

**KENYA RED CROSS SOCIETY**

**ANNUAL REPORT AND SPECIAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2023**

**KENYA RED CROSS SOCIETY**  
**ANNUAL REPORT AND SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**KENYA RED CROSS SOCIETY**  
**ANNUAL REPORT AND SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**  
**SOCIETY INFORMATION**

**NATIONAL EXECUTIVE COMMITTEE**

Hon. Geoffrey Kipngetich Korir	Governor
Julianne Njeri Kamau	First Deputy Governor
Samuel Nyairo	Second Deputy Governor
Mohamud Salat	Treasurer
Dr. Asha Mohammed	Secretary General (Resigned on 13 April 2023)
Dr. Ahmed Idris	Secretary General (Appointed 14 April 2023)
Dr. Amin Sheikh	Committee Member
Dr. Phitalis Were Masakhwe	Committee Member
Ali Gedi Ali	Committee Member
Lydia Wanjiku Githinji	Committee Member
Dr. Ramadhan Marjan	Committee Member
Francis Koech	Committee Member
Aurelia Chepkirui Rono	Committee Member
John Kenduiwo	Committee Member
Amina Galgalo Dika	Committee Member
Raffaella Ntotoi Bulyar	Committee Member
Dr. Henry Simiyu	Committee Member
Abdihakim Hassan Ahmed	National Youth Chairperson

**INDEPENDENT AUDITOR**

KPMG Kenya  
Certified Public Accountants  
8 Floor, ABC Towers  
Waiyaki Way  
P O Box 40612 – 00100  
Nairobi

**REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

L.R. No. 43163  
Red Cross Road, off Popo Road  
P O Box 40712 – 00100  
Nairobi

**PRINCIPAL BANKERS**

National Bank of Kenya Limited  
National Bank Building  
Harambee Avenue  
P O Box 41862 – 00100  
Nairobi

**KENYA RED CROSS SOCIETY**

**ANNUAL REPORT AND SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**  
**SOCIETY INFORMATION (CONTINUED)**

**PRINCIPAL BANKERS (Continued)**

KCB Bank Kenya Limited  
Corporate Banking Division  
Diversified Industries  
KCB Towers, 2<sup>nd</sup> Floor  
P O Box 48400 – 00100  
Nairobi

**LEGAL ADVISORS**

Kaplan and Stratton Advocates  
Williamson House  
4<sup>th</sup> Avenue Ngong  
Nairobi, Kenya

Garane and Somane Advocates  
4<sup>th</sup> Floor, Hughes Building  
Kenyatta Avenue  
Nairobi, Kenya

# **KENYA RED CROSS SOCIETY**

## **REPORT OF THE NATIONAL EXECUTIVE COMMITTEE** **FOR THE YEAR ENDED 31 DECEMBER 2023**

The National Executive Committee (the "Committee") submits the audited special purpose financial statements of Kenya Red Cross Society, for the year ended 31 December 2023, which disclose the state affairs of the Society's activities.

### **1. Principal activity**

The Kenya Red Cross Society (KRCS) is a humanitarian relief organisation created through an Act of Parliament, Cap. 256 of the Laws of Kenya on 21 December 1965. Previously, the Society existed as a branch of the British Red Cross between 1939 and 1965. As a voluntary organisation, the Society operates through a network of 8 regions and 47 branches countrywide.

### **2. Results**

	<b>2023</b> <b>KShs</b>	<b>2022</b> <b>KShs</b>
(Deficit)/Surplus for the year	<u><b>(175,461,897)</b></u>	<u><b>2,171,123,516</b></u>

### **3. Branches**

KRCS branches are as detailed below:

<b>Central Region</b>	<b>Lower Eastern</b>	<b>North Rift Counties</b>	<b>Western Region</b>
Central Regional Office	Lower Eastern Regional Office	North Rift Regional Office	West Kenya Regional Office
Embu County	Kitui County	Elgeyo Marakwet County	Busia County
Kiambu County	Kajiado County	Turkana County	Homabay County
Kirinyaga County	Machakos County	Uasin Gishu County	Kakamega County
Laikipia County	Makueni County	West Pokot County	Kisii County
Meru County	Nairobi County	Bungoma County	Kisumu County
Muranga County		Nandi County	Migori County
Nyeri County	<b>North Eastern</b>	Trans nzoia County	Nyamira County
Tharaka Nithi County	North Eastern Regional Office		Siaya County
	Garissa County	<b>South Rift Branches</b>	Vihiga County
	Mandera County	South Rift Region Office	
<b>Coast Region</b>			
Coast Regional Office	Wajir County	Baringo County	
Kilifi County		Bomet County	
Kwale County	<b>Upper Eastern Region</b>	Kericho County	
	Upper Eastern Region Office		
Lamu County	Isiolo County	Nakuru County	
Mombasa County	Marsabit County	Narok County	
Taita Taveta County	Samburu County	Nyandarua County	
Tana River County			

**KENYA RED CROSS SOCIETY**

**REPORT OF THE NATIONAL EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

**4. National executive committee members**

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

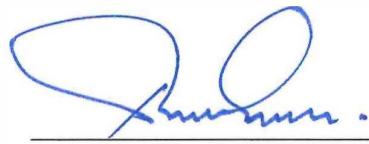
**5. Independent auditor**

The auditor, KPMG Kenya, have expressed their willingness to continue in office. The Committee shall monitor the effectiveness, objectivity and independence of the auditor.

**6. Approval of the special purpose financial statements**

The annual report and special purpose financial statements of Kenya Red Cross Society for the year ended 31 December 2023, were approved, and authorised for issue by the Committee on 20 May 2024.

