

SCRIPTURE UNION OF KENYA  
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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**National Governing Council report**

The National Governing Council submitted their report together with the consolidated audited financial statements for the year ended 31st December 2023.

**National Governing Council**

The names of the National Governing Council members who held office during the year and to the date of this report are listed on page 2.

**Principal activities**

The principal activity of the Organization is to spread the Word of God through spiritual nurture for children's programs, children and youth camps , training Christian teachers and ministry workers and distribution of Christian literature. Scripture Union of Kenya controls Scripture Union Book Centre whose principal activity is publication and distribution of Christian literature.

**Business review**

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenya Societies Act. The accounting policies have been applied consistently compared to the prior year.

The performance of the organisation is as follows:

	2023		2022	
	Group Kshs	Parent-SUK Kshs	Group Kshs	Parent-SUK Kshs
(Deficit)/ surplus	<u>(7,113,701)</u>	<u>(7,100,054)</u>	<u>(6,852,918)</u>	<u>9,992,540</u>

**Terms of appointment of auditors**

MGK Associates LLP, Certified Public Accountants have expressed their willingness to continue in office. The National Governing Council monitor the effectiveness, objectivity and independence of the auditors. The National Governing Council also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KSh 200,000 has been charged to profit or loss in the year.

**By order of the Council**



Secretary

Date.....

**STATEMENT OF NATIONAL GOVERNING COUNCIL'S RESPONSIBILITIES**

The Council is required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the organisation as at the financial year ended 31 December 2023 and its operating results for that year. The Council is also required to ensure that the organisation keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the organisation. They are also responsible for safeguarding the assets of the organisation.

The Council accept responsibility for the annual financial statements, which, have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates. The Council are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the organisation and of its operating results. The Council further accept responsibility for the maintenance of accounting records which may be relied upon in preparation of financial statements, as well as adequate systems of internal financial controls.

Approved by the National Governing Council on 5<sup>th</sup> April 2024 and signed on its behalf by:



Rev. Dr. John Mudany- Honorary Treasurer



Mr. Ezekiel Baraza - National Director



## CONSOLIDATED ANNUAL REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF SCRIPTURE UNION OF KENYA FOR THE YEAR ENDED 31ST DECEMBER 2023.

### Opinion

We have audited the accompanying consolidated financial statements of Scripture Union of Kenya, set out on pages 7 to 24, which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income and statements of changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and medium sized entities.

### 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 organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The National Governing Council 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.

### National Governing Council responsibility for the financial statements

The National Governing Council is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards for Small and medium sized entities and for such internal control as the National Governing Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**CONSOLIDATED ANNUAL REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF SCRIPTURE UNION OF KENYA FOR THE YEAR ENDED 31ST DECEMBER 2023 (CONTINUED).**

**National Governing Council' responsibility for the financial statements (continued)**

In preparing the financial statements, the National Governing Council 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 National Governing Council either intend to liquidate the organisation 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 judgment 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 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 organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA James Gichuru of Practising Certificate No. 2640.

  
For and on behalf of  
MGK Associates LLP  
Certified Public Accountants  
Nairobi, Kenya

5<sup>th</sup> April 2024



Consolidated Annual Report and Financial Statements  
For the year ended 31 December 2023

**STATEMENT OF INCOME AND EXPENDITURE AS AT 31 DECEMBER**

<b>Income</b>	<b>Notes</b>	<b>2023 Kshs</b>	<b>2022 Kshs</b>
Grant and program income	3(a)	18,724,551	18,494,795
Rental income	3(b)	10,711,329	10,374,414
Scripture Union Christian Book Centre	3(c)	6,478,793	14,414,530
Other income	3(d)	1,118,000	-
		<u>37,032,673</u>	<u>43,283,739</u>
<b>Expenditure</b>			
Program expenses	6	(25,599,565)	(18,771,301)
Establishment expenses	7	(560,185)	(583,089)
Finance charges	8	(297,785)	(37,217)
Administration expenses	9	(17,675,192)	(13,899,592)
Total expenditure		<u>(44,132,727)</u>	<u>(33,291,199)</u>
(Deficit)/surplus for the year		<u>(7,100,054)</u>	<u>9,992,540</u>
<b>(Deficit)/ surplus funds reconciliation</b>			
General funds	4	(9,461,675)	6,482,620
Designated funds	4	2,361,621	3,509,920
(Deficit)/surplus for the year		<u>(7,100,054)</u>	<u>9,992,540</u>

