

**HATUA NETWORK ORGANIZATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2023**

**BCATA COMPANY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS (K)
MERU ROAD NEXT TO REMBO HOTEL
P.O.BOX 104260-80100
MOMBASA**

HATUA NETWORK ORGANIZATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2023

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**HATUA NETWORK ORGANIZATION
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1. **MANAGEMENT BOARD** : Chairman - Mr. Suleiman Mwinyi Babu
: Treasurer - Mr. Mohammed Chamzuzu
: Secretary - Mr. Seif Reje

2. **ADDRESS** : P.O Box 96690-80110
Likoni, Mombasa

3. **INDEPENDENT AUDITOR** : Bcata Company & Associates
Meru Road Next To Rembo Hotel
P.O. Box 104260-80100
MOMBASA

4. **BANKERS** : Cooperative Bank
Likoni Branch,
P. O. Box 96056 – 80110 Likoni,
MOMBASA.

: Rafiki Bank
Likoni Branch,
P.O. Box 12755 – 80110 Likoni,
MOMBASA.

: Kenya Commercial Bank
Treasury Square Branch,
P.O. BOX 90184 – 80100
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**HATUA NETWORK ORGANIZATION
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MANAGEMENT BOARD ANNUAL REPORT

The management board submits its annual report which includes the audited financial statements for the year ended 30 September 2023, which present the organization's financial position as at 30 September 2023 and its financial performance and cash flows for the year then ended.

REGISTRATION

The organization is registered in Kenya under Section 10 of the Non - Governmental organizations Co-ordination Act. The organization's address is set out on page 1.

The organization is a non-profit and non-political body registered as an National Non-Governmental organization (NGO) in Kenya.

OBJECTIVE AND ACTIVITIES

The principal activities of the organization is promoting education and empowerment through scholarship, mentorship and career guidance

ACHIEVEMENTS AND PERFORMANCE

	2023	2022
	KSHS	KSHS
Revenue		
Donor Grants utilised	78,346,309	67,564,803
Social enterprise income	-	-
Investment income	71,272	66,744
	<u>78,417,581</u>	<u>67,631,547</u>

KEY PERFORMANCE INDICATORS

Scholarship enrollment.

In the year ended 30th September 2023, we enrolled an additional 150 students into our scholarship program. This brings the total number of students and alumni currently supported with the program to 884.

In addition to this, this year we recorded a 91.14% retention and completion rate which underscores Hatua Network's dedication to supporting students throughout their educational journeys.

Soft skills mentoring for secondary school students

We are implementing a revised secondary mentoring curriculum which focuses on the following key soft skills: Communication, Collaboration, Problem solving, Responsibility and Emotional Intelligence. Encouragingly, 72% of students demonstrated proficiency across these soft skills, empowering them for success in diverse professional settings.

Peer outreach

We implemented peer mentoring outreach in Likoni, Mvita and Nyali sub counties, reaching 7076 youths with lessons on healthy decision making to prevent drug abuse.

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MANAGEMENT BOARD ANNUAL REPORT ...cont

KEY PERFORMANCE INDICATORS

Professional Mentorship and Career Readiness

Hatua excelled in facilitating high-value professional mentor matching, with 67% of tertiary students in their second year onward benefitting from one on one industry specific career guidance. Additionally, 98% of current-year tertiary graduates completed career-relevant attachments before graduation, equipping them with practical experience.

Alumni Engagement and Workforce Intergration

Our alumni continue to succeed in their careers with 94% joining the workforce within a year of graduating. Among Alumni who are earning their average monthly income is Kshs.40, 000. In similar efforts, we expanded Hatua Network to collaborate with 32 employer partners, bridging the gap between education and industry needs..

Libraries

Across our networks of eleven libraries in Likoni, Mvita & Nyali, library visits reached over 500,000, highlighting the organization's pivotal role as an educational resource hub.

Team Excellence

Notably, 92% of the team's performance was appraised as good or excellent, reflecting a commitment to maintaining high standards of operational excellence.

Hatua's accomplishments in FY23 demonstrates the organization's dedication to empowering students, fostering career readiness and supporting youth to lift themselves out of poverty.

Programme expense percentage

Programme costs to total costs ratio	91%	87%
--------------------------------------	-----	-----

This ratio helps gauge an entity on how it is utilising its funds. It is the ratio funds spent on direct programs expenditure over the total expenditure. The higher the better.65%- 75% deemed to be living up to their missions.

Working Capital Ratio

	2023	2022
Actual ratio	11.57	4.58

This is the ratio of total expenditure to working capital ratio. Working capital includes current assets less current liabilities (excluding deferred income and depreciation).

Liabilities to Assets Ratio

	2023	2022
Actual ratio	0.00%	0.04%
Ideal ratio	≤ 100%	≤ 100%

Measures the ratio (expressed as a percentage) of total liabilities compared to total current assets (lower is better).