**BY ORDER OF THE NATIONAL EXECUTIVE COMMITTEE**

  
\_\_\_\_\_  
**SECRETARY GENERAL  
KENYA RED CROSS SOCIETY**

**Date: 20 May 2024**

## KENYA RED CROSS SOCIETY

### STATEMENT OF NATIONAL EXECUTIVE COMMITTEE'S RESPONSIBILITIES

The National Executive Committee of the Kenya Red Cross Society (KRCS) ("the Committee") is responsible for the preparation and presentation of the special purpose financial statements of Kenya Red Cross Society ("the Society") , which comprise the statement of financial position as at 31 December 2023, and the statement of income and expenditure, statement of changes in reserves and accumulated funds and the statement of cash flows for the year then ended, and notes to the special purpose financial statements, including a summary of significant accounting policies.

The Committee's responsibility includes: determining that the basis of accounting described in Note 2 to the special purpose financial statements is an acceptable basis for preparing and presenting the special purpose financial statements in the circumstances, and for such internal control as the Committee determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

The Committee further accepts responsibility for the preparation and presentation of the special purpose financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with accounting policies of the Society. The Committee is of the opinion that the special purpose financial statements have been prepared in all material respects in accordance with the basis of accounting described in Note 2 to the special purpose financial statements. The Committee further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of special purpose financial statements, as well as adequate systems of internal financial control. The Committee is also responsible for safeguarding the assets of the Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Committee has made an assessment of the Society's ability to continue as a going concern and has no reason to believe that the Society will not be a going concern for at least the next twelve months from the date of this statement.

The Committee acknowledges that the independent audit of the Society's special purpose financial statements does not relieve them of their responsibilities.

#### **Approval of the special purpose financial statements**

The special purpose financial statements of the Society, as indicated above, were approved and authorised for issue by the National Executive Committee on 20 May 2024:

**Hon. Geoffrey Kipnetich Korir**  
*Governor*

**Mr. Mohamud Salat**  
*Treasurer*



**KPMG Kenya**  
**Certified Public Accountants**  
8th Floor, ABC Towers  
Waiyaki Way  
PO Box 40612 00100 GPO  
Nairobi, Kenya

Telephone +254-20-2806000  
Email [info@kpmg.co.ke](mailto:info@kpmg.co.ke)  
Website [www.kpmg.com/eastafrica](http://www.kpmg.com/eastafrica)

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE NATIONAL EXECUTIVE COMMITTEE OF KENYA RED CROSS**  
**SOCIETY**

***Opinion***

We have audited the special purpose financial statements of Kenya Red Cross Society (the Society) as set out on page 10 to 28, which comprise the statement of financial position as at 31 December 2023, the statement of income and expenditure, the statement of changes in reserves and accumulated funds and statement of cash flows for the year then ended and notes to the special purpose financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying special purpose financial statements of Kenya Red Cross Society as at and for the year ended 31 December 2023 are prepared in all material respects, in accordance with the basis of accounting described in Note 2 to the special purpose financial statements.

***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 special purpose financial statements* section of our report. We are independent of the Society in accordance with International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the special purpose 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.

***Emphasis of matter basis of accounting and restriction on use and distribution***

We draw attention to Note 2 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to assist the Society to comply with its financial reporting requirements. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the Society and should not be used by or distributed to parties other than the Society. Our opinion is not modified in respect of this matter.

***Other information***

The National Executive Committee is responsible for the other information. The other information comprises the information included in the *Kenya Red Cross Society Annual Report and Special Purpose Financial Statements for the year ended 31 December 2023*, but does not include the special purpose financial statements and our auditor's report thereon.

Our opinion on the special purpose 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 special purpose financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the special purpose 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.



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE NATIONAL EXECUTIVE COMMITTEE OF KENYA RED CROSS**  
**SOCIETY (CONTINUED)**

*National Executive Committee responsibilities for the special purpose financial statement*

The National Executive Committee is responsible for the preparation of the special purpose financial statements in accordance with the basis of accounting described in Note 2 to the special purpose financial statements and for such internal control as the National Executive Committee determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the National Executive Committee is responsible for assessing the Society'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 National Executive Committee either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

The National Executive Committee Council is responsible for overseeing the Society's financial reporting process.

*Auditor's responsibilities for the audit of the special purpose financial statements*

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by National Executive Committee.
- Conclude on the appropriateness of National Executive Committee'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 Society'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 special purpose 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 Society to cease to continue as a going concern.



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE NATIONAL EXECUTIVE COMMITTEE OF KENYA RED CROSS**  
**SOCIETY (KRCS) (CONTINUED)**

*Auditor's responsibilities for the audit of the special purpose financial statements (Continued)*

We communicate with the National Executive Committee 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.

*The Engagement Partner responsible for the audit resulting in this independent auditor's report is CPA John Ndunyu, Practicing Certificate No 2100.*

A handwritten signature in blue ink, appearing to be 'John Ndunyu', written over a light blue grid background.

