

MARKETING SOCIETY OF KENYA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

**MARKETING SOCIETY OF KENYA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**MARKETING SOCIETY OF KENYA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

SOCIETY INFORMATION

COUNCIL MEMBERS

Charles Kariuki	Chairman
Deepesh Jha	Vice- Chairperson
Edward Oswe	Secretary & CEO- MSK
Pheodor Njoroge	Ex- Officio
Waithera Kabiru	Council Member
Angela Mwirigi	Council Member
Fredrick Otieno	Council Member
Joel Chacha	Council Member
Fawzia Ali	Council Member
Jane Nzomo	Council Member
Millicent Otom	Council Member
Thrity Engineer	Council Member
Evelyn Olunja	Council Member
Jonathan Karanja	Council Member
Nelson Oloo	Council Member

REGISTERED OFFICE

Unit 5 Block B
51 Lenana Road,
Kilimani

INDEPENDENT AUDITOR

Kirenge & Associates
Certified Public Accountants (K)
Royal Office
Mogotio Road, Westlands
P. O. Box 6578 - 00200
Nairobi

PRINCIPAL BANKERS

Stanbic Bank
Chiromo Branch
P.O. Box 30550-00100
Nairobi.

Co-operative Bank
Parliament Road Branch
P.O. Box 5772-00200
Nairobi.

**MARKETING SOCIETY OF KENYA
REPORT OF THE COMMITTEE MEMBERS**

The council members submit their report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of the Society.

1 INCORPORATION

The Marketing Society of Kenya (MSK) started as an Advertising Society of Kenya in 1962 and later became the Marketing Society of Kenya in 1968. The Society is domiciled and incorporated in Kenya under the Kenyan Societies Act. The address of the registered office is set out on page 2.

2 PRINCIPAL ACTIVITY

The principal activity of the society is to empower and regulate the marketing industry by creating policy that governs the marketing industry (self-regulated), education and training of marketing professionals, corporates and entrepreneurs, marketing and business mentorship and arbitration through the Advertising Standard Board.

3 MEMBERSHIP TO ORGANISATIONS

- 1) Founder Member of Advertising Standards Body of Kenya
- 2) Founder Member of Africa Marketing Confederation
- 3) Founder Member of Registered Kenya Audience Research Foundation
- 4) Member of World Federation of Advertisers
- 5) Member of Kenya Private Sector Association (KEPSA)

4 RESULTS FOR THE YEAR

The result for the year of the Society are disclosed on page 7.

5 COUNCIL MEMBERS

The members who served during the year are as shown on page 2.

6 AUDITORS

The Council Members confirm that with respect to each member at the time of approval of this report:

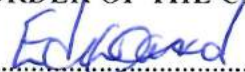
- (a) there is, as far as each member is aware, no relevant audit information of which the society's auditor is unaware; and
- (b) each member had taken all steps that ought to have been taken as a member so as to be aware of any relevant audit information and to establish that the society's auditor is aware of that information

TERMS OF APPOINTMENT OF AUDITORS

Kirenge & Associates, Certified Public Accountants (K), we appointed in office and have expressed their willingness to continue in office.

The Council Members monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees.

BY ORDER OF THE COUNCIL MEMBERS


.....2023
SECRETARY

MARKETING SOCIETY OF KENYA

STATEMENT OF COUNCIL MEMBERS RESPONSIBILITIES

The Kenyan Societies Act requires the Council Members to prepare financial statements for each financial year that give a true and fair view of the financial position of the Society as at the end of the financial year and of its profit or loss for that year. It also requires the members to ensure that the Society maintains proper accounting records that are sufficient to show and explain the transactions of the Society and disclose, with reasonable accuracy, the financial position of the Society. The Council Members are also responsible for safeguarding the assets of the Society, and for taking reasonable steps for the prevention and detection of fraud and error.

The Council Members accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SME's) and in the manner required by the Kenyan Societies Act. They also accept responsibility for:

- (i) Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (ii) Selecting suitable accounting policies and applying them consistently; and
- (iii) Making accounting estimates and judgements that are reasonable in the circumstances.