BY ORDER OF THE MANAGEMENT BOARD

Board Secretary

Date: 2023

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The Organization constitution requires the Management Committee to prepare financial statements for each financial year that give a true and fair view of the financial position of the Organization as at the end of the financial year and of the Surplus or deficit for that year. It also requires the Management Committee to ensure the Organization maintains proper accounting records that are sufficient to show and explain the transactions of the Organization and disclose with reasonable accuracy the financial position of the Organization. The Management Committee are also responsible for safeguarding the assets of the Organization and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Committee accept responsibility for the preparation and fair presentation of financial statements in accordance with International Financial Reporting Standards and in the manner required by the Organization constitution.

They also accept responsibility for:

- (i) designing, implementing and maintaining such internal controls as they determine necessary to enable the presentation of financial statements that are free from material misstatements whether due to fraud or error;
- (ii) selecting suitable accounting policies and applying appropriate accounting policies; and
- (iii) making accounting estimates and judgments that are reasonable in the circumstances.

Having made an assessment of the Organization's ability to continue as a going concern, the Management Committee are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Organization's ability to continue as a going concern.

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

Approved by the Management Board on2023 and signed on its behalf by:

.....
Mr. Suleiman Mwinyi Babu
CHAIRMAN

.....
Mr. Mohammed Chamzuzu
TREASURER

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF HATUA NETWORK ORGANIZATION**

Opinion

We have audited the accompanying financial statements of Hatua Network Organization, set out on pages 6 to 23 which comprise the statement of financial position as at 30th September, 2023, and statement of income and expenditure, statement of changes in equity and statement of cash flows for the year then ended, and notes including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organisation as at 30 September 2023, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of and the Organization Constitution.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Management is responsible for other information. The other information comprises the report of the management, the schedule of other operating expenditure 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.

Management Committee's Responsibility for the Financial Statements

The Management Committee are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Organization's constitution, and for such internal controls as the Management determine is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Management are responsible for assessing the Organization's ability to continue as a going concern and using the going concern basis of accounting unless the Management Committee either intend to liquidate the Organization or to cease operations, or have no realistic alternatives but to do so.

Auditor's Responsibility 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

REPORT OF THE INDEPENDENT AUDITOR**TO THE MEMBERS OF HATUA NETWORK ORGANIZATION**

Auditor's Responsibility 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 Organization'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. However, future events or conditions may cause the Organization 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 Benson O. Ojango- P/No.2710.

For and on behalf of

**BCATA COMPANY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS (K)**

DATE: 2023

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	Notes	2023			2022		
		<u>KSh</u>	<u>KSh</u>	<u>KSh</u>	<u>KSh</u>	<u>KSh</u>	<u>KSh</u>
		Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Income							
Restricted grant income	3(a)	55,029,407	-	55,029,407	-	-	-
Unrestricted grant income	3)	-	23,316,902	23,316,902	-	67,564,803	67,564,803
Other income	4)	-	71,272	71,272	-	66,744	66,744
Total income		<u>55,029,407</u>	<u>23,388,174</u>	<u>78,417,581</u>	<u>-</u>	<u>67,631,547</u>	<u>67,631,547</u>
EXPENDITURE							
Restricted Programme expenses		55,029,407	-	55,029,407	-	-	-
Un-restricted Programme expenses	6)(b)	-	21,675,424	21,675,424	-	54,570,143	54,570,143
Depreciation	10)	-	750,035	750,035	-	887,502	887,502
Administration expenses		<u>2,847,844</u>	<u>3,743,432</u>	<u>6,591,276</u>	<u>-</u>	<u>7,109,482</u>	<u>7,109,482</u>
Total expenditure		<u>57,877,251</u>	<u>26,168,890</u>	<u>84,046,142</u>	<u>-</u>	<u>62,567,127</u>	<u>62,567,127</u>
Surplus/(deficit) for the year before tax	7)	<u>(2,847,844)</u>	<u>(2,780,716)</u>	<u>(5,628,561)</u>	<u>-</u>	<u>5,064,420</u>	<u>5,064,420</u>
Tax	8)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net surplus/(deficit) for the year		<u>(2,847,844)</u>	<u>(2,780,716)</u>	<u>(5,628,561)</u>	<u>-</u>	<u>5,064,420</u>	<u>5,064,420</u>

The notes on pages 11 to 19 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 6.

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	Notes	As at 30 September	
		2023 KSh	2022 KSh
FUND BALANCES			
Capital fund reserve	9)	<u>33,916,774</u>	<u>39,545,335</u>
REPRESENTED BY			
<u>Non-Current Assets</u>			
Property and equipment	10)	<u>25,901,937</u>	<u>25,004,816</u>
		25,901,937	25,004,816
<u>Current Assets</u>			
Grant receivables	11)	-	-
Other receivables		-	-
Cash and cash equivalents	13)	<u>8,014,838</u>	<u>14,546,411</u>
		8,014,838	14,546,411
<u>Current Liabilities</u>			
Payables	14)	-	5,893
Deferred revenue grants	3)(a)	<u>-</u>	<u>-</u>
		-	5,893
Net current assets		<u>8,014,838</u>	<u>14,540,518</u>
		<u>33,916,774</u>	<u>39,545,334</u>

The financial statements on pages 7 to 19 were approved and authorised for issue by the management board on _____ 2023 and were signed on its behalf by:

