreign Affairs-ALICT Phase 2	7,916,406	-	(7,916,406)	-	-	-	-
Total	75,991,296	70,062	(9,202,129)	230,372,079	-	(211,756,493)	85,474,815

* Transfer of project fund to general fund relates to amounts reclassified from the project fund balances to the general fund as recoveries for operation expenses which had initially been carried under fund balances.