

SCRIPTURE UNION OF KENYA
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024



AUDIT | ACCOUNTING | FINANCIAL SERVICES



Consolidated Annual Report and Financial Statements
For the year ended 31 December 2024

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Organization information**National Governing Council**

Ms. Christina Were	NGC Chairperson
Mr. Ezekiel Baraza	NGC Secretary
Rev. Dr. John Mudany	Honorary Treasurer
Dr. Reuben Nzuki	Member - Appointed on 13th April 2024
John Lorionokoh	Member - Appointed on 13th April 2024
Pst. Jane Ndanu	Member
Rev. Johna Muchiri	Member
Dr. Stephen Asatsa	Member
Mrs. Joanne Kepher	Member
Rev. Brownlow Mwangecho	Member
Mr. Simon Njaria	Member
Mrs. Liz Matimu	Member
Mrs. Naomi Njau	Member
Ms. Jackqeline Ndirangu	Member
Ms. Marcy Oyoo	Member
Catherine Mwikali Kiuna	Member - Appointed on 13th April 2024
Gad Chemoiyai	Member - Appointed on 13th April 2024

Registered Office

Scripture Union Centre
Hurlingham
P.O. Box 40717-00100
Nairobi

Secretary

Lantern Associates
P.O Box 70268-00400
Nairobi

Independent Auditor

MGK Associates LLP
Certified Public Accountants of Kenya
P.O. Box 6358 - 00100
Nairobi

Principal Banker

Co-operative Bank of Kenya
Tom Mboya Branch
P.O Box 10179-00400
Nairobi.

SBM
Hurlingham Branch
P.O Box 3012-00100
Nairobi.

Stanbic Bank Kenya Ltd
Upperhill Branch
P.O Box 30390-00100
Nairobi.

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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 2024.

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:

	2024		2023	
	Group	Parent-SUK	Group	Parent-SUK
	Kshs	Kshs	Kshs	Kshs
(Deficit)/ surplus	<u>(12,570,155)</u>	<u>(2,034,649)</u>	<u>(9,903,867)</u>	<u>(7,100,054)</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 24/4/2025

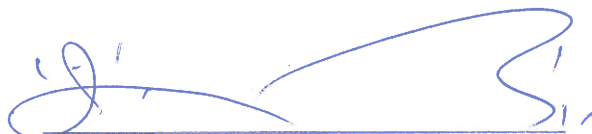
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STATEMENT OF NATIONAL GOVERNING COUNCIL'S RESPONSIBILITIES

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 2024 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 24th April 2025and 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 2024.****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 2024, 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 2024 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 2024 (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

25th April 2025

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STATEMENT OF INCOME AND EXPENDITURE AS AT 31 DECEMBER

Income	Notes	2024 Kshs	2023 Kshs
Grants & donations	3(a)	12,023,430	9,745,240
Program income	3(b)	22,655,817	14,420,450
Rental income	3(c)	11,308,864	10,711,329
Investment & other income	3(d)	424,859	2,155,654
		<u>46,412,970</u>	<u>37,032,673</u>
Expenditure			
Program expenses	6	(28,326,641)	(25,409,493)
Establishment & other operating costs	7	(5,804,828)	(3,246,594)
Finance costs	8	(633,800)	(307,641)
Administrative expenses	9	<u>(13,682,350)</u>	<u>(15,168,999)</u>
Total expenditure		<u>(48,447,619)</u>	<u>(44,132,728)</u>
Deficit for the year		<u>(2,034,649)</u>	<u>(7,100,054)</u>
(Deficit)/ surplus funds reconciliation			
General funds	4	(5,462,041)	(9,461,675)
Designated funds	4	3,427,392	2,361,621
Deficit for the year		<u>(2,034,649)</u>	<u>(7,100,054)</u>

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

Consolidated Annual Report and Financial Statements
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CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE AS AT 31 DECEMBER