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

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

Approved by the board of Council Members on... 14th/04/2023... 2023 and signed on its behalf by:



CHAIRMAN



SECRETARY



TREASURER



KIRENGE & ASSOCIATES

Certified Public Accountants (K)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MARKETING SOCIETY OF KENYA Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Marketing Society of Kenya, set out on pages 7 to 17 which comprise the statement of financial position as at 31 December 2022, and the statement of income and expenditure, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the Society financial statements give a true and fair view of the financial position of the Society as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small & Medium-Sized Entities (IFRS for SME) and the requirements of the Kenyan Societies Act.

Basis for Opinion

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

Other Information

The Council members are responsible for the other information, which comprises the report of Council Members as required by the Kenyan Societies Act. The other information 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 on the other information that we obtained prior to the date of this auditor's report, 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.

Council Members' Responsibility for the Financial Statements

The Council Members are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS for SME, and for such internal controls as Council Members determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council Members are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council Members either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Society's financial reporting process.

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.

Partners: Joseph M. Kirenge
Associates: J. Irungu, M. Kamau

P.O.Box 6578-00200, Nairobi, Kenya
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Mugotio Road, Westlands, Nairobi
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**REPORT OF THE INDEPENDENT AUDITORS (Continued)
TO THE MEMBERS OF MARKETING SOCIETY OF KENYA**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 judgements 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 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 expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council Members.
- Conclude on the appropriateness of the Council Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- 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 Council Members, 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.

We are also required to provide the Council Members with a statement that we have complied with the relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal Requirements

As required by the Kenyan Societies Act we report to you, based on our audit, that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion proper books of account have been kept by the Society, so far as appears from our examination of those books; and
- iii. The Society's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report was **CPA Joseph M Kirenge - P/No. 1931**.

JKIRENGE

**FOR AND ON BEHALF OF:
KIRENGE & ASSOCIATES
Certified Public Accountants (K)
Nairobi**

20th APRIL,2023

MARKETING SOCIETY OF KENYA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF INCOME AND EXPENDITURE

	Note	2022 Kshs	2021 Kshs
Income	5	32,652,975	53,756,498
Direct costs		<u>(18,743,008)</u>	<u>(28,613,350)</u>
Gross surplus		13,909,967	25,143,148
Other operating income		-	15,300
Staff costs		(11,827,511)	(7,672,105)
Administrative expenses		(8,179,682)	(5,720,024)
Other operating expenses		<u>(140,325)</u>	<u>(74,219)</u>
Operating surplus	6	<u>(6,237,550)</u>	<u>11,692,100</u>
(Deficit)/Surplus before tax		(6,237,550)	11,692,100
Tax expense	8	<u>-</u>	<u>(4,060,909)</u>
Net (deficit)/surplus for the year		<u>(6,237,550)</u>	<u>7,631,190</u>


MARKETING SOCIETY OF KENYA
 ANNUAL FINANCIAL STATEMENTS
 STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2022

	Note	2022 Kshs	2021 Kshs
FUND BALANCE			
General Fund	7	190,127	6,433,677
TOTAL EQUITY		<u>196,127</u>	<u>6,433,677</u>
REPRESENTED BY NON CURRENT ASSETS			
Equipment	9	672,525	385,350
		<u>672,525</u>	<u>385,350</u>
CURRENT ASSETS			
Cash and cash equivalents	10	6,204,971	14,924,400
Receivables	11	8,931,309	6,398,155
Tax recoverable	8	118,289	-
		<u>15,254,569</u>	<u>21,322,555</u>
CURRENT LIABILITIES			
Payables	12	15,730,967	11,845,435
Taxation	8	-	3,428,793
		<u>15,730,967</u>	<u>15,274,228</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(476,398)</u>	<u>6,048,327</u>
		<u>196,127</u>	<u>6,433,677</u>

The annual financial statements on pages 7 to 17 were approved for issue by the board of committee members on 14th/04/2023 and were signed on its behalf by:


 Chairman


 Secretary


 Treasurer

MARKETING SOCIETY OF KENYA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF CHANGES IN FUND BALANCE

	General Fund Kshs	Total Kshs
As at 1 January 2021	(1,197,513)	(1,197,513)
Net surplus for the year	7,631,190	7,631,190
	<hr/>	<hr/>
At 31 December 2021	<u>6,433,677</u>	<u>6,433,677</u>
	<hr/>	<hr/>
As at 1 January 2022	6,433,677	6,433,677
Net (deficit) for the year	(6,237,550)	(6,237,550)
	<hr/>	<hr/>
At 31 December 2022	<u>196,127</u>	<u>196,127</u>