*For and on behalf of*

**KPMG Kenya**  
**Certified Public Accountants**  
**P O Box 40612, 00100 GPO**  
**Nairobi**

**Date: 21 May 2024**



**KENYA RED CROSS SOCIETY**

**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

<b>Income</b>	<b>Notes</b>	<b>2023 KShs</b>	<b>2022 KShs</b>
Funds received from donors	5(a)	10,514,753,474	9,284,761,551
Income from Branch activities	5(a)	441,493,146	381,102,035
Training income	5(a)	129,879,085	105,898,709
Gain on investments	5(a)	3,444,071	1,146,171
		<b><u>11,089,569,776</u></b>	<b><u>9,772,908,466</u></b>
Other income	5(b)	774,622,965	578,003,789
<b>Total income</b>		<b><u>11,864,192,741</u></b>	<b><u>10,350,912,255</u></b>
<b>Expenditure</b>			
Salaries and wages	6	2,823,715,831	2,302,858,438
Project supplies	6	2,997,710,640	2,422,213,338
Motor vehicle expenses	6	843,362,454	509,959,942
Travel and transport	6	3,479,240,945	1,742,127,252
General office expenses and premises operational cost	6	326,032,284	248,569,008
Training expense	6	259,431,024	193,504,188
Other expenses	6	768,650,203	397,519,214
Program support cost	6	3,310,626	2,228,300
Depreciation	6	68,479,917	55,222,765
Fund raising expense	6	24,358,596	12,373,701
Capital expenditure	6	62,309,446	57,438,790
Professional fees	6	166,830,766	80,335,432
Governance and advocacy	6	71,803,247	42,252,758
Campaign and awareness	6	94,293,786	56,941,455
Communication	6	52,182,489	9,348,047
Direct costs	6	1,765,257	-
Provision for bad debts	6	( 20,767,847)	17,695,747
Bad debts written off	6	674,926	9,519,905
Bank charges and commission	6	6,734,808	5,470,572
Audit fees	6	9,433,276	13,616,190
Loss on disposal	6	-	542,114
Loss in share value	6	101,964	51,583
<b>Total expenditure</b>		<b><u>12,039,654,638</u></b>	<b><u>8,179,788,739</u></b>
<b>(Deficit)/Surplus for the year</b>		<b><u>( 175,461,897)</u></b>	<b><u>2,171,123,516</u></b>

The notes on pages 14 to 28 form an integral part of these special purpose financial statements

## KENYA RED CROSS SOCIETY

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

FUND BALANCES	Notes	2023 KShs	2022 KShs
Revaluation reserve	7	1,318,986,849	1,364,829,337
Capital fund	8	380,973,970	343,013,450
General fund	9	<u>6,217,208,732</u>	<u>6,380,375,522</u>
		<u>7,917,169,551</u>	<u>8,088,218,309</u>
<b>Non-current liabilities</b>			
Deferred income	10	25,764,555	26,442,570
		<u>25,764,555</u>	<u>26,442,570</u>
<b>FUND BALANCE &amp; NON-CURRENT LIABILITIES</b>		<u>7,942,934,106</u>	<u>8,114,660,879</u>
<b>REPRESENTED BY</b>			
<b>Non-current assets</b>			
Property and equipment	11	2,149,425,295	2,065,706,015
Investment property	12	2,241,000,000	2,241,000,000
Equity advances for investment in subsidiaries	13	941,808,308	941,808,308
Investment in shares	14	<u>855,289</u>	<u>957,253</u>
		<u>5,333,088,892</u>	<u>5,249,471,576</u>
<b>Current assets</b>			
Inventory	15	1,452,449	559,744
Receivables	16	606,873,911	640,972,940
Cash and cash equivalents	17	<u>2,892,181,445</u>	<u>2,755,242,465</u>
		<u>3,500,507,805</u>	<u>3,396,775,149</u>
<b>Current liabilities</b>			
Payables	18	890,662,591	531,585,846
		<u>890,662,591</u>	<u>531,585,846</u>
<b>Net current assets</b>		<u>2,609,845,214</u>	<u>2,865,189,303</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,942,934,106</u>	<u>8,114,660,879</u>

The special purpose financial statements on pages 10 to 28 were approved and authorised for issue by the National Executive Committee on 20 May 2024 and were signed on its behalf by:

  
**Hon. Geoffrey Kipngetich Korir**  
Governor

  
**Mr. Mohamud Salat**  
Treasurer

The notes on pages 14 to 28 form an integral part of these special purpose financial statements.



**KENYA RED CROSS SOCIETY**

**STATEMENT OF CHANGES IN RESERVES AND FUNDS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

<b>Year ended 31 December 2023</b>	<b>Revaluation reserve KShs</b>	<b>Capital fund KShs</b>	<b>General fund KShs</b>	<b>Total KShs</b>
At start of year	1,364,829,337	343,013,450	6,380,375,522	8,088,218,309
Fund movement (Note 7, Note 8, Note 9)	( 45,842,488)	37,960,520	12,295,107	4,413,139
Surplus for the year	-	-	( 175,461,897)	( 175,461,897)
<b>At end of year</b>	<b>1,318,986,849</b>	<b>380,973,970</b>	<b>6,217,208,732</b>	<b>7,917,169,551</b>
<hr/>				
<b>Year ended 31 December 2022</b>	<b>Revaluation reserve KShs</b>	<b>Capital fund KShs</b>	<b>General fund KShs</b>	<b>Total KShs</b>
At start of year	1,548,642,534	342,836,915	3,995,498,844	5,886,978,293
Fund movement (Note 7, Note 8, Note 9)	( 183,813,197)	176,535	213,753,162	30,116,500
Surplus for the year	-	-	2,171,123,516	2,171,123,516
<b>At end of year</b>	<b>1,364,829,337</b>	<b>343,013,450</b>	<b>6,380,375,522</b>	<b>8,088,218,309</b>

The notes on pages 14 to 28 form an integral part of these special purpose financial statements.