.....
Mr. Suleiman Mwinyi Babu
CHAIRMAN

.....
Mr. Mohammed Chamzuzu
TREASURER

.....
Mr. Seif Reje
SECRETARY

HATUA NETWORK ORGANIZATION
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STATEMENT OF CHANGES IN FUND BALANCES

	General funds <u>Ksh</u>	Total <u>Ksh</u>
<u>Year ended 30 Septemer 2022</u>		
At start of year		
As previously stated	34,480,914	34,480,914
Prior year adjustments	-	-
As restated	34,480,914	34,480,914
Total surplus/(deficits) funds for the year	<u>5,064,421</u>	<u>5,064,421</u>
At end of year	<u>39,545,335</u>	<u>39,545,335</u>
<u>Year ended 30 September 2023</u>		
At start of year		
As previously stated	39,545,335	39,545,335
Prior year adjustments	<u>-</u>	<u>-</u>
As restated	39,545,335	39,545,335
Total surplus/(deficits) funds for the year	<u>(5,628,561)</u>	<u>(5,628,561)</u>
At end of year	<u>33,916,774</u>	<u>33,916,774</u>

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STATEMENT OF CASH FLOWS

	<u>Notes</u>	<u>2023</u> <u>KSh</u>	<u>2022</u> <u>KSh</u>
<u>Cash flows from operating activities</u>			
Surplus/(deficit) before tax		(5,628,561)	5,064,420
<u>Adjustments for:</u>			
Depreciation of property and equipment	10)	750,035	887,502
Prior year adjustments		-	-
(Gain)/loss on disposal of property and equipment			
Interest income	4)	71,272	66,744
Unrealised exchange (gain)/loss			
<u>Changes in working capital</u>			
- Grant receivables	11)	-	-
- Payables	14)	(5,893)	(44,107)
- Deferred revenue grants	3)(a)	-	-
Tax paid		-	-
		<u> </u>	<u> </u>
<u>Net cash from/(used in) operating activities</u>		(4,813,147)	5,974,559
<u>Cash flows from investing activities</u>			
Purchase of property and equipment	4)	(1,647,154)	(1,055,070)
Purchase of intangible assets			
Proceeds from disposal of property and equipment			
Interest received		(71,272)	(66,744)
		<u> </u>	<u> </u>
<u>Net cash from/(used in) investing activities</u>		(1,718,426)	(1,121,814)
<u>(decrease) in cash and cash equivalents</u>		<u>(6,531,573)</u>	<u>4,852,745</u>
<u>Movement in cash and cash equivalents</u>			
At start of year		14,546,411	9,693,665
At end of year		<u>8,014,838</u>	<u>14,546,411</u>

**HATUA NETWORK ORGANIZATION
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1) General Information

Hatua Network Organization is a Non Governmental Organisation incorporated in Kenya by the NGO Coordination Board and governed by the NGO Coordination Act of 1990 (Act No. 19, Laws of Kenya) and its Regulations of 1992. The address of its registered office and its principal place of business is in Likoni Mombasa

The principal activities of the organization;

- Promoting education
- Empowerment through scholarship
- Mentorship
- Career guidance

2) Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention except as indicated otherwise below and are in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

The financial statements are presented in Kenya Shillings (KSh). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the organisation's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 2(b).

Going concern

Based on the financial performance and position of the organisation and its risk management policies, the management board are of the opinion that the organisation is well placed to continue in operations for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

HATUA NETWORK ORGANIZATION
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2) Significant accounting policies (continued)

b) Key sources of estimation uncertainty and judgements

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

The management has made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Grants receivable

Grants receivable comprise refundable expenditure on programs approved by donors. The carrying amount of grants receivable is disclosed in note 11.

- Accounting for grants payable

The management have assessed whether or not to recognise a liability for grants payable. The management have sought guidance of Section 21 of IFRS for SME on provisions and contingencies in accounting for grants payable. The organization recognises a grant payable where it enters into a formal grant contract and the disbursement of the funds fall outside the control of the organization. The management also take into consideration probability of payment based on the historic trend on payment of grants payable.

c) Revenue recognition

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

When the organization receives grants of non-monetary assets, the asset and the grant are recorded at the [fair value of the non-monetary asset or nominal amounts] and released to income over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

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2) Significant accounting policies (continued)

c) Revenue recognition (continued)

- i) Grants for restricted purposes and for specified funded Programmes are recognised when received and spent on qualifying activities. Any unutilised grants are recognised as deferred revenue grants and any excess expenditure over income is recorded as grants receivable at year end where there is commitment of additional funds from grant providers to cover such expenditure.
- ii) All other donations are accounted for on a cash receipt basis unless there are committed funds or pledged funds that are receivable
- iii) Interest income is accrued by reference to time under the effective interest method.

d) Deferred revenue grants

Deferred revenue grants represent unutilised restricted funds as at the end of the reporting period.

e) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use. The organization capitalises all individual items of equipment in excess of KSh 20,000 in cost.

Freehold land and capital work in progress are not depreciated.

Depreciation is calculated on reducing balance basis method to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

Computers and electronic equipment	25%
Office equipment, Furniture and fittings	10%
Motor vehicle	25%

f) Grant and other receivables

Grant receivable is the excess expenditure over income as at year end and is only recognised where there is commitment of additional funds from grant providers.