	Notes	2024 Kshs	2023 Kshs
Income			
Grants & donations	3	5,034,727	3,266,447
Program income	3	22,655,817	14,420,450
Rental income	3	9,548,668	8,951,133
Investment & other income	3	424,859	2,202,694
Gross income from trading	5	14,855,981	18,600,046
		<u>52,520,052</u>	<u>47,440,770</u>
Expenditure			
Program expenses	6	(28,578,782)	(25,409,493)
Establishment & other operating costs	7	(6,586,546)	(3,775,572)
Finance costs	8	(657,716)	(2,281,737)
Administrative expenses	9	<u>(28,170,363)</u>	<u>(24,463,794)</u>
Total expenditure		<u>(63,993,407)</u>	<u>(55,930,596)</u>
Deficit for the year		(11,473,355)	(8,489,826)
Tax charge for the year	11(a)	(1,096,800)	(1,414,040)
Deficit after tax		<u>(12,570,155)</u>	<u>(9,903,867)</u>
(Deficit)/ surplus funds reconciliation			
General funds	4	(15,997,547)	(12,265,488)
Designated funds	4	3,427,392	2,361,621
Deficit after tax		<u>(12,570,155)</u>	<u>(9,903,867)</u>

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

Consolidated Annual Report and Financial Statements
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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

FUND BALANCES	Notes	2024 Kshs	2023 Kshs
Reserves			
General reserves	Page 11	<u>89,153,654</u>	<u>100,708,192</u>
Non current liabilities			
Borrowings	20	<u>1,595,564</u>	<u>2,374,534</u>
		<u>90,749,218</u>	<u>103,082,726</u>
REPRESENTED BY:			
Non current assets			
Property, plant and equipment	12	18,179,528	20,871,751
Investment property	13	39,575,772	39,575,772
Long-term irredeemable loan	19	<u>10,384,503</u>	<u>19,904,392</u>
		<u>68,139,803</u>	<u>80,351,915</u>
Current assets			
Inventories	15	3,065,320	174,281
Trade and other receivables	16	5,071,559	4,710,252
Cash and bank balances	17	2,411,069	9,637,792
Due from related parties	21	<u>17,675,700</u>	<u>12,458,616</u>
		<u>28,223,648</u>	<u>26,980,942</u>
Current liabilities			
Trade and other payables	18	4,867,382	3,657,210
Borrowings	20	<u>746,851</u>	<u>592,921</u>
		<u>5,614,233</u>	<u>4,250,131</u>
Net current assets		<u>22,609,415</u>	<u>22,730,811</u>
		<u>90,749,218</u>	<u>103,082,726</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 24th April 2025 and signed on its behalf by:


Rev. Dr. John Mudany- Honorary Treasurer


Mr. Ezekiel Baraza - National Director


Consolidated Annual Report and Financial Statements
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER


FUND BALANCES	Notes	2024 Kshs	2023 Kshs
Reserves			
General reserves	Page 12	<u>75,943,403</u>	<u>88,513,558</u>
Non current liabilities			
Borrowings	20	1,595,564	2,374,534
Deferred tax liability	11c	<u>15,271</u>	<u>-</u>
Total equity and liabilities		<u>77,538,968</u>	<u>90,888,092</u>
REPRESENTED BY:			
Non current assets			
Deferred tax asset	11c	-	1,081,528
Property, plant and equipment	12	19,237,685	22,086,863
Investment property	13	39,575,772	39,575,772
Intangible assets	14	<u>-</u>	<u>-</u>
		<u>58,813,457</u>	<u>62,744,163</u>
Current assets			
Inventory	15	12,999,664	13,863,938
Trade and other receivables	16	21,500,087	18,539,215
Cash and cash equivalents	17	<u>4,851,813</u>	<u>13,056,613</u>
		<u>39,351,564</u>	<u>45,459,766</u>
Current liabilities			
Trade and other payables	18	19,879,202	16,238,576
Borrowings	20	746,851	592,921
Tax payable		<u>-</u>	<u>484,341</u>
		<u>20,626,053</u>	<u>17,315,838</u>
Net current assets		<u>18,725,511</u>	<u>28,143,928</u>
		<u>77,538,968</u>	<u>90,888,092</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 24th April 2025 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 2024