The notes on pages 14 to 24 are an integral part of these financial statements

**CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE AS AT 31 DECEMBER**

<b>Income</b>	<b>Notes</b>	<b>2023 Kshs</b>	<b>2022 Kshs</b>
Grant and program income	3	18,724,551	18,494,795
Rental income	3	8,951,133	8,346,347
Gross income from trading	5	18,600,046	24,470,873
Other income	3	1,165,040	127,925
		<u>47,440,770</u>	<u>51,439,939</u>
<b>Expenditure</b>			
Program expenses	6	(25,599,565)	(18,771,301)
Establishment expenses	7	(729,163)	(687,974)
Finance cost	8	(2,347,907)	(46,909)
Administrative expenses	9	(24,463,795)	(29,004,166)
Total expenditure		<u>(53,140,430)</u>	<u>(48,510,349)</u>
(Deficit)/surplus for the year		(5,699,660)	2,929,590
Tax charge for the year	11(a)	(1,414,041)	(9,782,507)
Deficit after tax		<u>(7,113,701)</u>	<u>(6,852,918)</u>
<b>(Deficit)/ surplus funds reconciliation</b>			
General funds	4	(9,475,322)	(10,362,838)
Designated funds	4	2,361,621	3,509,920
Deficit after tax		<u>(7,113,701)</u>	<u>(6,852,918)</u>

The notes on pages 14 to 24 are an integral part of these financial statements



Consolidated Annual Report and Financial Statements  
For the year ended 31 December 2023

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

FUND BALANCES	Notes	2023 Kshs	2022 Kshs
<b>Reserves</b>			
General reserves	Page 11	<u>100,708,192</u>	<u>107,808,246</u>
<b>Non current liabilities</b>			
Borrowings	20	<u>2,374,534</u>	<u>-</u>
		<b><u>103,082,726</u></b>	<b><u>107,808,246</u></b>
<b>REPRESENTED BY:</b>			
<b>Non current assets</b>			
Property, plant and equipment	12	20,871,752	18,200,633
Investment property	13	39,575,772	39,575,772
Long-term irredeemable loan	19	<u>19,904,392</u>	<u>19,904,392</u>
		<u>80,351,916</u>	<u>77,680,797</u>
<b>Current assets</b>			
Trade and other receivables	16	4,884,533	2,138,722
Cash and bank balances	17	9,637,792	19,130,077
Due from related parties	21	<u>12,458,616</u>	<u>12,455,838</u>
		<u>26,980,941</u>	<u>33,724,637</u>
<b>Current liabilities</b>			
Trade and other payables	18	3,657,210	3,597,188
Borrowings	20	<u>592,921</u>	<u>-</u>
		<u>4,250,131</u>	<u>3,597,188</u>
Net current assets		<u>22,730,810</u>	<u>30,127,449</u>
		<b><u>103,082,726</u></b>	<b><u>107,808,246</u></b>

The notes on pages 14 to 24 are an integral part of these financial statements

The financial statements were approved by the Governing Council on 5<sup>th</sup> April 2024 and signed on its behalf by:



Rev. Dr. John Mudany- Honorary Treasurer



Mr. Ezekiel Baraza - National Director

Consolidated Annual Report and Financial Statements  
For the year ended 31 December 2023

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER**

FUND BALANCES	Notes	2023 Kshs	2022 Kshs
<b>Reserves</b>			
General reserves	Page 12	<u>88,513,558</u>	<u>95,627,259</u>
<b>Non current liabilities</b>			
Borrowings	20	<u>2,374,534</u>	<u>-</u>
<b>Total equity and liabilities</b>		<u><b>90,888,092</b></u>	<u><b>95,627,259</b></u>
<b>REPRESENTED BY:</b>			
<b>Non current assets</b>			
Deferred tax asset	11c	1,081,528	2,011,228
Property, plant and equipment	12	22,086,864	19,446,523
Investment property	13	39,575,772	39,575,772
Intangible assets	14	-	40,666
		<u>62,744,164</u>	<u>61,074,190</u>
<b>Current assets</b>			
Inventory	15	13,689,657	26,534,335
Trade and other receivables	16	18,713,495	13,186,190
Cash and cash equivalents	17	13,056,613	25,842,935
		<u>45,459,765</u>	<u>65,563,460</u>
<b>Current liabilities</b>			
Trade and other payables	18	16,238,576	31,010,391
Borrowings	20	592,921	-
Tax payable		484,341	-
		<u>17,315,838</u>	<u>31,010,391</u>
Net current assets		<u>28,143,928</u>	<u>34,553,069</u>
		<u><b>90,888,092</b></u>	<u><b>95,627,259</b></u>

The notes on pages 14 to 24 are an integral part of these financial statements

The financial statements were approved by the Governing Council on 5<sup>th</sup> April 2024 and signed on its behalf by:

  
Rev. Dr. John Mudany- Honorary Treasurer

  
Mr. Ezekiel Baraza - National Director

Statement of Changes in Funds  
For the year ended 31 December 2023

**STATEMENT OF CHANGES IN FUND BALANCES AS AT 31 DECEMBER**

	General reserves Kshs	Totals Kshs
<b>Year ended 31st December 2023</b>		
Balance at 1st January	107,808,246	107,808,246
Deficit for the year	(7,100,054)	(7,100,054)
<b>Balance at 31st December 2023</b>	<u><u>100,708,192</u></u>	<u><u>100,708,192</u></u>
<b>Year ended 31st December 2022</b>		
Balance at 1st January	108,662,196	108,662,196
Surplus for the year	9,992,540	9,992,540
Prior year adjustments (note 25)	(10,846,490)	(10,846,490)
<b>Balance at 31st December 2022</b>	<u><u>107,808,246</u></u>	<u><u>107,808,246</u></u>