**HATUA NETWORK ORGANIZATION
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2) Significant accounting policies (continued)

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and financial assets with maturities of less than 91 days, net of restricted cash balances.

Restricted cash balances are those balances that the organization cannot use for working capital purposes as they have been placed as a lien.

h) Grants payable

Grants payable are recognised as liability based on accrual basis of accounting. Grants due to sub-grantees are accrued when the organization enters into a formal grant contract that is only revocable if the sub-grantee does not comply with the sub-grantee agreement.

i) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at the statement of financial position date which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in income and expenditure in the year in which they arise.

j) Current tax

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

No taxation has been provided in these financial statements, as the organization is exempt from tax on its income as discussed in note 8.

k) Employee benefit obligations

Retirement benefit obligations

The organization and its employees also contribute to the National Social Security Fund (NSSF), the statutory defined contribution scheme registered under the NSSF Act. The organization's contributions to the defined contribution scheme are charged to statement of income and expenditure in the year to which they relate.

l) General fund

General fund represents unutilized accumulated surplus or deficit from unrestricted funds.

m) Comparatives

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

HATUA NETWORK ORGANIZATION
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3) INCOME

a) Restricted funds

Year ended 30 September 2023

	Deferred income b/Fwd a KSHS.	Grants receivable B/Fwd b KSHS.	Grant Receipts c KSHS.	Grant refunds d KSHS.	Grants receivable C/Fwd e KSHS.	Deferred income C/Fwd f KSHS.	Grant Income g=(a-b+c-d+e-f) KSHS.
Hatua Network- Grants	-	-	36,594,811	-	-	-	36,594,811
TheirWorld	-	-	8,036,350	-	-	-	8,036,350
Jonaron Foundation	-	-	3,488,693	-	-	-	3,488,693
Addax & Oryx Foundation	-	-	2,753,253	-	-	-	2,753,253
Kavama Family Foundation	-	-	1,650,000	-	-	-	1,650,000
Mamujee Brothers Foundation, Kenya	-	-	1,315,626	-	-	-	1,315,626
Uraia Trust Fund	-	-	817,874	-	-	-	817,874
Imperial Teas Limited	-	-	200,000	-	-	-	200,000
SDG Kenya Forum	-	-	157,800	-	-	-	157,800
Akirachix	-	-	15,000	-	-	-	15,000
	-	-	55,029,407	-	-	-	55,029,407

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	2023	2022
	<u>KSHS</u>	<u>KSHS</u>
3) Income		
<u>Unrestricted grant income</u>		
Hatua Network- Grants	19,199,054	48,439,551
Base Titanium Limited, Kenya	-	2,000,000
The ELMA Foundation	3,783,476	3,399,732
Kenyan Individual Donors	334,372	442,496
Green Leaves Education Foundation	-	5,997,960
East Africa Tea Traders Association	-	319,135
	<u>23,316,902</u>	<u>60,598,874</u>
4) Other income		
Interest income	70,072	44,244
Library Registration	1,200	-
Gain on disposal	-	10,500
Miscellaneous income	-	12,000
	<u>71,272</u>	<u>66,744</u>
5) Staff costs		
Salaries and wages	19,445,215	16,970,987
Retirement benefit costs		
- National Social Security Fund	387,909	-
	<u>19,833,124</u>	<u>16,970,987</u>

The average number of persons employed during the year, by category, were:

	2023	2022
	<u>NO.</u>	<u>NO.</u>
Projects department	42	40
Finance and administration	3	2
Total	<u>45</u>	<u>42</u>

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	2023	2022
	<u>KSHS</u>	<u>KSHS</u>
6) Programme expenses		
a) <u>Restricted</u>		
Restricted Programme expenses	52,181,563	-
Un-restricted Programme expenses	-	-
Administration expenses	2,847,844	-
Other operating expenses	<u>-</u>	<u>-</u>
	55,029,407	
b) <u>Unrestricted expenses</u>		
Restricted Programme expenses	-	-
Un-restricted Programme expenses	21,675,424	54,570,143
Administration expenses	3,743,432	7,109,482
Other operating expenses	<u>-</u>	<u>1,282,665</u>
	<u>25,418,856</u>	<u>62,962,290</u>
7) Surplus/(deficit) for the year before tax		
The following items have been recognised as expense / (income) in determining surplus/ (deficit) before tax:		
Depreciation of property and equipment (Note 10)	750,035	887,503
Auditor's remuneration	25,918	50,000
Staff costs (Note 5)	<u>19,833,124</u>	<u>16,970,987</u>
	20,609,077	17,908,490
8) Taxation		
Current tax	<u>-</u>	<u>-</u>

No provision for taxation has been recognised in these financial statements, as management of the organization considers it to be exempt from tax on its entire income. In arriving at its conclusion, the management has taken into consideration Part II Section 3 (2) and Section 10 of the First Schedule of the Kenyan Income Tax Act. Section 3 (2) does not recognise grant income as chargeable income while Section 10 exempts organizations that are established in Kenya solely for the purpose of relief of poverty or distress of the public or for advancement of religion or education for the benefit of residents in Kenya.