**KENYA RED CROSS SOCIETY**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 KShs	2022 KShs
<b>Operating activities</b>			
Cash from operations	19	270,181,298	1,927,453,566
Interest received	5(b)	<u>14,543,740</u>	<u>8,010,215</u>
<b>Net cash from operating activities</b>		<b><u>284,725,038</u></b>	<b><u>1,935,463,781</u></b>
<b>Investing activities</b>			
Purchase of property and equipment		(147,844,538)	(65,628,926)
Proceeds from disposal of property, plant and equipment		<u>58,480</u>	<u>757,886</u>
<b>Net cash used in investing activities</b>		<b><u>(147,786,058)</u></b>	<b><u>(64,871,040)</u></b>
Increase in cash and cash equivalents		<u>136,938,980</u>	<u>1,870,592,741</u>
<b>Movement in cash and cash equivalents</b>			
At start of year		2,755,242,465	884,649,724
Increase		<u>136,938,980</u>	<u>1,870,592,741</u>
<b>At end of year</b>	17	<b><u>2,892,181,445</u></b>	<b><u>2,755,242,465</u></b>

The notes on pages 14 to 28 form an integral part of these special purpose financial statements.

# **KENYA RED CROSS SOCIETY**

## **NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

# **KENYA RED CROSS SOCIETY**

## **NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

### **1. GENERAL INFORMATION**

Kenya Red Cross Society (KRCS) is registered in Kenya under the Red Cross Society Act Cap. 256. The address of its registered office and principal place of operation is;

Kenya Red Cross Society Building  
Red Cross Road, off Popo Road  
P O Box 40712 – 00100  
Nairobi, Kenya

### **2. BASIS OF PREPARATION**

These special purpose financial statements have been prepared in accordance with the requirements of Kenya Red Cross Society's accounting policies. The accounting policies require the special purpose financial statements to be prepared on an annual basis applying the significant accounting policies set out in note 3 and to include the notes to the special purpose financial statements (Note 4 to Note 22) which together form the basis of accounting and preparation.

The special purpose financial statements have been prepared to assist the Society to comply with its internal reporting requirement. The special purpose financial statements are an aggregation of the Branches, Donor funded projects and KRCS Administration and Coordination account.

#### **(a) Basis of measurement**

These special purpose financial statements have been prepared under the historical cost convention as modified by the revaluation of the investment properties and assets.

#### **(b) Use of estimates and judgements**

The Society's accounting policies require application of judgement and use of estimates in the preparation of special purpose financial statements. In the process of applying the Society's accounting policies, National Executive Committee has made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and assumptions are based on the Committee's best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period that the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the special purpose financial statements are described in Note 4.

# **KENYA RED CROSS SOCIETY**

## **NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

### **2. BASIS OF PREPARATION (Continued)**

#### **(c) Functional and presentation currency**

The special purpose financial statements are presented in Kenya shillings (KShs), which is the Society's functional currency. Functional currency is the currency of the primary environment in which the organisation operates.

#### **(d) Going concern**

The financial performance of the society is set out in the statement of financial position.

The Society reported a deficit of KShs (175,461,897) during the year ended 31 December 2023. In the year ended 31 December 2022 the society had a surplus of KShs 2,171,123,516. The Society's current assets exceeded the current liabilities by KShs 2,609,845,214 (2022 – KShs 2,865,189,303).

The National Executive Committee has assessed the Society's ability to continue as a going concern and is satisfied that the Society has the resources to continue in operations for the foreseeable future (at least 12 months from the date of approval of the financial statements). This is because the society has a 2024/2025 budget amounting to KShs 12,149,013,003 for the year 2024 out of which the society has already received KShs 4,080,049,268 committed funds from various donors in the first quarter.

Furthermore, The National Executive Committee is not aware of any material uncertainties that may cast significant doubt upon the Society's ability to continue as a going concern. Therefore, the special purpose financial statements have been prepared on a going concern basis. Going concern basis assumes the Society will be in operation for the foreseeable future without any discontinued operations or forced sale.

### **3. MATERIAL ACCOUNTING POLICIES**

These special purpose financial statements have been prepared based on Society's accounting policies. The material accounting policies adopted in the preparation of these special purpose financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **(a) Income recognition**

Grants and donations income from the donors is recognised when KRCS has entitlement to the funds, the amount can be quantified and there is certainty of receipt.

Grants received from donors for specific purpose are treated as unexpended grants and credited to the statement of income and expenditure when the activities for which they were provided for have been undertaken. Any unexpended grants are carried forward as liabilities.

Disasters' Emergency appeal income is recognised to the extent that resources have been committed on programmes funded through the Disasters Emergency Appeal. Donated assets and services are included at the value to KRCS where this can be reliably ascertained. Training Income is accrued from short-term courses conducted for humanitarian assistance.

Income from branch activities majorly comprises of self-generating activities such as conference income, collections tins, short-term hire/leasing of vehicles to projects, sales of merchandise, and membership fees among others.

# KENYA RED CROSS SOCIETY

## NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### (a) Income recognition (continued)

Other Income is recognised in the year in which it is earned and is mainly from the following:

- (i) Income from recoveries from programme support is recognised when the society has the right to the funds. This is on completion of the agreed scope of work and closure of the project.
- (ii) Rental income is accrued by reference to time on a straight-line basis over the lease term.
- (iii) Interest income is accrued by reference to time in relation to the principal outstanding and the effective interest rate applicable.

#### (b) Deferred income

Funds donated for the construction of semi-permanent structures (leasehold improvements) to house the logistics centre located at the headquarters. The amounts are recognised as deferred income in the statement of financial position and transferred to income and expenditure on a systematic and rational basis over the useful lives of the related assets.

#### (c) Expenditure

Expenditure is recognised on accrual basis. Assets purchased through program funds are expensed in the year of purchase in the respective project income and expenditure statements.

#### (d) Property and equipment

All property and equipment (except leasehold improvements) is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation except for freehold land and buildings which are subsequently measured at revaluation less accumulated depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and for condition ready for its intended use.

Revaluations are performed every three to five years majorly on Land (freehold and Leasehold) and buildings. The revaluation reserve is credited to the statement of changes in reserves and funds.