The notes on pages 14 to 24 are an integral part of these financial statements

Consolidated Statement of Changes in Funds  
For the year ended 31 December 2023

**CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AS AT 31 DECEMBER**

	<b>General reserves Kshs</b>	<b>Totals Kshs</b>
<b>Year ended 31st December 2023</b>		
Balance at 1st January 2023	95,627,259	95,627,259
Deficit for the year	(7,113,701)	(7,113,701)
<b>Balance at 31st December 2023</b>	<b><u>88,513,558</u></b>	<b><u>88,513,558</u></b>
<b>Year ended 31st December 2022</b>		
Balance at 1st January 2022	102,526,667	102,526,667
Deficit for the year	(6,852,918)	(6,852,918)
Prior year adjustments (note 25)	(46,490)	(46,490)
<b>Balance at 31st December 2022</b>	<b><u>95,627,259</u></b>	<b><u>95,627,259</u></b>

The notes on pages 14 to 24 are an integral part of these financial statements



Consolidated Annual Report and Financial Statements  
For the year ended 31 December 2023

**STATEMENT OF CASH FLOWS AS AT 31 DECEMBER**

	Notes	2023 Kshs	2022 Kshs
<b>Operating Activities</b>			
Surplus for the year	Page 8	(5,699,660)	2,929,590
Adjustments for:			
Depreciation charge for the year	12	2,754,564	2,444,286
Amortisation charge for the year	14	40,666	140,667
Operating cash flow before working capital changes		(2,904,430)	5,514,543
<b>Changes in working capital</b>			
Inventories		12,844,678	(15,297,396)
Trade and other receivables		(5,527,305)	(5,808,099)
Trade and other payables		(14,771,815)	12,470,829
<b>Net cash flow used in operating activities</b>		<b>(10,358,872)</b>	<b>(3,120,123)</b>
<b>Investing Activities</b>			
Purchase of fixed assets	12	(5,394,905)	(2,608,935)
<b>Net cash flow used in investing activities</b>		<b>(5,394,905)</b>	<b>(2,608,935)</b>
<b>Financing Activities</b>			
Borrowings	20	2,967,455	-
Prior year adjustment		-	(46,490)
Net cash flows generated/ (used in) financing activities		2,967,455	(46,490)
<b>Net decrease in cash and cash equivalents</b>		<b>(12,786,322)</b>	<b>(5,775,548)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>25,842,935</b>	<b>31,618,483</b>
<b>Cash and cash equivalents at the end of the year</b>	17	<b>13,056,613</b>	<b>25,842,935</b>

The notes on pages 14 to 24 are an integral part of these financial statements

## NOTES

### General information

Scripture Union of Kenya is domiciled in Kenya where it is registered under the Societies Act. The address of its registered office and principal place of business is Scripture Union Centre, Hurlingham, P.O Box 40717-00100. The principal activities of the group are to spread the word of God through spiritual nurture for Children's program, youth camps, training Christian teachers and distributing Christian Literature.

Scripture Union of Kenya controls a company limited by guarantee Scripture Union Christian Book Centre whose principal activity is fostering the Ministry of Scripture Union of Kenya by publishing and selling Christian Literature. The accounts of the subsidiary have been consolidated in the financial statements.

### 1 Basis of preparation and summary of significant accounting policies

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. They are presented in Kenya Shillings (Kshs). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

#### a) Revenue recognition

Revenue from sales of goods is recognised when the goods are delivered and title has passed. Revenue from sale of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the government of Kenya.

Rental income from investment properties is recognised on a straight line basis over the respective lease term. The rent income is net of VAT.

Grants and donations income are recognised on receipt basis.

#### b) Borrowings and borrowings costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

#### c) Income tax

Tax expense represents the aggregate amount included in profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income tax payable or refundable in respect of the taxable profit or loss for the current and prior periods, determined in accordance with the Kenyan Income Tax Act.

Deferred tax is determined on differences arising between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences), using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

Income derived from grants and donations are exempt from tax. The organisation is in the process of updating its tax exempt status with Kenya Revenue Authority and the directors consider it likely that exemption will be received on all its earnings



**NOTES (CONTINUED)****d) Translation of foreign currency**

All transactions in foreign currencies are initially recorded in Kenya Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

**e) Motor vehicle, computers, equipment, furniture and fittings**

All assets are stated at historical cost less accumulated depreciation. Depreciation is calculated on the reducing balance basis to write down the cost to their residual values over their estimated useful lives as follows:

Motor vehicles	25%
Computer and accessories	30%
Office partitions	10%
Furniture, fixtures and fittings	10%
Office equipment	10%

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 profit or loss.

**f) Intangible assets**

Intangible assets comprise purchased computer software and are stated at cost less accumulated amortization and any accumulated impairment losses. They are amortized over their estimated life of three years using the straight-line method. If there is an indication that there has been a significant change in amortization rate, useful life or residual value of an intangible assets, amortization is revised prospectively to reflect the new expectation.