STATEMENT OF CHANGES IN FUND BALANCES AS AT 31 DECEMBER

	General reserves Kshs	Totals Kshs
Year ended 31st December 2024		
Balance at 1st January	100,708,192	100,708,192
Deficit for the year	(2,034,649)	(2,034,649)
Prior year adjustme (Note 25)	(9,519,889)	(9,519,889)
Balance at 31st December 2024	<u>89,153,654</u>	<u>89,153,654</u>
Year ended 31st December 2023		
Balance at 1st January	107,808,246	107,808,246
Surplus for the year	(7,100,054)	(7,100,054)
Balance at 31st December 2023	<u>100,708,192</u>	<u>100,708,192</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 2024

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AS AT 31 DECEMBER

	General reserves Kshs	Totals Kshs
Year ended 31st December 2024		
Balance at 1st January 2024	88,513,558	88,513,558
Deficit for the year	(12,570,155)	(12,570,155)
Balance at 31st December 2024	75,943,403	75,943,403
Year ended 31st December 2023		
Balance at 1st January 2023	95,627,259	95,627,259
Deficit for the year	(7,113,701)	(7,113,701)
Balance at 31st December 2023	88,513,558	88,513,558

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

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STATEMENT OF CASH FLOWS AS AT 31 DECEMBER

	Notes	2024 Kshs	2023 Kshs
Operating Activities			
Deficit for the year	Page 8	(11,473,355)	(5,699,660)
Adjustments for:			
Bad debts written off	9	292,500	
Depreciation charge for the year	12	2,963,418	2,754,563
Amortisation charge for the year	14	-	40,666
Operating cash flow before working capital changes		(8,217,437)	(2,904,431)
Changes in working capital			
Inventories		864,274	12,844,678
Trade and other receivables		(2,960,872)	(5,527,305)
Trade and other payables		3,640,716	(14,771,815)
Net cash flow used in operating activities		(6,673,319)	(10,358,873)
Tax paid		(484,341)	-
Investing Activities			
Purchase of fixed assets	12	(114,240)	(5,394,904)
Net cash flow used in investing activities		(114,240)	(5,394,904)
Financing Activities			
Borrowings	20	(932,900)	2,967,455
Net cash flows generated/ (used in) financing activities		(932,900)	2,967,455
Net decrease in cash and cash equivalents		(8,204,800)	(12,786,322)
Cash and cash equivalents at the beginning of the year		13,056,613	25,842,935
Cash and cash equivalents at the end of the year	17	4,851,813	13,056,613