	2023	2022
	<u>KSHS</u>	<u>KSHS</u>
9) Capital fund reserve		
At start of year	39,545,335	34,480,914
Prior year adjustments	-	-
Appropriation during the year	<u>(5,628,561)</u>	<u>5,064,421</u>
At the end of the year	<u>33,916,774</u>	<u>39,545,335</u>

The capital fund reserve is an appropriation of reserve fund for unrestricted funds utilised in purchase of capital equipment and invested in Fixed deposit.

10 Property and equipment Year

	Land and Building <u>KSHS</u>	Furniture & Fittings <u>KSHS</u>	Kitchen Equipments <u>KSHS</u>	Library <u>KSHS</u>	Office tools Equipments <u>KSHS</u>	Electronic Equipments <u>KSHS</u>	Computers and Accessories <u>KSHS</u>	Total <u>KSHS</u>
<u>At 1st OCTOBER 2021</u>								
Cost /Valuation	3,400,365	937,483	92,571	22,868,403	356,093	589,789	1,351,115	29,595,819
Accumulated depreciation	-	521,720	83,171	2,861,786	167,269	290,657	833,967	4,758,570
Net book amount	3,400,365	415,763	9,400	20,006,617	188,824	299,131	517,148	24,837,249
<u>At 30TH SEPTEMBER 2022</u>								
Opening balance	3,400,365	415,763	9,400	20,006,617	188,824	299,131	517,148	24,837,249
Addition	-	135,793	-	247,158	8,000	611,319	52,800	1,055,070
Depreciation charge	-	68,945	2,820	506,344	24,603	113,806	170,984	887,502
Net book amount	3,400,365	482,611	6,580	19,747,431	172,221	796,644	398,964	25,004,817
<u>At 30TH SEPTEMBER 2022</u>								
Cost /Valuation	3,400,365	1,073,276	92,571	23,115,561	364,093	1,201,108	1,403,915	30,650,889
Accumulated depreciation	-	590,665	85,991	3,368,130	191,872	404,463	1,004,951	5,646,072
Net book amount	3,400,365	482,611	6,580	19,747,431	172,221	796,644	398,964	25,004,817
<u>YEAR ENDED 30TH SEPTEMBER 2023</u>								
Opening balance	3,400,365	482,611	6,580	19,747,431	172,221	796,644	398,964	25,004,817
Addition	429,830	100,260	-	681,142	-	341,413	94,509	1,647,154
Depreciation charge	-	58,287	658	510,714	17,222	113,806	49,347	750,035
Net book amount	3,830,195	524,584	5,922	19,917,859	154,999	1,024,252	444,125	25,901,937
<u>At 30TH SEPTEMBER 2023</u>								
Cost /Valuation	3,830,195	1,173,536	92,571	23,796,703	364,093	1,542,521	1,498,424	32,298,043
Accumulated depreciation	-	648,952	86,649	3,878,844	209,094	518,269	1,054,299	6,396,107
Net book amount	3,830,195	524,584	5,922	19,917,859	154,999	1,024,252	444,125	25,901,937

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10) HATUA NETWORK ORGANIZATION

The property and equipment is classified as follows:-

	Donated KSHS	Assets Purchased from General fund KSHS	Total KSHS
Cost			
At start of year	-	30,650,889	30,650,889
Additions	-	1,647,154	1,647,154
Disposals	-	-	-
At end of year	-	32,298,043	32,298,043
Accumulated depreciation			
At start of year	-	5,646,072	5,646,072
Disposals	-	-	-
Charge for the year	-	750,035	750,035
At end of year	-	6,396,107	6,396,107
		2023	2022
		<u>KSHS</u>	<u>KSHS</u>
		-	-
13) Cash and cash equivalents			
Cash at bank and in hand		8,014,838	14,546,411
Short term bank deposits		-	-
		8,014,838	14,546,411
For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise the following;			
Less: Restricted cash and bank balances		-	-
		8,014,838	112,126,863

Restricted cash and bank balances comprises of cash held in donor specific bank accounts and, therefore, the use is restricted to activities of the specific donor or project. It also comprises funds removed from the revolving fund reserve.

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	2023	2022
	<u>KSHS</u>	<u>KSHS</u>
14) Trade and other payables		
Current		
Trade payables	-	5,893
	<u>-</u>	<u>5,893</u>

15) Events after the end of the reporting date

The management are satisfied that there was no adjusting or non adjusting event that happened between end of reporting period and date that the financial statements are authorised for issue