**g) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, term and call deposits with banking institutions and other short-term highly liquid investments in money market instruments with maturities of three months or less from the date of acquisition net of bank overdrafts. In the statement of financial position, bank overdrafts are disclosed as borrowings under current liabilities.

**h) Comparatives**

Where necessary, the comparative amounts have been adjusted to comply with the financial reporting requirements.

**i) Financial assets**

Trade and other receivables are initially recognized at the transaction price. Most sales are made on the normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately.

Bad debts are written off after all reasonable steps are have been taken to recover them without success and after the approval of the National Governing Council.

**NOTES (CONTINUED)****j) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Organization. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Organization at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

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

At each reporting date, property, plant and equipment, investment property, intangible assets, and investments in associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**l) Financial liabilities**

Financial liabilities are initially recognised at the transaction price (less transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

**m) Employee benefits - post-employment benefit obligations**

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



**NOTES (CONTINUED)****2 Critical accounting estimates and judgements**

The Organization makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

**a) Tangible and intangible assets**

Critical estimates are required in determining the depreciation rates for furniture and fittings, computers, motor vehicles, computer software and office equipment. The management determines these rates of depreciation based on their assessment of the useful lives of the various items of property and equipment.

**b) Inventory valuation**

Inventory property is stated at the lower of cost and net realisable value (NRV). NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Organization, based on comparable transactions identified by the Organization for properties in the same geographical market serving the same real estate segment. NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.

**c) Investment Property**

Property held to earn rentals or for capital appreciation or both is classified as investment property. Investment property whose fair value cannot be measured reliably without undue cost or effort is measured at cost less accumulated depreciation and any accumulated impairment losses.

**d) Financial risk management objectives and policies**

The Organization's activities expose it to a variety of financial risks including credit liquidity and changes in market prices of the Organization's products. The Organization's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Organization does not hedge any risks and has in place policies to ensure that credit is extended to customers with an established credit history.

NOTES (CONTINUED)

	Group		Parent-SUK			
	2023 Kshs	2022 Kshs	2023 Kshs	2022 Kshs		
<b>3 Income</b>						
<b>a) Grants and program income</b>						
Fund raising- Program income	13,870,391	13,617,588	13,870,391	13,617,588		
General gifts and donation	657,487	738,709	657,487	738,709		
Membership subscriptions	36,400	18,000	36,400	18,000		
Project Isinya - Farm income	919,590	2,536,254	919,590	2,536,254		
Income from SEMD	2,203,029	-	2,203,029	-		
Interest income	1,037,654	1,584,244	1,037,654	1,584,244		
	<u>18,724,551</u>	<u>18,494,795</u>	<u>18,724,551</u>	<u>18,494,795</u>		
<b>b) Rental and service charge income</b>						
Rental income	6,477,183	5,991,215	8,237,379	8,019,282		
Service charge	2,473,950	2,355,132	2,473,950	2,355,132		
	<u>8,951,133</u>	<u>8,346,347</u>	<u>10,711,329</u>	<u>10,374,414</u>		
<b>c) Grant received</b>						
SUCBC grant	-	-	6,478,793	14,414,530		
<b>d) Other income</b>						
Board room hire and other miscellaneous income	1,165,040	127,925	1,118,000	-		
	<u>1,165,040</u>	<u>127,925</u>	<u>1,118,000</u>	<u>-</u>		
<b>4 Designated and undesignated funds</b>						
<b>a) Designated funds</b>						
Year 2023	<b>ANONYMOUS DONOR</b>	<b>SU INTERNATIONAL</b>	<b>HANSON YOUNG TRUST</b>	<b>TEARFUND</b>	<b>COWORKERS</b>	<b>Total</b>
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 1 January 2023	2,780,512	-	21,430	293,706	414,272	3,509,920
Receipts during 2023		1,636,721	-	-	-	1,636,721
<b>Less: Expenditure</b>						
Program expenses	(1,638,488)	(710,830)	(21,430)	-	(414,272)	(2,785,020)
Balance as at 31 December 2023	<u>1,142,024</u>	<u>925,891</u>	<u>-</u>	<u>293,706</u>	<u>-</u>	<u>2,361,621</u>
<b>b) General funds</b>						
Total (deficit)/ surplus for the year (page 7 and 8)						
Less: Designated funds						
Undesignated funds						
<b>5 Gross profit from Trading</b>						
Sales	40,223,257	56,093,264	-	-	-	-
Cost of goods sold	(21,623,211)	(31,622,392)	-	-	-	-
	<u>18,600,046</u>	<u>24,470,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>6 Program expenditure</b>						
Program facilitation costs - salaries	10,692,260	7,921,853	10,692,260	7,921,853		
Camping, seminars and rallies expenses	4,976,228	3,481,867	4,976,228	3,481,867		
Program materials	4,450,152	2,881,701	4,450,152	2,881,701		
Editorial expenses	397,479	292,000	397,479	292,000		
Isinya project costs	1,356,207	2,165,069	1,356,207	2,165,069		
Meetings and conferences	567,623	393,590	567,623	393,590		
Motor vehicle running expenses	418,340	229,310	418,340	229,310		
Rent and rates	384,528	158,005	384,528	158,005		
Travel and accommodation	496,219	286,700	496,219	286,700		
Printing & production cost	1,846,029	-	1,846,029	-		
Material distribution expenses	14,500	-	14,500	-		
Other Designated Costs (LE Africa & CG2)	-	961,205	-	961,205		
	<u>25,599,565</u>	<u>18,771,301</u>	<u>25,599,565</u>	<u>18,771,301</u>		
<b>7 Establishment expenses</b>						
Repairs and maintenance	473,436	389,323	448,235	380,695		
Insurance and licenses	255,727	298,651	111,950	202,394		
	<u>729,163</u>	<u>687,974</u>	<u>560,185</u>	<u>583,089</u>		
<b>8 Finance charges</b>						
Interest expense	2,281,737	44,726	307,641	35,034		
Foreign exchange loss	66,170	2,183	(9,856)	2,183		
	<u>2,347,907</u>	<u>46,909</u>	<u>297,785</u>	<u>37,217</u>		