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, 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 amortized cost. However, since the company does not charge interest, no effective interest is recognized on these receivables. 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 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	
	2024	2023	2024	2023
	Kshs	Kshs	Kshs	Kshs
3 Income				
a) Grants & donations				
Designated Fund	2,369,563	2,572,559	2,369,563	2,572,559
Designated Fund - Isinya CRC	736,120	-	736,120	-
General Gifts & Donations	-	-	6,988,703	6,478,793
Golden Bells Grant	1,912,544	657,487	1,912,544	657,487
Membership Subscriptions	16,500	36,400	16,500	36,400
	<u>5,034,727</u>	<u>3,266,447</u>	<u>12,023,430</u>	<u>9,745,240</u>
b) Program income				
Program Income	-	11,297,831	-	11,297,831
Sale of Literature - Regions	4,621,339	-	4,621,339	-
Church Ministry Income - Regions	5,878,309	-	5,878,309	-
School Ministry Income - HQ	3,728,621	-	3,728,621	-
Family Ministry Income - HQ	245,500	-	245,500	-
School Ministry Income - Regions	2,248,641	-	2,248,641	-
Isinya Farming Income	708,800	919,590	708,800	919,590
Income from Research & Publications	5,224,607	2,203,029	5,224,607	2,203,029
	<u>22,655,817</u>	<u>14,420,450</u>	<u>22,655,817</u>	<u>14,420,450</u>
c) Rental income				
Rental income	7,132,568	6,477,183	8,892,764	8,237,379
Service charge	2,416,100	2,473,950	2,416,100	2,473,950
	<u>9,548,668</u>	<u>8,951,133</u>	<u>11,308,864</u>	<u>10,711,329</u>
d) Investment & other income				
Interest Income	363,196	1,037,654	363,196	1,037,654
Other Revenue	59,761	1,165,040	59,761	1,118,000
Unrealised Currency Gains	1,902	-	1,902	-
	<u>424,859</u>	<u>2,202,694</u>	<u>424,859</u>	<u>2,155,654</u>
4 Designated and undesignated funds				
a) Designated funds				
Year 2024	ANONYMOUS DONOR	SU INTERNATIONAL	TS CARE GERMANY	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 January 2024	1,142,024	925,891	-	2,361,621
Receipts during 2024	-	2,506,484	322,549	3,109,033
Less: Expenditure				
Program expenses	-	(1,147,007)	(322,549)	(2,043,262)
Balance as at 31 December 2024	<u>1,142,024</u>	<u>2,285,368</u>	<u>-</u>	<u>3,427,392</u>
	Group		Parent-SUK	
	2024	2023	2024	2023
	Kshs	Kshs	Kshs	Kshs
b) General funds				
Total (deficit)/ surplus for the year (page 7 and 8)	(12,570,155)	(9,903,867)	(2,034,649)	(7,100,054)
Less: Designated funds	(3,427,392)	(2,361,621)	(3,427,392)	(2,361,621)
Undesignated funds	<u>(15,997,547)</u>	<u>(12,265,488)</u>	<u>(5,462,041)</u>	<u>(9,461,675)</u>
5 Gross profit from Trading				
Sales	41,602,502	40,223,257	-	-
Cost of goods sold	<u>(26,746,521)</u>	<u>(21,623,211)</u>	<u>-</u>	<u>-</u>
	<u>14,855,981</u>	<u>18,600,046</u>	<u>-</u>	<u>-</u>
6 Program expenses				
Camping, Training and Rallies	-	10,827,644	-	10,827,644
Program Personnel Expenses - Regions	6,127,153	7,878,141	6,127,153	7,878,141
Programme Meeting costs	-	14,600	-	14,600
Family Ministry Expenses - Regions	13,020	-	13,020	-
Program Admin Expenses - Regions	2,242,017	-	2,242,017	-
Cost of sales for Literature - Regions	4,401,101	-	4,401,101	-
Church Ministry Expenses - Regions	2,512,503	-	2,512,503	-
School ministry Expenses - Regions	2,385,844	-	2,385,844	-
Program Personnel Expenses - HQ	1,879,791	-	1,879,791	-
School Ministry Expenses - HQ	2,111,848	-	2,111,848	-
Family Ministry Expenses - HQ	77,960	-	77,960	-
Designated costs	2,043,262	4,828,579	2,043,262	4,828,579
Research and Publications Costs	4,784,283	1,860,529	4,532,142	1,860,529
	<u>28,578,782</u>	<u>25,409,493</u>	<u>28,326,641</u>	<u>25,409,493</u>

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NOTES (CONTINUED)