No depreciation is provided on freehold land and Leasehold land. Other items of property and equipment are depreciated on the straight-line basis to write down the cost or revalued: amount of each asset to its residual value over its estimated useful life for current and comparative periods as follows:

	<u>Rate</u>
Building	2%
Leasehold improvements	2%
Furniture, fittings and equipment	10%
Computer accessories	30%
Motor vehicles	25%

The residual values and useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

# **KENYA RED CROSS SOCIETY**

## **NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

### **3. MATERIAL ACCOUNTING POLICIES (Continued)**

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

The carrying amount of property and equipment 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 comparing the proceeds with the carrying amount and are taken into account in determining operating surplus/ (deficit). On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to general fund in the statement of changes in reserves and funds.

#### **(f) Investment property**

Investment property is treated as long-term investment and is carried at market value for existing use as determined on a periodical basis by external independent valuers where in the opinion of management there is a significant increase in carrying value.

Revaluation on investment property is performed every three to five years. The revaluation reserve is credited to the statement of changes in reserves and funds

Changes in their carrying amounts are dealt with in statement of income and expenditure. Investment property is not subject to depreciation.

#### **(g) Foreign currency translation**

Transaction in foreign currencies during the year are converted into Kenya Shillings at rates ruling on the transaction dates. Assets and liabilities held at the reporting date, which are expressed in foreign currencies, are translated into Kenya Shillings at rates ruling at that date.

The resulting differences from conversion and translation are dealt with in the statement of income and expenditure in the year in which they arise.

#### **(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash-in-hand, deposits held at call with banks net of bank overdrafts. Bank overdrafts are payable on demand and from an integral part of the cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### **(i) Evaluation reserves**

Revaluation reserves represent surplus on revaluation of land (freehold and Leasehold) and buildings. Revaluation increases arising on the revalued assets are recognised in the statement of Income and expenditure and accumulated in the revaluation reserve in statement of changes in reserves and accumulated funds, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to statement of income and expenditure to the extent of the decrease previously charged.

A decrease in carrying amount arising out of revaluation is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset. Upon disposal, any surplus remaining in the revaluation reserve relating to the particular asset being sold is transferred to general fund.

# KENYA RED CROSS SOCIETY

## NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### (f) Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. Financial assets and financial liabilities are recognised in the Society's statement of financial position when the Society has become a party to the contractual provisions of the instrument. The Society's financial instruments comprise the following:

##### *Receivables*

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off when all reasonable steps to recover them fail.

Investments in quoted shares are initially recognised at the transaction price and subsequently measured at fair value with changes in fair value being recognised in profit or loss. Fair value is determined using the quoted bid price at the reporting date.

##### *Payables*

Payables are obligations based on normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Kenya Shillings using the exchange rate prevailing on the reporting date. Trade payables are recognised at the transaction price

##### *Borrowings*

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised based on the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the society has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

All borrowing costs are recognised in profit or loss in the period in which they are incurred and amortised over the period of the facility to which it relates.

#### (g) Employee benefits

##### *Retirement benefit obligations*

The Society operates a defined contribution plan under which the Society pays fixed contributions into a separate entity. The society has no obligation, legal or constructive, to pay further contributions if the scheme does not have sufficient assets to pay all employees the benefits relating to employees' service in the current and prior periods. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the Society and the employees.

In addition, the Society also contributes to the National Social Security Fund, which is a defined contribution scheme registered under the National Social Security Act.

The Society's contributions to the defined contribution schemes are charged to the income and expenditure in the year in which they relate.

##### *Short-term benefits*

Short-term employee benefits obligations (e.g., Medical reimbursements and insurance) are measured on an undiscounted basis and are expensed as the related services is provide.

# KENYA RED CROSS SOCIETY

## NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### (h) General Fund

General Fund is the aggregate of accumulated surplus and deficit. General unrestricted funds are available for use at the discretion of society's members in furtherance of its general objectives. Restricted funds are donated for either a particular area or purpose, the use of which is restricted to that area or purpose.

#### (i) Capital Fund

Capital fund represents freehold land donated Kenya Red Cross Society. The initial amount is credited to a capital financing account known as capital fund and debited to property and equipment. Freehold land is subsequently shown at fair value, based on periodic valuations.

#### (j) Equity advances for investment in subsidiaries

Amounts advanced by the Society to its subsidiaries for equity investment are disclosed as a non-current current in the financial statements.

The investments in subsidiary companies are accounted for at cost in the Society's statement of financial position less any provisions for impairment losses.

Where in the opinion of the National Executive Committee, there has been an impairment of value of an investment; the loss is recognised as an expense in the period in which the impairment is identified.

The Society has four fully owned subsidiaries; Red Court Hotel, Boma International Hospitality College, Emergency Medical Services (EMS) and Switch TV, which are companies limited by guarantee.

The society does not prepare consolidated financial statements. Where the capital contribution is refundable at the option of the subsidiary, the same is deemed as investments.

As such, the financial results for these subsidiaries have not been consolidated in these special purpose financial statements. These special purpose financial statements comprise financial statements of the society as defined in Note 2.

#### (k) Related Party transactions

The Society discloses the nature, volume and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the National Executive Committee and subsidiaries.

#### (l) Cash Flow Statements

##### (i) Operating activities

These are the main revenue-earning activities of the society. Operating cash flows include grants received from donors and cash paid to suppliers and employees.

##### (ii) Investing activities

These are activities of acquisition and disposal of long-term assets and other investments

##### (iii) Financing activities

These activities alter the Capital and borrowing structure of the society.

# KENYA RED CROSS SOCIETY

## NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### (m) Comparatives

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

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The following are the key estimates and judgements concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### (a) Useful lives of property and equipment

The National Executive Committee make estimates in determining the useful lives of property and equipment. The lives used are set out in the accounting policy for property and equipment. These estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances.