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## NOTES (CONTINUED)

	Group		Parent-SUK	
	2023 Kshs	2022 Kshs	2023 Kshs	2022 Kshs
<b>9 Administration expenses</b>				
Salaries and wages	13,524,278	11,403,164	7,759,917	5,153,431
Penalties and interest	(4,149,556)	-	-	-
Depreciation	2,754,561	2,444,286	2,496,286	2,239,894
Rent and rates	1,952,526	1,260,687	93,703	47,298
Staff welfare and medical	2,728,349	1,554,227	1,904,791	885,440
Electricity, water, fuel, telephone and postages	1,929,062	1,591,927	1,404,366	1,115,163
Security expenses	945,338	938,250	585,338	560,250
Travelling and accommodation expenses	512,448	213,642	436,415	159,082
Audit fees	400,000	400,000	200,000	200,000
Amortisation	40,666	140,667	-	-
Management fees	274,790	422,888	274,790	422,888
Motor vehicle expenses	551,174	343,312	427,937	242,592
Subscriptions expenses	96,700	15,450	96,700	15,450
Bank charges	315,762	253,245	177,159	128,340
Donations	133,700	470,355	98,020	355,600
Office general expenses	117,246	105,086	117,246	105,086
AGM and governance meetings	928,809	742,349	800,562	677,919
Printing and stationery	312,769	240,604	194,383	98,962
Staff training and retreat	23,920	304,078	12,720	292,878
Internet expenses	355,525	82,194	355,525	82,194
PR and branding expenses	209,249	215,236	-	82,500
Computer expenses	454,009	431,243	210,365	202,061
Fines and penalties	5,470	5,427,776	5,470	829,064
Accountancy and professional fees	47,000	3,500	23,500	3,500
	<u>24,463,795</u>	<u>29,004,166</u>	<u>17,675,192</u>	<u>13,899,592</u>
<b>10 Operating surplus</b>				
Operating profit for the year is after charging :-				
Audit fees	400,000	400,000	200,000	200,000
Amortisation	40,666	140,667	-	-
Depreciation	2,754,561	2,444,286	2,496,286	2,239,894
Staff costs	13,524,278	12,957,391	9,664,709	6,038,871
<b>11 Taxation</b>				
<b>a) Tax expense</b>				
Deferred tax	<u>1,414,041</u>	<u>9,782,507</u>	<u>-</u>	<u>-</u>
<b>b) Tax reconciliation</b>				

The tax expense for the year differs from the theoretical amount that would result from applying the statutory tax rate of 30% (2022: 30%) to (deficit)/ surplus before tax as follows:.

	2023 Kshs	2022 Kshs	2023 Kshs	2022 Kshs
Profit/(loss) before tax	1,400,396	(7,062,952)	-	-
Tax calculated at the statutory rate of 30%	420,119	(2,118,886)	-	-
<b>Tax effect of:</b>				
Expenses not deductible for tax purposes	1,923,622	9,890,164	-	-
Deferred tax	(929,700)	2,011,228	-	-
Tax charge	<u>1,414,041</u>	<u>9,782,507</u>	<u>-</u>	<u>-</u>

**NOTES (CONTINUED)****11 Taxation (continued)****c) Deferred tax**

Deferred tax is calculated using the enacted rate of 30% (2022: 30%). The following are the deferred tax assets (liabilities) recognised by the entity:

Deferred tax asset	At start of year Kshs	Credited to profit or loss Kshs	At end of year Kshs
Property, plant and equipment	(1,449,578)	1,427,093	(22,485)
General provisions	-	(1,059,043)	(1,059,043)
Taxable losses	(561,650)	561,650	-
Net deferred tax asset	<u>(2,011,228)</u>	<u>929,700</u>	<u>(1,081,528)</u>

The deferred tax relates to the results of the Organization's subsidiary, Scripture Union Christian Book Centre.