HATUA NETWORK ORGANIZATION
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SCHEDULE OF OTHER OPERATING EXPENDITURE

	2023			2022		
	<u>KSHS</u> Restricted	<u>KSHS</u> Unrestricted	<u>KSHS</u> Total	<u>KSHS</u> Restricted	<u>KSHS</u> Unrestricted	<u>KSHS</u> Total
ADMINISTRATIVE EXPENSES						
Employment:						
Salaries and wages	1,442,803	1,780,659	3,223,462	-	4,614,328	4,614,328
General staff and training expenses	66,128	71,172	137,300	-	238,512	238,512
Other employment cost	21,011	33,500	54,511	-	-	-
Total employment costs	1,508,931	1,885,330	3,415,273	-	4,852,840	4,852,840
Other administrative expenses:						
Postages and telephones	4,551	4,899	9,450	-	14,305	14,305
Staff airtime and travel	78,902	218,224	297,126	-	75,239	75,239
Office utilities	67,128	72,248	139,376	-	117,587	117,587
Consultancy Services	-	356,153	356,153	-	-	-
Internet costs	100,976	98,332	199,308	-	153,108	153,108
Printing and stationery	32,155	63,807	95,962	-	85,708	85,708
Audit Fees	24,082	25,918	50,000	-	50,000	50,000
Board Meetings	16,645	17,915	34,560	-	57,142	57,142
Electricity	37,441	36,461	73,902	-	21,737	21,737
Bank charges and commissions	130,043	139,961	270,005	-	219,817	219,817
Legal Fees	81,306	14,038	95,344	-	-	-
Registrations	-	2,000	2,000	-	41,312	41,312
Team Building & Staff Appreciation	53,750	57,850	111,600	-	138,022	138,022
Subtotals	626,980	1,107,806	1,734,786	-	973,977	973,977
OTHER OPERATING EXPENSES						
Rent and rates	302,480	294,560	597,040	-	451,100	451,100
Repairs and maintenance	95,806	103,114	198,920	-	253,088	253,088
Campaign	-	37,668	37,668	-	38,689	38,689
Insurance	273,568	294,433	568,002	-	494,041	494,041
Technology	19,067	20,522	39,589	-	42,790	42,790
Subtotals	690,923	750,296	1,441,219	-	1,282,665	1,282,665
Total Administrative expenses	2,135,911	3,743,432	6,591,277	-	7,109,482	7,109,482

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SCHEDULE OF INCOME AND EXPENDITURE BY DONOR

INCOME	Mamujee Brothers Foundation, Kenya	Jonaron Foundation	Kavama Family Foundation	Uraia Trust Fund	Addax & Oryx Foundation	Akirachix	Imperial Teas Limited	SDG Kenya Forum	TheirWorld	IF International Foundation	Grand Total
Balance B/F	-	-	-	-	-	-	-	-	-	-	-
Income Received	1,315,626	3,488,693	1,650,000	817,874	2,753,253	15,000	200,000	157,800	8,036,350	36,594,811	55,029,407
Cancelled Grants	-	-	-	-	-	-	-	-	-	-	-
Deferred Income	-	-	-	-	-	-	-	-	-	-	-
Grant Receivables	-	-	-	-	-	-	-	-	-	-	-
Capital Grants	-	-	-	-	-	-	-	-	-	-	-
Grant Income	1,315,626	3,488,693	1,650,000	817,874	2,753,253	15,000	200,000	157,800	8,036,350	36,594,811	55,029,407
EXPENDITURE											
Programme costs	1,315,626	30,051	1,507,999	817,874	2,753,253	15,000	200,000	157,800	3,196,903	28,088,603	38,083,109
Salary and wages	-	1,365,000	122,417	-	-	-	-	-	3,980,092	6,007,302	11,474,811
Housing levy	-	-	-	-	-	-	-	-	-	21,157	21,157
NSSF Employer Contribution	-	27,654	2,063	-	-	-	-	-	60,005	78,029	167,750
Staff Airtime & Transport	-	-	5,054	-	-	-	-	-	378,006	478,484	861,544
Insurance	-	-	12,467	-	-	-	-	-	399,589	861,554	1,273,610
Staff Development	-	-	-	-	-	-	-	-	-	79,657	79,657
Registrations & Licensing	-	-	-	-	-	-	-	-	-	1,830	1,830
Team Building & staff appreciat	-	-	-	-	-	-	-	-	-	53,750	53,750
Postage	-	-	-	-	-	-	-	-	-	4,551	4,551
Audit Fees	-	-	-	-	-	-	-	-	-	24,082	24,082
Bank Charges	-	-	-	-	-	-	-	-	-	130,043	130,043
Rent	-	-	-	-	-	-	-	-	14,926	287,554	302,480
Legal Fees	-	-	-	-	-	-	-	-	-	81,306	81,306
Electricity	-	-	-	-	-	-	-	-	1,848	35,594	37,441
Building Maintenance	-	-	-	-	-	-	-	-	-	95,806	95,806
Library Fellows	-	2,065,989	-	-	-	-	-	-	-	-	2,065,989
Internet	-	-	-	-	-	-	-	-	4,983	95,993	100,976
Project Stipends	-	-	-	-	-	-	-	-	-	102,386	102,386
Office Refreshment	-	-	-	-	-	-	-	-	-	67,128	67,128
Sub Total	-	3,458,642	142,001	-	-	-	-	-	4,839,448	8,506,207	16,946,298
Total expenditure	1,315,626	3,488,693	1,650,000	817,874	2,753,253	15,000	200,000	157,800	8,036,350	36,594,811	55,029,407

HATUA NETWORK ORGANIZATION
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SCHEDULE OF INCOME AND EXPENDITURE BY PROGRAMMES

INCOME

GRAND TOTAL

Restructed income received									55,029,407
Unrestructured income received									23,316,903
									<u>78,346,310</u>