**MARKETING SOCIETY OF KENYA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

STATEMENT OF CASH FLOWS

	Notes	2022 Kshs	2021 Kshs
Cash flows from operating activities			
(Deficit)/Surplus before tax		(6,237,550)	11,692,100
Tax paid		(3,547,082)	(633,974)
Adjustments for:			
Depreciation on property and equipment	9	140,325	74,219
Operating (deficit)/surplus before working capital changes		(9,644,308)	11,132,345
(Increase) in trade and other receivables		(2,533,154)	(3,365,198)
Increase/(decrease) in trade and other payables		3,885,531	(4,112,763)
Cash (outflow)/ inflow from operating activities		(8,291,930)	3,654,384
Net cashflow (to)/from operating activities		(8,291,930)	3,654,384
Cash flows from investing activities			
Purchase of equipments	9	(427,500)	-
Net cash (used in) investing activities		(427,500)	-
Net cash generated from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(8,719,428)	3,654,384
Cash and cash equivalents at 1 January		14,924,400	11,270,016
Cash and cash equivalents 31 December	10	6,204,971	14,924,400

**MARKETING SOCIETY OF KENYA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Marketing Society of Kenya is incorporated in Kenya under the Kenyan Societies Act and is domiciled in Kenya. The address of its principle place of business is at 51 Lenana Road, Kilimani, Nairobi. The principal activity is to empower and regulate the marketing industry.

For Kenyan Societies Act purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in the financial statements.

2 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Basis of preparation

The financial statements are prepared in accordance and comply with International Financial Reporting Standard (IFRS) for Small and Medium size Entities (SMEs). They are presented in the functional currency Kenya Shillings (Kshs) which is the prevailing currency within the primary economic environment, rounded to the nearest shilling and prepared in accordance with the measurement bases prescribed by IFRS for SME.

assumptions. It also requires the council members to exercise their judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on council members' best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

Critical estimates are made by the council members in determining the useful lives of equipment. Where applicable, the council members consulted experts to determine accounting estimates that require special or technical knowledge and experience.

b) Revenue recognition

Revenue represents the fair value of the consideration received or receivable for services rendered by the society. It is recognised when it is reasonably probable that future economic benefits will flow to the society and the amount of revenue can be measured reliably. The revenue is stated net of VAT (where applicable), rebates and discounts.

- i. Subscription income from active members is recognized in the year in which it is due. Active members are considered to be those members who are up to date with their subscriptions.
- ii. Subscription income from other members is recognized when received.
- iii. Registration fees is recognised on member application.
- iv. Gala income is recognised when member lodges an entry to the Gala awards. It is also recognised when pledges from the sponsor and partnership agreements are honoured.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

d) Receivables

Receivables and other receivables are initially recognised at invoiced amounts and subsequently measured at recoverable amounts. A provision for doubtful debts is recognised in the income and expenditure statement in the year when the recovery of the amount due as per the original terms is doubtful. The provision is based on the difference between the carrying amount expected recoverable amount.

Receivables deemed not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the income and expenditure statement in the year of recovery.

MARKETING SOCIETY OF KENYA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Financial instruments

- e) Financial assets and liabilities are recognised in the Society's statement of financial position when the society has become party to the contractual provisions of the instruments.

The fair value of financial instruments is the amount at which the instruments could be exchanged between knowledgeable willing parties in an arms length transaction. These instruments are either priced according to market prices or through valuation models which use independently sourced market parameters. Most of these parameters are observed directly or implied from instrument prices. Where there are no observable prices unavailable, then the instruments' fair value will include provision for the uncertainty in the market parameter based on the realisable levels.

(a) Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the end of the year. Bad debts are written off in the year in which they are identified as uncollectible.

(b) Payables

Payables are stated at their nominal value.

f) **Equipment**

All categories of equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment. All other items of equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the business and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the statement of income and expenditure in the year in which they are incurred.