**12 Parent Property plant and equipment (Refer to page 23)****Consolidated property plant and equipment (Refer to page 24)**

	Group		Parent-SUK	
	2023 Kshs	2022 Kshs	2023 Kshs	2022 Kshs
<b>13 Investment property at cost</b>				
Scripture Union Centre	<u>39,575,772</u>	<u>39,575,772</u>	<u>39,575,772</u>	<u>39,575,772</u>

Investment property relates to the cost of land and building in Hurlingham where Scripture Union of Kenya are based and other units are rented out.

	Group		Parent-SUK	
	2023 Kshs	2022 Kshs	2023 Kshs	2022 Kshs
<b>14 Intangible assets</b>				
At 1st January	1,895,245	1,895,245	-	-
Additions	-	-	-	-
At 31 December	<u>1,895,245</u>	<u>1,895,245</u>	<u>-</u>	<u>-</u>
Amortization	1,854,579	1,713,912	-	-
Charge for the year	40,666	140,667	-	-
At 31 December	<u>1,895,245</u>	<u>1,854,579</u>	<u>-</u>	<u>-</u>
Net book value as at 31 December	<u>-</u>	<u>40,666</u>	<u>-</u>	<u>-</u>



NOTES (CONTINUED)

	Group		Parent-SUK	
	2023 Kshs	2022 Kshs	2023 Kshs	2022 Kshs
<b>15 Inventories</b>				
Books and other materials	13,689,657	26,534,335	-	-
<b>16 Trade and other receivables</b>				
Trade receivables	12,416,038	11,292,629	4,172,493	1,316,451
Other receivables	6,297,457	1,893,561	712,040	822,271
	<u>18,713,495</u>	<u>13,186,190</u>	<u>4,884,533</u>	<u>2,138,722</u>
<b>17 Cash and cash equivalents</b>				
Bank balances	12,534,744	25,653,996	9,446,722	19,081,201
Cash on hand	521,869	188,939	191,070	48,876
	<u>13,056,613</u>	<u>25,842,935</u>	<u>9,637,792</u>	<u>19,130,077</u>
<b>18 Trade and other payables</b>				
Trade payables	7,287,956	16,289,304	229,154	174,353
Accruals, rent deposits and other payables	8,950,620	14,721,087	3,428,056	3,422,835
	<u>16,238,576</u>	<u>31,010,391</u>	<u>3,657,210</u>	<u>3,597,188</u>
<b>19 Long-term Irredeemable Loan</b>				
SUK Long-term Irredeemable Loan	-	-	19,904,392	19,904,392

The Organization has entered into an Irredeemable Long-term Loan Agreement with Scripture Union Christian Book Centre, converting the debts owed from the borrower into an irredeemable long-term loan facility. The facility is repayable upon dissolution of the Lender or early repayment in full of the outstanding amount by the Borrower, whichever comes first. The facility does not bear any interest, and the Borrower may make early repayment without penalty at any time. The security for the facility is a floating charge over the Borrower's assets, and the Lender maintains the first right of refusal for long-term financing, except where such financing shall in part or wholly repay the outstanding facility amount.

	Group		Parent-SUK	
	2023 Kshs	2022 Kshs	2023 Kshs	2022 Kshs
<b>20 Borrowings</b>				
<b>Non-current</b>				
Long term loan	2,374,534	-	2,374,534	-
<b>Current borrowings</b>				
Short term Loan	592,921	-	592,921	-
<b>Total borrowings</b>	<u>2,967,455</u>	<u>-</u>	<u>2,967,455</u>	<u>-</u>

**NOTES (CONTINUED)**

	Group 2023 Kshs	2022 Kshs	Parent-SUK 2023 Kshs	2022 Kshs
<b>21 Related party balances</b>				
Scripture Union Christian Book Centre				
As at 1 January	-	-	12,455,839	26,483,978
Advanced during the year	-	-		24,024,219
Paid during the year	-	-		(38,052,358)
As at 31 December	-	-	12,455,839	12,455,839

Scripture Union of Kenya is related to Scripture Union Christian Book Centre Limited by common management. Scripture Union Christian Book Centre Limited operates a bookshop at Scripture Union Centre which is owned by Scripture Union of Kenya. Scripture Union of Kenya has also granted Scripture Union Christian Book Centre Limited rights to print and distribute Golden bells.

Scripture Union Christian Book Centre Limited pays rent for the bookshop space and royalty for the rights granted to print and distribute Golden bells.

	Parent-SUK 2023 Kshs	2022 Kshs
<b>i) Rent for the year</b>		
- Rent billed to Scripture Union Christian Book Centre Limited	1,849,494	2,028,067
	<u>1,849,494</u>	<u>2,028,067</u>
<b>ii) Outstanding balances</b>		
Amounts due from related parties		
- Rent receivable from Scripture Union Christian Book Centre Ltd	12,398,104	2,368,335
- Grant receivable from Scripture Union Christian Book Centre Ltd	-	10,176,850
- Other receivables from Scripture Union Christian Book Centre Ltd	60,512	(89,347)
	<u>12,458,616</u>	<u>12,455,838</u>

**22 Subsequent Events Review**

There are no material subsequent events that would require disclosure in the financial statements.