	SCHOLASHIPS KSHS	SECONDARY MENTORING KSHS	LIBRARY KSHS	TERTIARY MENTORING KSHS	GAP YEAR KSHS	ALUMI AND EMPLOYER PARTNERSHIP KSHS	PROJECT AND EVENTS KSHS	CURRICULUM DEVELOPMENT KSHS	KSHS
EXPENDITURE									
Programme costs	44,008,513	4,665,850	832,442	1,865,852	3,279,028	359,548	966,911	30,000	56,008,144
Programme administrative costs									
Salaries and wages	2,410,468	2,717,276	2,431,318	2,753,520	1,188,236	2,185,651	-	14,400	12,562,549
Housing levy	8,126	7,472	19,006	10,172	7,922	7,676	-	-	60,374
NSSF Employer Contribution	40,392	45,792	92,016	43,632	22,680	28,512	-	-	273,024
Staff Airtime & Transport	375,535	112,176	286,150	88,036	84,104	57,305	-	-	1,003,306
Insurance	337,373	276,730	966,107	325,632	187,816	196,816	-	-	2,290,475
Staff Development	41,000	-	245,850	-	-	-	-	-	286,850
Registrations & Licensing	-	-	-	-	-	-	3,800	-	3,800
Office utilities	-	-	12,272	-	-	-	-	-	12,272
Rent	-	-	180,000	-	-	-	-	-	180,000
Cleaning	-	-	19,333	-	-	-	-	-	19,333
Security	-	-	483,696	-	-	-	-	-	483,696
Library Fellows	-	-	2,065,989	-	-	-	-	-	2,065,989
Project Stipends	-	-	-	-	-	-	212,580	-	212,580
Training & Conferences	-	-	104,120	-	-	-	-	-	104,120
Sub Total	<u>3,212,894</u>	<u>3,159,446</u>	<u>6,905,857</u>	<u>3,220,992</u>	<u>1,490,757</u>	<u>2,475,960</u>	<u>216,380</u>	<u>14,400</u>	<u>19,558,367</u>
Total expenditure	<u>47,221,407</u>	<u>7,825,296</u>	<u>7,738,299</u>	<u>5,086,844</u>	<u>4,769,785</u>	<u>2,835,508</u>	<u>1,183,291</u>	<u>44,400</u>	<u>76,704,831</u>

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SUPPLEMENTARY INFORMATION (Continued)
FOR THE YEAR ENDED 30TH SEPTEMBER, 2023

	2023	2022
	<u>KSHS.</u>	<u>KSHS.</u>
1. SCHOLARSHIPS		
<u>Programme implementation cost</u>		
Secondary school Fees for 155 s	21,749,475	17,767,244
College/Uni Room Board & Transport	8,408,266	4,833,258
College/University fees for 145	7,949,547	6,817,320
Secondary Uniforms & Shoes	1,717,107	1,252,449
Meeting Expense	106,604	66,933
New Students Welcome ceremony	70,319	13,898
Secondary Books & Stationary	942,253	589,510
Secondary School Shopping	741,977	1,012,608
Secondary Student Transport	780,974	226,314
Student Annual Trips	799,593	-
Secondary Tuition	-	89,719
Printing & Stationary	133,010	135,267
Student Medical	609,388	18,370
Subtotal	44,008,513	15,055,646
<u>Programme administrative Costs</u>		
Salary and wages	2,410,468	2,416,548
Staff Airtime & Transport	375,535	316,684
Insurance	337,373	398,464
Housing levy employer contribution	8,126	-
NSSF Employer Contribution	40,392	-
Staff Development	41,000	238,350
Subtotal	3,212,894	3,370,046
Total scholarships expenses	47,221,407	18,425,692

HATUA NETWORK ORGANIZATION
 SUPPLEMENTARY INFORMATION (Continued)
 FOR THE YEAR ENDED 30TH SEPTEMBER, 2023

	2023	2022
	<u>KSHS.</u>	<u>KSHS.</u>
<u>SECONDARY MENTORING</u>		
<u>Programme implementation cost</u>		
Career trips	91,300	-
CBC Holiday Programs	62,508	-
Chair hire	87,970	57,580
Classroom & Hall Rentals	117,800	23,252
Lunch for students	1,079,250	550,795
Mentoring With Parents	55,274	16,285
Student Transport	156,270	-
Printing & Stationary	421,581	208,000
Mentoring Facilitators	2,185,060	883,600
Technology	6,320	-
TOT Expenses	402,517	108,471
Subtotal	4,665,850	1,847,983
<u>Programme administrative Costs</u>		
Salary and wages	2,717,276	1,592,448
Housing levy employer contribution	7,472	-
NSSF Employer Contribution	45,792	-
Insurance	276,730	116,233
Subtotal	3,159,446	1,817,025
Total Secondary mentoring expenses	7,825,296	3,665,008

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SUPPLEMENTARY INFORMATION (Continued)
FOR THE YEAR ENDED 30TH SEPTEMBER, 2023