The Society measures its property and equipment at revalued amounts with changes in revaluation values being recognised in the statement of changes in reserve by debiting or crediting the revaluation reserve. The Society engages independent valuers to determine fair values of property and equipment. The valuation values are based on the prevailing market prices which are sensitive to economic conditions. The details of property and equipment and the assumptions applied are disclosed in Note 3(d).

#### (b) Allowance for impairment for non-current Assets

At each reporting date, the Society reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Society estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### 5. (a) INCOME

	2023 KShs	2022 KShs
Funds received from donors	10,514,753,474	9,284,761,551
Income from branch activities	441,493,146	381,102,035
Training income	129,879,085	105,898,709
Gain on investments	3,444,071	1,146,171
	<u>11,089,569,776</u>	<u>9,772,908,466</u>

#### (b) OTHER INCOME

Amortisation of deferred income (Note 10)	678,015	678,015
Warehouse rent	187,587,094	96,062,094
Partner national societies basic fee recoveries	324,568,171	250,704,103
Rental income	24,748,109	22,468,459
Interest income - short term bank deposits	14,543,740	8,010,215
Other miscellaneous income	222,497,836	200,080,903
	<u>774,622,965</u>	<u>578,003,789</u>

## KENYA RED CROSS SOCIETY

### NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 6. EXPENDITURE

	2023 KShs	2023 KShs
Salaries and wages	2,823,715,831	2,302,858,438
Project supplies	2,997,710,640	2,422,213,338
Motor vehicle expenses	843,362,454	509,959,942
Travel and transport	3,479,240,945	1,742,127,252
General office expenses and premises operational cost	326,032,284	248,569,008
Training expense	259,431,024	193,504,188
Other expenses	768,650,203	397,519,214
Program support cost	3,310,626	2,228,300
Depreciation	68,479,917	55,222,765
Fund raising expense	24,358,596	12,373,701
Capital expenditure	62,309,446	57,438,790
Professional fees	166,830,766	80,335,432
Governance and advocacy	71,803,247	42,252,758
Campaign and awareness	94,293,786	56,941,455
Communication	52,182,489	9,348,047
Direct Costs	1,765,257	-
Provision for bad debts	( 20,767,847)	17,695,747
Bad debts written off (recoveries)	674,926	9,519,905
Bank charges and commission	6,734,808	5,470,572
Audit fees	9,433,276	13,616,190
Loss on disposal	-	542,114
Loss in share value	101,964	51,583
	<u>12,039,654,638</u>	<u>8,179,788,739</u>

#### 7. REVALUATION RESERVE

Below is the consolidated movement in the revaluation reserve balance:

	2023 KShs	2022 KShs
At start of year	1,364,829,337	1,548,642,534
<b>Movement:</b>		
Revaluation Surplus*	4,189,999	29,939,965
Reclassification to General fund	-	( 202,061,468)
Transfer of Excess Depreciation**	( 10,824,587)	( 11,691,694)
Reclassification to Capital fund	( 39,207,900)	-
	<u>( 45,842,488)</u>	<u>( 183,813,197)</u>
<b>At the end of the year</b>	<u><b>1,318,986,849</b></u>	<u><b>1,364,829,337</b></u>

\* In 2022 and 2023, most of the regional offices underwent revaluation of their property plant and equipment. These regions include Central, Coast, Lower Eastern, North Eastern, South Rift, Upper Eastern and West Kenya. Leasehold land and buildings were professionally valued by qualified valuers based on open market value for land and buildings and on replacement cost for equipment. The carrying amounts of the properties were adjusted to the revalued amounts and the resultant surplus credited to statement of changes in reserves and funds.

# KENYA RED CROSS SOCIETY

## NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

### 7. REVALUATION RESERVE

\*\* Excess depreciation is the difference between the depreciation charge calculated on revalued amount less depreciation charge calculated on historical cost of asset. Transfer as a result of excess depreciation is made directly to general fund and not credited to statement of income and expenditure rather it is recorded in statement of changes in reserves and funds.

### 8. CAPITAL FUND

Capital fund relates to land donated to Kenya Red Cross Society in various branch and regional offices. In 2022/23, qualified valuers based on open market value for land professionally valued the land and the value has been recorded in the financial statements. Below is the consolidated movement in the capital fund balance:

	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
At start of year	343,013,450	342,836,915
<b>Movement:</b>		
Increase in capital fund	223,140	176,535
Transfer of excess depreciation	( 1,470,520)	-
Reclassification from revaluation reserve	39,207,900	-
	<u>37,960,520</u>	<u>176,535</u>
<b>At the end of the year</b>	<u><b>380,973,970</b></u>	<u><b>343,013,450</b></u>

### 9. GENERAL FUND

General Fund is the aggregate of accumulated surplus and deficit. Below is the consolidated movement in the general fund;

At start of year	6,380,375,522	3,995,498,844
<b>Movement:</b>		
Reclassification from revaluation reserve	-	202,061,468
Transfer of excess depreciation	12,295,107	11,691,694
Surplus/deficit	( 175,461,897)	2,171,123,516
	<u>( 163,166,790)</u>	<u>2,384,876,678</u>
<b>At the end of the year</b>	<u><b>6,217,208,732</b></u>	<u><b>6,380,375,522</b></u>

### 10. DEFERRED INCOME

At 1 January	26,442,570	27,120,585
Amortisation to income	( 678,015)	( 678,015)
<b>At 31 December</b>	<u><b>25,764,555</b></u>	<u><b>26,442,570</b></u>

Donations received in the form of non-current assets are recognized as deferred income in the statement of financial position and transferred to income and expenditure on a systematic and rational basis over the useful lives of the related assets.