**23 Capital Commitments**

The Company has no capital commitments, whether authorised and contracted or authorised and not contracted.

**24 Contingent liability**

The organisation has been involved in a case filed by former employees who were made redundant in 2018 and who are claiming additional pay and benefits totalling Kshs 4,257,000 of which Kshs 726,856 has been paid as at the end of 2023.

**25 Prior year adjustments**

The prior year adjustment relates to prior periods program incomes and expenditure that were not accounted for in the prior year.

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## NOTES (CONTINUED)

12 Parent Property plant and equipment	Freehold land		Motor vehicles		Motor cycles		Computers		Furniture and equipment		Project Isinya		Total	
	Kshs		Kshs		Kshs		Kshs		Kshs		Kshs		Kshs	
<b>Year 2023</b>														
<b>Cost</b>														
At 1 January	303,000		9,742,903		2,153,000		2,636,686		12,041,396		20,316,402		47,193,387	
Additions	-		4,100,000		-		129,000		-		938,404		5,167,404	
Disposal	-		(1,080,000)		-		-		-		-		(1,080,000)	
At 31 December	303,000		12,762,903		2,153,000		2,765,686		12,041,396		21,254,806		51,280,791	
<b>Accumulated depreciation</b>														
At 1 January	-		9,439,361		2,130,682		2,073,295		9,027,797		6,321,619		28,992,755	
Disposal	-		(1,080,000)		-		-		-		-		(1,080,000)	
Charge for the year	-		504,636		5,579		191,392		301,360		1,493,319		2,496,285	
At 31 December	-		8,863,997		2,136,261		2,264,687		9,329,157		7,814,938		30,409,039	
<b>Carrying amount</b>														
At 31 December	303,000		3,898,906		16,739		500,999		2,712,239		13,439,868		20,871,752	
<b>Year 2022</b>														
<b>Cost</b>														
At 1 January	303,000		9,742,903		2,153,000		1,895,445		12,016,911		18,626,193		44,737,452	
Additions	-		-		-		741,241		24,485		1,690,209		2,455,935	
At 31 December	303,000		9,742,903		2,153,000		2,636,686		12,041,396		20,316,402		47,193,387	
<b>Accumulated depreciation</b>														
At 1 January	-		9,338,181		2,123,243		1,831,842		8,692,953		4,766,643		26,752,862	
Charge for the year	-		101,181		7,439		241,453		334,844		1,554,976		2,239,892	
At 31 December	-		9,439,361		2,130,682		2,073,295		9,027,797		6,321,619		28,992,754	
<b>Carrying amount</b>														
At 31 December	303,000		303,542		22,318		563,391		3,013,599		13,994,783		18,200,633	



Scripture Union Christian Book Centre

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Notes to the Financial Statements (Continued)

Consolidated property plant and 12 equipment		Freehold land Kshs	Isinya Project Kshs	Motor vehicles Kshs	Motor cycles Kshs	Computer and Accessories Kshs	Office partition Kshs	Furniture and fittings Kshs	Equipment's Kshs	Total Kshs
Group										
Year 2023										
<b>Cost</b>										
At 1 January		303,000	20,316,402	11,217,455	2,153,000	7,155,971	483,199	15,945,985	601,208	58,176,220
Additions		-	938,404	4,100,000	-	329,500	-	12,000	15,000	5,394,905
Disposal		-	-	(1,080,000)	-	-	-	-	-	(1,080,000)
At 31 December		303,000	21,254,806	14,237,455	2,153,000	7,485,472	483,199	15,957,985	616,208	62,491,125
<b>Accumulated depreciation</b>										
At 1 January		-	6,321,619	10,852,705	2,130,681	6,294,904	407,103	12,215,686	507,000	38,729,697
Disposal		-	-	(1,080,000)	-	-	-	-	-	(1,080,000)
Charge for the year		-	1,493,319	525,040	5,579	329,307	8,457	380,893	11,968	2,754,564
At 31 December		-	7,814,938	10,297,745	2,136,260	6,624,211	415,560	12,596,579	518,968	40,404,261
<b>Carrying amount</b>										
At 31 December		303,000	13,439,868	3,939,710	16,740	861,261	67,639	3,361,406	97,240	22,086,864
<b>Year 2022</b>										
<b>Cost</b>										
At 1 January		303,000	18,626,193	11,217,455	2,153,000	6,270,730	483,199	15,912,500	601,208	55,567,285
Additions		-	1,690,209	-	-	885,241	-	33,485	-	2,608,935
At 31 December		303,000	20,316,402	11,217,455	2,153,000	7,155,971	483,199	15,945,985	601,208	58,176,220
<b>Accumulated depreciation</b>										
At 1 January		-	4,766,643	10,731,121	2,123,242	5,967,017	398,647	11,802,209	496,532	36,285,411
Charge for the year		-	1,554,976	121,583	7,440	327,887	8,455	413,477	10,468	2,444,286
At 31 December		-	6,321,619	10,852,705	2,130,681	6,294,904	407,103	12,215,686	506,999	38,729,697
<b>Carrying amount</b>										
At 31 December		303,000	13,994,783	364,750	22,319	861,067	76,096	3,730,299	94,209	19,446,523