	Group		Parent-SUK	
	2024	2023	2024	2023
	Kshs	Kshs	Kshs	Kshs
7 Establishment & other operating costs				
PR & Communications Costs	878,332	-	878,332	-
Resource Mobilization & Partnership Costs	1,428,234	190,072	1,428,234	190,072
Human Resource Development Costs	735,000	-	514,500	-
SU Centre Costs:				
Electricity and water	1,024,324	1,148,335	1,024,324	1,148,335
Fines and Penalties	-	5,470	-	5,470
General cleaning & utilities	374,905	319,917	374,905	319,917
Building Insurance	30,557	52,250	30,557	52,250
Land Rates Costs	140,000	93,703	140,000	93,703
Management Fees	348,379	274,790	348,379	274,790
Licences and Permits	190,648	203,477	71,000	59,700
Generator fuel and centre repairs & maintenance	407,210	510,446	388,860	485,245
Security expenses	1,028,957	977,113	605,737	617,113
	<u>6,586,546</u>	<u>3,775,572</u>	<u>5,804,828</u>	<u>3,246,594</u>
8 Finance costs				
Interest expense	657,716	2,281,737	633,800	307,641
9 Administrative expenses				
Audit Fees	400,000	400,000	200,000	200,000
Bank Fees	285,825	315,762	157,033	177,159
Bank Revaluations	50,241	(9,856)	50,241	(9,856)
Bad debts W/O	292,500	-	-	-
Computer Service Costs	671,979	454,009	476,437	210,365
Consulting & Accounting	25,500	47,000	25,500	23,500
Donations Expense	791,009	133,700	143,118	98,020
AGM & Governance Costs	154,680	437,807	115,750	309,560
General insurance	19,869	-	19,869	-
Telephone & Internet Expenses	830,123	880,220	335,537	355,525
Staff Meeting expenses	4,470	12,720	4,470	12,720
Motor Vehicle Expenses	231,071	431,614	102,830	308,377
Penalties and interest	126,918	(4,149,556)	-	-
Postage & Delivery	19,650	16,350	19,650	16,350
Printing & Stationery	125,804	312,769	55,226	194,383
Rent and rates	1,328,661	1,952,461	-	-
Legal expense (termination matter)	3,251,986	-	-	-
Realised Currency Gains	31,722	-	31,722	-
Strategic Plan Expenses	873,514	491,002	873,514	491,002
Subscriptions	88,200	96,700	88,200	96,700
Salaries and wages	11,744,970	13,524,278	5,429,775	7,759,917
Staff welfare and medical	2,786,543	2,707,774	1,792,470	1,873,016
Travel and Accommodation	874,191	512,448	813,266	436,415
Depreciation Amortization	2,963,418	2,795,226	2,750,222	2,496,286
Motor Vehicle Insurance	197,520	119,561	197,520	119,561
Foreign exchange loss	-	76,026	-	-
	<u>28,170,363</u>	<u>24,463,794</u>	<u>13,682,350</u>	<u>15,168,999</u>

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NOTES (CONTINUED)**10 Operating surplus**

Operating profit for the year is after charging :-

Audit fees	400,000	400,000	200,000	200,000
Depreciation	2,963,418	2,795,226	2,750,222	2,496,286
Staff costs	14,531,513	16,232,052	7,222,245	9,632,934

11 Taxation**a) Tax expense**

Current tax charge	-	484,341		
Deferred tax charge	1,096,800	929,700		
	<u>1,096,800</u>	<u>1,414,040</u>	<u>-</u>	<u>-</u>

b) Tax reconciliation

The tax expense for the year differs from the theoretical amount that would result from applying the statutory tax rate of 30% (2023: 30%) to (deficit)/ surplus before tax as follows:.

	2024 Kshs	2023 Kshs	2024 Kshs	2023 Kshs
Profit/(loss) before tax	(9,453,581)	1,400,396	-	-
Tax calculated at the statutory rate of 30%	(2,836,074)	420,119	-	-
Tax effect of:				
Expenses not deductible for tax purposes	2,836,074	1,923,622	-	-
Deferred tax	1,096,800	(929,700)	-	-
Tax charge	<u>1,096,800</u>	<u>1,414,041</u>	<u>-</u>	<u>-</u>

c) Deferred tax

Deferred tax is calculated using the enacted rate of 30% (2023: 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	(22,485)	37,756	15,271
General provisions	(1,059,043)	1,059,043	-
Net deferred tax asset	<u>(1,081,528)</u>	<u>1,096,800</u>	<u>15,271</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)

13 Investment property at cost

	Group		Parent-SUK	
	2024 Kshs	2023 Kshs	2024 Kshs	2023 Kshs
Scripture Union Centre	39,575,772	39,575,772	39,575,772	39,575,772

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.

14 Intangible assets

	Group		Parent-SUK	
	2024 Kshs	2023 Kshs	2024 Kshs	2023 Kshs
At 1st January and 31st December	1,895,245	1,895,245	-	-
Amortization	1,895,245	1,854,579	-	-
Charge for the year	-	40,666	-	-
At 31 December	<u>1,895,245</u>	<u>1,895,245</u>	<u>-</u>	<u>-</u>
Net book value as at 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Consolidated Annual Report and Financial Statements
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NOTES (CONTINUED)