**KENYA RED CROSS SOCIETY**

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

**11. PROPERTY AND EQUIPMENT**

	Land (lease hold & free hold) KShs	Building KShs	Computer & accessories KShs	Motor vehicle, motorbikes and bicycles KShs	Furniture, fittings, and equipment KShs	Total KShs
<b>2023</b>						
<b>Cost or valuation</b>						
<b>As at 1 January</b>	1,569,334,164	400,734,334	45,602,414	173,887,919	73,224,306	2,262,783,137
Additions	10,211,100	15,227,150	5,804,693	115,060,946	1,540,649	147,844,538
Disposal	-	-	( 4,000)	-	( 63,600)	( 67,600 )
Surplus on revaluation	-	223,140	-	2,555,559	-	2,778,699
<b>As at 31 December 2023</b>	<b>1,579,545,264</b>	<b>416,184,624</b>	<b>51,403,107</b>	<b>291,504,424</b>	<b>74,701,355</b>	<b>2,413,338,774</b>
<b>Depreciation</b>						
<b>As at 1 January</b>	24,659,878	27,244,590	36,002,256	80,707,720	28,462,678	197,077,122
Charge for the year	6,750,492	8,294,463	5,578,514	41,263,561	6,592,887	68,479,917
On disposals	-	-	( 2,400)	-	( 6,720)	( 9,120)
Adjustment for revaluation	-	-	-	( 1,634,440)	-	( 1,634,440)
<b>As at 31 December 2023</b>	<b>31,410,370</b>	<b>35,539,053</b>	<b>41,578,370</b>	<b>120,336,841</b>	<b>35,048,845</b>	<b>263,913,479</b>
<b>NBV as at 31 December 2023</b>	<b>1,548,134,894</b>	<b>380,645,571</b>	<b>9,824,737</b>	<b>171,167,583</b>	<b>39,652,510</b>	<b>2,149,425,295</b>

**KENYA RED CROSS SOCIETY**

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

**11. PROPERTY AND EQUIPMENT (Continued)**

	Land (Lease Hold & Freehold) KShs	Building KShs	Computer & accessories KShs	Motor vehicle, Motorbikes and Bicycles KShs	Furniture, fittings, and equipment KShs	Total KShs
<b>2022</b>						
<b>Cost or valuation</b>						
<b>As at 1 January</b>	1,560,419,370	368,133,896	42,475,416	129,955,109	69,544,627	2,170,528,418
Additions	1,414,794	12,600,438	2,720,523	45,992,810	2,900,361	65,628,926
Disposal	-	-	-	( 2,060,000)	-	( 2,060,000)
Surplus on revaluation	7,500,000	20,000,000	406,475	-	779,318	28,685,793
<b>As at 31 December 2022</b>	<b>1,569,334,164</b>	<b>400,734,334</b>	<b>45,602,414</b>	<b>173,887,919</b>	<b>73,224,306</b>	<b>2,262,783,137</b>
<b>Depreciation</b>						
<b>As at 1 January</b>	17,899,804	19,462,449	28,592,571	54,807,351	23,282,889	144,045,064
Charge for the year	6,760,074	7,782,141	7,549,185	26,660,369	6,470,996	55,222,765
On disposals	-	-	-	( 760,000)	-	( 760,000)
Adjustment for revaluation	-	-	( 139,500)	-	( 1,291,207)	( 1,430,707)
<b>As at 31 December 2022</b>	<b>24,659,878</b>	<b>27,244,590</b>	<b>36,002,256</b>	<b>80,707,720</b>	<b>28,462,678</b>	<b>197,077,122</b>
<b>NBV as at 31 December 2022</b>	<b>1,544,674,286</b>	<b>373,489,744</b>	<b>9,600,158</b>	<b>93,180,199</b>	<b>44,761,628</b>	<b>2,065,706,015</b>

## KENYA RED CROSS SOCIETY

### NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 12. INVESTMENT PROPERTY

<b>2023</b>	<b>Land KShs</b>	<b>Buildings KShs</b>	<b>Totals KShs</b>
At start of year	1,414,200,000	826,800,000	2,241,000,000
Surplus on revaluation	-	-	-
<b>At end of year</b>	<b><u>1,414,200,000</u></b>	<b><u>826,800,000</u></b>	<b><u>2,241,000,000</u></b>
<b>2022</b>	<b>Land KShs</b>	<b>Buildings KShs</b>	<b>Totals KShs</b>
At start of year	1,414,200,000	826,800,000	2,241,000,000
Surplus on revaluation	-	-	-
<b>At end of year</b>	<b><u>1,414,200,000</u></b>	<b><u>826,800,000</u></b>	<b><u>2,241,000,000</u></b>

The investment property includes two commercial properties constructed in 2007, located at the KRCS Belle Vue Headquarters. One of the properties is a hotel that has been leased to a related party (Red Court Hotel Limited), a company that is wholly owned by KRCS and limited by guarantee. The second property is a commercial office park. These properties earn the Society rental income.

Knight Frank Valuers Limited, a firm of registered independent valuers, on the market value existing use basis, revalued the properties relating to the Society's headquarters as of 31 December 2018. In 2022 and 2023, most of the regional offices underwent revaluation of their property plant and equipment. These regions include Central, Coast, Lower Eastern, North Eastern, South Rift, Upper Eastern and West Kenya.

The carrying values of the investment properties were adjusted to the revaluations and the resultant surplus was recognized in the statement of income and expenditure and accumulated in reserve as at that date.