a) The freehold land comprises of property of Isinya, Kajiado County L.R No Kajiado/Kaputei North/2035 measuring 4.05 hectares. The property is under development and has a market value of Kshs 59 million is based on a professional valuation undertaken in 2016. The property is carried in the books at a cost of Kshs 303,000

b) Scripture Union of Kenya owns a plot in Eldoret, Uasin Gishu County L.R No. Pioneer/Nigeria Block 1 (EATECY/11885 measuring 0.39 hectares. The plot was purchased over 15 years ago and the cost has not been established hence it has not been brought into the books. The director's valuation of the plot is Kshs 9million



	2023 Kshs	2022 Kshs
Profit/(loss) before tax		
<b>Add Back</b>	1,400,396	(7,062,952)
Prior year adjustment		
Grant to Scripture union of Kenya	-	10,800,000
Depreciation	6,478,793	14,414,530
Software amortization	258,275	204,392
Donations	40,666	140,667
Prior year unrealised exchange gain	35,680	114,755
Tax arrears accrual	89,338	-
	-	4,598,712
<b>Less</b>	8,303,147	23,210,104
Unrealised Exchange Gain		
Wear and Tear	-	(89,338)
Reversal of prior year tax arrears accrual	(220,898)	(207,013)
Restructuring cost paid in 2023	(4,149,556)	-
Software amortization	(318,856)	-
<b>Taxable profit for the year</b>	<b>(127,203)</b>	<b>-</b>
Tax Losses Brought Forward	3,486,635	22,913,753
Taxable profit/(loss)	(1,872,166)	(24,785,919)
<b>Tax payable (30% tax rate)</b>	<b>1,614,469</b>	<b>(1,872,166)</b>
	<b>484,341</b>	<b>-</b>
1st Instalment Payable		
2nd Instalment Payable	287,647	
3rd Instalment Payable	287,647	
4th Instalment Payable	287,647	
	287,647	
	<u>1,150,589</u>	

	Motor Vehicles Kshs	Computers and Accessories Kshs	Office Partition Kshs	Furniture and Fittings Kshs	Equipment Kshs	Total Kshs
WDV 1/1/2023	56,500	308,277	64,313	617,779	86,695	1,133,564
		200,500		12,000	15,000	227,500
W&T	56,500	508,777	64,313	629,779	101,695	1,361,064
	(14,125)	(127,194)	(6,431)	(62,978)	(10,169)	(220,898)
<b>WDV 31/12/2023</b>	<b>42,375</b>	<b>381,583</b>	<b>57,882</b>	<b>566,801</b>	<b>91,525</b>	<b>1,140,166</b>
WDV 1/1/2022	75,334	267,036	71,459	677,421	96,327	1,187,577
		144,000		9,000		153,000
W&T	75,334	411,036	71,459	686,421	96,327	1,340,577
	(18,833)	(102,759)	(7,146)	(68,642)	(9,633)	(207,013)
<b>WDV 31/12/2022</b>	<b>56,500</b>	<b>308,277</b>	<b>64,313</b>	<b>617,779</b>	<b>86,695</b>	<b>1,133,564</b>
WDV 1/1/2021	100,445	356,048	79,399	752,690	107,030	1,395,612
	100,445	356,048	79,399	752,690	107,030	1,395,612
W&T	(25,111)	(89,012)	(7,940)	(75,269)	(10,703)	(208,035)
<b>WDV 31/12/2021</b>	<b>75,334</b>	<b>267,036</b>	<b>71,459</b>	<b>677,421</b>	<b>96,327</b>	<b>1,187,577</b>
<b>Software Amortisation</b>				<b>2023 Kshs</b>	<b>2022 Kshs</b>	<b>2021 Kshs</b>
WDV at 1st January				218,063	290,750	168,750
Additions				-	-	122,000
				218,063	290,750	290,750
Wear and tear				(54,516)	(72,688)	(72,688)
<b>WDV at 31st December</b>				<b>163,547</b>	<b>218,063</b>	<b>218,063</b>

Scripture Union of Kenya  
 Proposed audit Journal entries  
 For the year ended 31 December 2023

	Debit Kshs	Credit Kshs	Income and Expenditure reconciliation Kshs
Surplus as per client			(8,180,055)
1 Related party balances			
Trade receivables	12,410,613		
<i>Being reclassification of related party balances from trade receivables</i>		12,410,613	
2 Accumulated depreciation - Motor vehicle			
Other income - gain on disposal	1,080,000		
<i>Being to account for the disposal of the MV gifted to the outgoing ND</i>		1,080,000	1,080,000

Profit as per financial statements

(7,100,055)

Approved By... EREMIEL BARAZA

Signature 