	2023	2022
	<u>KSHS.</u>	<u>KSHS.</u>
4. LIBRARY		
<u>Programme implementation cost</u>		
Books Transport	41,300	3,772
Computer Maintenance	56,960	40,461
Daily Newspapers	49,452	38,244
Internet	153,208	116,715
Library Association Membership	14,250	-
Books Cataloging & Maintenance	35,775	9,895
Sate lite Library	71,845	138,254
Printing & Stationery	100,522	31,172
New Library Set-up	-	68,152
Electricity	154,820	126,227
Building Maintenance	154,310	41,290
Subtotals	832,442	2,340,368
<u>Programme administrative Costs</u>		
Salary and wages	4,952,202	4,167,501
Insurance	966,107	855,525
Staff Transport & Airtime	286,150	130,581
Staff Development	245,850	36,000
Library Rent	180,000	180,000
Training & Conferences	104,120	15,337
Cleaning	19,333	15,981
Housing levy employer contribution	19,006	-
NSSF Employer Contribution	92,016	-
Library security	28,800	-
Water Bill	12,272	6,245
Subtotals	6,905,857	7,915,055
Total library expenses	7,738,299	10,255,423

HATUA NETWORK ORGANIZATION
 SUPPLEMENTARY INFORMATION (Continued)
 FOR THE YEAR ENDED 30TH SEPTEMBER, 2023

	2023	2022
	<u>KSHS.</u>	<u>KSHS.</u>
2. <u>TERTIARY MENTORING</u>		
<u>Programme implementation cost</u>		
Hatua Student Unions	80,958	29,609
Professional Mentoring	161,345	3,336
Tertiary Students Airtime & Data	555,800	42,932
University Events	1,067,749	849,620
Subtotal	1,865,852	925,497
<u>Programme administrative Costs</u>		
Salary and wages	2,753,520	1,912,665
Insurance	325,632	212,714
Staff Airtime & Transport	88,036	45,123
NSSF Employer Contribution	43,632	-
Housing levy employer contribution	10,172	-
Subtotal	3,220,992	2,170,502
Total tertiary mentoring expenses	5,086,844	3,095,999

HATUA NETWORK ORGANIZATION
SUPPLEMENTARY INFORMATION (Continued)
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	2023	2022
	<u>KSHS.</u>	<u>KSHS.</u>
<u>GAP YEAR MENTORING</u>		
<u>Programme implementation cost</u>		
Schools Outreach	2,421,478	847,950
Classroom Rental	165,540	-
Gap Year Mentoring Modules	445,670	139,822
Computer classes for GAP year students	129,450	60,000
Printing & Stationery	116,890	-
Subtotal	857,550	199,822
<u>Programme administrative Costs</u>		
Salary and wages	1,188,236	763,578
Housing levy employer contribution	7,922	-
NSSF Employer Contribution	22,680	-
Staff Airtime & Transport	84,104	23,621
Insurance	187,816	83,941
Subtotal	1,490,757	871,140
Total gap year expenses	2,348,307	1,070,962

HATUA NETWORK ORGANIZATION
 SUPPLEMENTARY INFORMATION (Continued)
 FOR THE YEAR ENDED 30TH SEPTEMBER, 2023

	2023	2022
	<u>KSHS.</u>	<u>KSHS.</u>
<u>ALUMNI & EMPLOYER PARTNERSHIPS</u>		
<u>Programme implementation cost</u>		
Alumni & Employer Partnerships Consultant/Coordinator	180,000	297,500
Alumni Engagement Events	179,548	27,953
Subtotals	<u>359,548</u>	<u>325,453</u>
<u>Programme administrative Costs</u>		
Salary and wages	2,185,651	1,503,919
Housing levy employer contribution	7,676	-
Airtime & Transport	57,305	69,745
NSSF Employer Contribution	28,512	-
HR Recruitment fees	-	300,140
Insurance	196,816	71,394
Subtotals	<u>2,475,960</u>	<u>1,945,198</u>
Total alumni & employer partnerships expenses	<u><u>2,835,508</u></u>	<u><u>2,270,651</u></u>

HATUA NETWORK ORGANIZATION
 SUPPLEMENTARY INFORMATION (Continued)
 FOR THE YEAR ENDED 30TH SEPTEMBER, 2023

	2023	2022
	<u>KSHS.</u>	<u>KSHS.</u>
6. <u>PROJECTS & EVENTS</u>		
<u>Programme implementation cost</u>		
Charitable Contribution	10,325	57,630
Community Events	371,680	419,877
Uji Project Cleaning items	7,092	11,177
Uji Project Fuel cost	40,002	33,592
Uji Project transport	58,262	48,531
Uji Project Ingredient	479,550	333,943
Subtotals	966,911	904,750
<u>Programme administrative Costs</u>		
Uji Project Stipends	212,580	184,800
Uji Project Registrations & Licensing	3,800	9,000
Uji Project Printing Expenses	-	26,400
Volunteer program	-	60,000
Subtotals	216,380	280,200
Total projects & events expenses	1,183,291	1,184,950
7. <u>CURRICULUM DEVELOPMENT</u>		
<u>Programme implementation cost</u>		
Secondary Curriculum Digitization	30,000	-
Curriculum Development	-	220,334
Subtotals	30,000	220,334
<u>Programme administrative Costs</u>		
Salary and wages	14,400	-
Subtotals	14,400	-
Total curriculum development expenses	44,400	220,334