	Group		Parent-SUK	
	2024	2023	2024	2023
	Kshs	Kshs	Kshs	Kshs
15 Inventories				
Books and other materials	12,999,664	13,863,938	3,065,320	174,281
16 Trade and other receivables				
Trade receivables	20,260,221	12,416,038	4,697,048	4,172,493
Other receivables	1,239,866	6,123,176	374,511	537,759
	<u>21,500,087</u>	<u>18,539,215</u>	<u>5,071,559</u>	<u>4,710,252</u>
17 Cash and cash equivalents				
Bank balances	3,014,028	7,116,076	938,856	4,028,054
Cash on hand	1,555,921	521,869	1,190,349	191,070
Money market funds & fixed deposits	281,864	5,418,668	281,864	5,418,668
	<u>4,851,813</u>	<u>13,056,613</u>	<u>2,411,069</u>	<u>9,637,792</u>
18 Trade and other payables				
Trade payables	6,762,230	7,287,956	1,019,154	229,154
Accruals, rent deposits and other payables	13,116,972	8,950,620	3,848,228	3,428,056
	<u>19,879,202</u>	<u>16,238,576</u>	<u>4,867,382</u>	<u>3,657,210</u>
19 Long-term Irredeemable Loan				
SUK Long-term Irredeemable Loan	<u>-</u>	<u>-</u>	<u>10,384,503</u>	<u>19,904,392</u>

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	
	2024	2023	2024	2023
	Kshs	Kshs	Kshs	Kshs
20 Borrowings				
Non-current				
Long term loan	1,595,564	2,374,534	1,595,564	2,374,534
Current borrowings				
Short term Loan	<u>746,851</u>	<u>592,921</u>	<u>746,851</u>	<u>592,921</u>
Total borrowings	<u>2,342,415</u>	<u>2,967,455</u>	<u>2,342,415</u>	<u>2,967,455</u>

NOTES (CONTINUED)

	Group		Parent-SUK	
	2024	2023	2024	2023
	Kshs	Kshs	Kshs	Kshs
21 Related party balances				
Scripture Union Christian Book Centre				
As at 1 January	-	-	12,455,839	12,455,839
Advanced during the year	-	-	5,219,861	-
As at 31 December	-	-	17,675,700	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	
	2024	2023
	Kshs	Kshs
i) Rent for the year		
- Rent billed to Scripture Union Christian Book Centre Limited	1,870,043	1,849,494
	<u>1,870,043</u>	<u>1,849,494</u>
ii) Outstanding balances		
Amounts due from related parties		
- Rent due from Scripture Union Christian Book Centre Ltd	1,870,043	12,398,104
- Publications due from Scripture Union Christian Book Centre Ltd	1,350,198	-
- Grant receivable from Scripture Union Christian Book Centre Ltd	14,299,594	-
- Other receivables from Scripture Union Christian Book Centre Ltd	155,865	60,512
	<u>17,675,700</u>	<u>12,458,616</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 2024.

25 Prior year adjustments

The prior year adjustment relates to accounts payable due to SUCBC. This amount had been received in gross from the subsidiary in the years 2019 to 2022 as proceeds from sale of golden bells without netting off 30% tax. This amount had previously been omitted from the books of both the parent and the subsidiary.

NOTES (CONTINUED)

12 Parent Property plant and equipment

Year 2024Cost

At 1st January	303,000	12,762,903	2,153,000	2,765,686	12,041,396	21,254,806	51,280,791
Additions	-	-	-	58,000	-	-	58,000
At 31st December	303,000	12,762,903	2,153,000	2,823,686	12,041,396	21,254,806	51,338,791

Depreciation

At 1st January	-	8,863,997	2,136,261	2,264,687	9,329,157	7,814,938	30,409,040
Charge for the year	-	974,727	4,185	150,300	271,224	1,349,787	2,750,222
At 31st December	-	9,838,724	2,140,446	2,414,987	9,600,381	9,164,725	33,159,263

Net book value

At 31st December	303,000	2,924,179	12,554	408,699	2,441,015	12,090,081	18,179,528
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Year 2023Cost

At 1st 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 31st December	303,000	12,762,903	2,153,000	2,765,686	12,041,396	21,254,806	51,280,791