The Society's headquarters, office park and Red Court Hotel (Boma Inn Nairobi) buildings which stand on (Land Reference Number 209/10203) and the Land on which Boma Nairobi stands on (Land Reference Number 209/12890/1) are pledged for loans to Red Court Hotel Limited. Effective 2011, the Society adopted a fair value model in measuring the carrying amount of the investment property.

#### 13. EQUITY ADVANCES FOR INVESTMENT IN SUBSIDIARIES

	<b>2023 KShs</b>	<b>2022 KShs</b>
At 1 January	941,808,308	941,808,308
Additions contributions Switch TV Limited	-	-
<b>At 31 December</b>	<b><u>941,808,308</u></b>	<b><u>941,808,308</u></b>

## KENYA RED CROSS SOCIETY

### NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 13. EQUITY ADVANCES FOR INVESTMENT IN SUBSIDIARIES (Continued)

This comprises of:

Company	Country of incorporation	Ordinary share capital KShs	Capital contribution KShs	Total KShs
Emergency Plus Medical Services Limited	Kenya	20,000,000	141,761,575	161,761,575
Switch TV Limited	Kenya	-	780,046,733	780,046,733
Boma Pan african Ltd	Kenya	100,000	-	100,000
		<u>20,100,000</u>	<u>921,808,308</u>	<u>941,908,308</u>

Capital contributions are funds that represents the initial long-term capital contribution by the Kenya Red Cross Society used to establish the company. In the event of a wind up or dissolution, the reserve is refundable to the society at the discretion of the subsidiaries and on condition that the refund does give rise to a liquidity shortage on the part of the subsidiary.

#### 14. INVESTMENT IN SHARES

	2023 KShs	2022 KShs
East African Breweries Limited Shares	550,936	488,154
NCBA Bank Kenya	113,252	162,627
E.A Cables Ltd	2,126	3,150
Eveready East Africa Ltd	4,080	3,332
Centum Investments Co. ltd	29,040	51,183
Kengen Ltd	7,200	15,084
Standard Chartered Bank Ltd	89,100	70,538
Safaricom Ltd	59,555	163,185
	<u>855,289</u>	<u>957,253</u>

#### 15. INVENTORY

Inventory	<u>1,452,449</u>	<u>559,744</u>
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#### 16. RECEIVABLES

Receivables*	484,078,806	594,990,720
Staff advances	2,939,587	1,187,489
Receivable from related parties	119,855,518	44,794,731
	<u>606,873,911</u>	<u>640,972,940</u>

\*Receivables balances mainly relate to amounts due from customers and sub-recipients.

# KENYA RED CROSS SOCIETY

## NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

### 17. CASH AND CASH EQUIVALENTS

	2023 KShs	2022 KShs
Cash at bank and in hand	<u>2,892,181,445</u>	<u>2,755,242,465</u>
For the purpose of the statement cash flows, the year-end cash and cash equivalents comprise the following:		
Cash at bank and in hand*	2,892,181,445	2,766,182,527
Book overdraft**	<u>-</u>	<u>( 10,940,062)</u>
	<u><b>2,892,181,445</b></u>	<u><b>2,755,242,465</b></u>

\*Cash at bank includes short term fixed deposits which earn interest at an average rate of 8.19% per annum. The short-term bank deposits is restricted and is not available for working capital use. This comprises of:

Habib Bank Ag Zurich	64,922,665	59,155,309
SBM Bank Kenya Limited	69,514,583	60,909,298
NCBA Bank Kenya	56,822	56,822
Imperial Bank Limited	<u>301,181</u>	<u>301,181</u>
	<u><b>134,795,251</b></u>	<u><b>120,422,610</b></u>

\*\*The Society does not have any overdraft facility with any bank. The book overdraft reflected in the financial statement is as a result of unrepresented cheques at the reporting date.

### 18. PAYABLES AND ACCRUED EXPENSES

Creditors and accruals	660,855,649	481,155,153
Payable to related parties	<u>229,806,942</u>	<u>50,430,693</u>
	<u><b>890,662,591</b></u>	<u><b>531,585,846</b></u>

### 19. RECONCILIATION OF SURPLUS/(DEFICIT) BEFORE TAX TO CASH FROM OPERATIONS:

	2023 KShs	2022 KShs
<b>Surplus before non-recurring items and fair value gain on investment properties</b>	(175,461,897)	2,171,123,516
<b>Adjustments for:</b>		
Depreciation on property and equipment	68,479,917	55,222,765
Fair value loss on financial assets	101,964	51,583
Deferred income (Note 5 (b))	( 678,015)	( 678,015)
Interest earned (Note 5(b))	( 14,543,740)	( 8,010,215)
Prior year adjustment	-	( 61,866)

## KENYA RED CROSS SOCIETY

### NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 19. RECONCILIATION OF SURPLUS/(DEFICIT) BEFORE TAX TO CASH FROM OPERATIONS (Continued)

	2023 KShs	2022 KShs
Fair value loss on revaluation of property and equipment (Note 7)	-	542,114
Changes in working capital:		
– Receivables	109,159,816	( 121,808,571)
– Inventory	(892,705)	339,335
– amounts due from related parties	( 75,060,787)	9,314,258
– payables and accrued expenses	179,700,496	( 221,881,910)
– amount due to related party	179,376,249	43,300,572
<b>Cash from operations</b>	<b>270,181,298</b>	<b>1,927,453,566</b>

#### 20. TAXATION

No taxation is provided for in these special purpose financial statements, as the Society is exempt from income tax in Kenya in recognition of its charitable status under Paragraph 10 of First Schedule of the Kenyan Income Tax Act.

#### 21. CONTINGENT LIABILITY

The society is a defendant in various legal actions mainly related to staff matters. In the opinion of the Committee and after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

#### 22. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting period that have not been reported in these special purpose financial statements.