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

	<u>Rate - %</u>
Furniture, fittings and equipments	12.5
Computers, copiers and faxes	30.0

Gains and losses on disposal of equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to Societys' fund account.

MARKETING SOCIETY OF KENYA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

g) Income taxes

Income tax expense is the aggregate amount (charged)/credited in respect of current tax and deferred tax in determining the income and expenditure for the year. Tax is recognised in the statement of income and expenditure, or to items recognised directly in general fund account.

Current tax

Current taxation is provided on the basis of operating results for the year as shown in the financial statement adjusted in accordance with the tax legislation.

Employee entitlements

The society and its employees contribute to statutory National Social Security Fund which is a defined contribution scheme. The society's obligation is limited to a specific contribution per employee per month. Currently the contribution is limited to a minimum of Kshs 200 per employee per month. The society's contributions are charged to statement of income and expenditure in the year to which they relate to.

i) Provision for liabilities and charges

Provisions are recognised when the society has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

l) Comparatives

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the accounting policies adopted by the Society, the council members make certain judgements and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The council members evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3 SIGNIFICANT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY(Continued)

a) Significant judgements made in applying the society's accounting policies

The judgements made by the council members in the process of applying the society's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

Whether it is probable that that future taxable profits will be available against which temporary differences can be utilised.

- ii) Critical estimates are made by the council members in determining the useful lives and depreciation rates for equipment at the end of each reporting period.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Financial risk management

The society's activities expose it to a variety of financial risks including credit, liquidity and market risks. The society's overall risk management policies are set out by the council members and implemented by the management, and focus on the unpredictability of changes in the society's environment and seek to minimise the potential adverse effects of such risks on the society performance by setting acceptable levels of risk. The society does not hedge against any risks.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a society-wide basis. The society does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on receivables is managed by ensuring that credit is extended to members with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each members. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

ii) Liquidity risk

Liquidity risk is the risk that the society will not be able to meet its financial obligations when they fall due. The council members have developed a risk management framework for the management of the society short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The society manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

iii) Market risk

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

iv) Interest rate risk

Interest rate risk arises primarily from borrowings and cash and cash equivalents. The society is exposed to cash flow interest risk on its variable rate borrowings because of changes in market interest rates. The society manages this exposure by maintaining a high interest cover ratio, which is the extent to which surplus are available to service borrowing costs

**MARKETING SOCIETY OF KENYA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Capital management

The society manages its capital by evaluating the working capital requirements and investment in non-current assets before borrowings and based on this requirement, setting an internal debt to equity ratio, which it monitors on a regular basis.

5 REVENUE	2022	2021
	Kshs	Kshs
Income	32,652,975	53,756,498
6 OPERATING (DEFICIT)/SURPLUS		
The following items have been charged in arriving at surplus before tax:		
Depreciation on equipment	140,325	74,219
Auditors' remuneration	130,000	130,000
7 GENERAL FUND		
Balance brought forward	6,433,677	(1,197,513)
(Deficit)/Surplus for the year	(6,237,550)	7,631,190
Asset fund account - other	-	-
Balance carried forward	196,127	6,433,677
8 (a) TAXATION CHARGE		
Statement of income and expenditure		
Current Tax	-	4,060,909
	-	4,060,909
(b) TAX PAYABLE/RECOVERABLE		
Statement of financial position		
At 1 January	3,428,793	1,858
Provision for the year	-	4,060,909
Tax Paid during the year	(3,547,082)	(633,974)
At 31 December	(118,289)	3,428,793
The tax on the society's surplus differs from the theoretical amount that would arise using the statutory income tax rates as follows:-		
	2022	2020
	Kshs	Kshs
(Deficit)/Surplus for the year	(6,237,550)	11,692,100
Tax thereon at 30% (2021-30%)	-	3,507,630
Tax effect of non deductible expenses	-	553,279
Tax per accounts	-	4,060,909

MARKETING SOCIETY OF KENYA
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FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