Accumulated depreciation

At 1st January	-	9,439,361	2,130,682	2,073,295	9,027,797	6,321,619	28,992,754
Disposal	-	(1,080,000)	-	-	-	-	(1,080,000)
Charge for the year	-	504,636	5,579	191,392	301,360	1,493,319	2,496,286
At 31st December	-	8,863,997	2,136,261	2,264,687	9,329,157	7,814,938	30,409,040

Carrying amount

At 31st December	303,000	3,898,906	16,739	500,999	2,712,239	13,439,868	20,871,751
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Annual Report and Financial Statements
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Notes to the Financial Statements (Continued)

12 Consolidated property plant and equipment		Freehold land	Isinya Project	Motor vehicles	Motor cycles	Computer and Accessories	Office partition	Furniture and fittings	Equipment's	Total
Group		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Year 2024										
Cost										
At 1 January		303,000	21,254,806	14,237,455	2,153,000	7,485,471	483,199	15,957,985	616,208	62,491,124
Additions		-	-	-	-	97,440	-	16,800	-	114,240
At 31 December		303,000	21,254,806	14,237,455	2,153,000	7,582,911	483,199	15,974,785	616,208	62,605,364
Accumulated depreciation										
At 1 January		-	7,814,938	10,297,745	2,136,260	6,624,211	415,560	12,596,579	518,968	40,404,261
Charge for the year		-	1,349,787	984,927	4,185	270,210	6,765	337,821	9,723	2,963,418
At 31 December		-	9,164,725	11,282,672	2,140,444	6,894,421	422,325	12,934,399	528,692	43,367,679
Carrying amount										
At 31 December		303,000	12,090,081	2,954,783	12,556	688,490	60,874	3,040,386	87,516	19,237,685
Year 2023										
Cost										
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	5,394,904
Disposal		-	-	(1,080,000)	-	-	-	-	-	(1,080,000)
At 31 December		303,000	21,254,806	14,237,455	2,153,000	7,485,471	483,199	15,957,985	616,208	62,491,124
Accumulated depreciation										
At 1 January		-	6,321,619	10,852,705	2,130,681	6,294,904	407,103	12,215,686	507,000	38,729,698
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	2,754,563
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
Carrying amount										
At 31 December		303,000	13,439,868	3,939,710	16,740	861,260	67,639	3,361,406	97,240	22,086,863

The freehold land comprises of property of Isinya, Kajiado County L.R No Kajiado/Kaputeil 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

a) Scripture Union of Kenya owns a plot in Eldoret, Uasin Gishu County L.R No. Pioneer/Nigeria Block 1 (EATEC)/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

b) Scripture Union of Kenya owns a plot in Eldoret, Uasin Gishu County L.R No. Pioneer/Nigeria Block 1 (EATEC)/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

Scripture Union of Kenya
Tax computation
PIN: P000596672K

Appendix I

	2024 Kshs	2023 Kshs
Profit/(loss) before tax	(9,453,581)	1,400,396.14
Add Back		
Grant to Scripture union of Kenya	6,988,703	6,478,793
Depreciation	213,196	258,275
Software amortization	-	40,666
Donations	647,891	35,680
Prior year unrealised exchange gain	-	89,338
Penalties and interest	126,918	-
	<u>(1,476,873)</u>	<u>8,303,148</u>
Less		
Unrealised Exchange Gain	-	-
Wear and Tear	(189,150)	(220,898)
Reversal of prior year tax arrears accrual	-	(4,149,556)
Restructuring cost paid in 2023	-	(318,856)
Software amortization	-	127,203
Taxable profit for the year	<u>(1,666,024)</u>	<u>3,486,635</u>
Tax Losses Brought Forward	-	(1,872,166)
Taxable profit/(loss)	<u>(1,666,024)</u>	<u>1,614,469</u>
Tax payable (30% tax rate)	<u>-</u>	<u>-</u>
<u>Taxation Payable/(Recoverable)</u>		
At 1 January	484,341	-
Charge for the year	-	484,341
Income tax paid	<u>(484,341)</u>	<u>-</u>
	<u>(484,341)</u>	<u>-</u>
At 31 December	<u>(0)</u>	<u>484,341</u>