9 EQUIPMENT

Cost or Valuation	Office equipment Kshs	Furniture & fittings Kshs	Computer & Accessories Kshs	Total Kshs
As at 1 January 2021	1,726,483	1,100,526	647,663	3,474,672
Additions	-	-	-	-
At 31 December 2021	1,726,483	1,100,526	647,663	3,474,672
As at 1 January 2022	1,726,483	1,100,526	647,663	3,474,672
Disposal	-	-	(50,000)	(50,000)
Additions	62,500	-	365,000	427,500
At 31 December 2022	1,788,983	1,100,526	962,663	3,852,172
Depreciation				
As at 1 January 2021	1,548,703	940,459	525,941	3,015,102
Charge for the year	21,696	16,007	36,517	74,219
At 31 December 2021	1,570,399	956,465	562,457	3,089,322
As at 1 January 2022	1,570,399	956,465	562,457	3,089,322
Disposal	-	-	(50,000)	(50,000)
Charge for the year	20,580	17,313	102,432	140,325
At 31 December 2022	1,590,979	973,778	614,889	3,179,647
Net book value				
At 31 December 2021	156,084	144,061	85,206	385,350
At 31 December 2022	198,004	126,748	347,774	672,525

**MARKETING SOCIETY OF KENYA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2022	2021
	Kshs	Kshs
10 CASH AT BANK AND IN HAND		
Cash in hand and Mpesa	3,090,632	39,887
Bank balances	<u>3,114,339</u>	<u>14,884,513</u>
	<u>6,204,971</u>	<u>14,924,400</u>
11 RECEIVABLES		
Receivables	7,352,135	6,450,685
Provision for bad debts	<u>(1,129,272)</u>	<u>(552,272)</u>
	6,222,863	5,898,413
VAT receivable	1,545,979	-
Other receivables	<u>1,162,468</u>	<u>499,742</u>
	<u>8,931,309</u>	<u>6,398,155</u>
12 PAYABLES		
Trade Payables	3,944,995	688,721
Tax liability	10,820,077	10,820,077
Accruals	<u>965,895</u>	<u>336,638</u>
	<u>15,730,967</u>	<u>11,845,435</u>

13 COUNTRY OF REGISTRATION

The Society is registered and domiciled in Kenya.

14 CURRENCY

The financial statements are presented in Kenya Shillings (Kshs) and rounded to the nearest one shilling.

15 EVENTS AFTER REPORTING PERIOD

The Covid-19 pandemic has brought with it secondary effects more so to the business community and the society at large. One of the secondary effects has been the economic downturn and risks which cannot be quantified for now.

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

MARKETING SOCIETY OF KENYA
ANNUAL FINANCIAL STATEMENTS
DETAILED STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 Kshs	2021 Kshs
1 Income		
MSK gala	6,898,365	7,710,345
Mask match	20,000	17,241
Judging income	20,000	-
Membership		
Corporate	7,986,117	9,475,907
Individuals	3,845,842	3,688,900
Students	94,250	37,800
Training income	2,368,782	4,908,772
Marketers experience	108,050	-
National Business Compact	-	12,711,004
KPA EAMA PROJECT	-	9,098,063
Marketers Conference	10,076,169	5,620,000
Accredited Centers	1,235,400	488,466
	<u>32,652,975</u>	<u>53,756,498</u>
2 Direct costs		
Event Expenses	9,974,375	5,306,241
National Business Compact	-	9,546,222
KPA EAMA PROJECT	-	8,100,859
Students National Council Program	122,240	11,000
Training expenses	806,951	2,574,618
GALA expenses	904,207	-
Advertising expense	3,191,039	80,000
Marketers conference	3,392,111	2,957,660
Social media support	329,085	-
Sokom magazine	23,000	36,750
	<u>18,743,008</u>	<u>28,613,350</u>
3 Other income	-	15,300
4 Staff costs		
Salaries and wages	10,119,449	7,085,455
Staff medical	1,264,206	506,150
NSSF Employer Contribution	12,000	7,000
Staff recruitment	193,475	73,500
Staff welfare	178,380	-
Staff training	60,000	-
	<u>11,827,511</u>	<u>7,672,105</u>
3 Administration expenses:		
AGM & Council Expenses	356,050	494,233
Audit fees	130,000	130,000
Business permit & Licenses	69,500	70,000
Office expense	335,143	125,539
Printing and Stationery	164,489	45,583
Legal & Professional fees	84,000	560,000
Rent	912,000	900,000
Repair & Maintenance	12,400	21,800
Subscription (KEPSA & WFA)	472,792	106,644
Telephone, postage and internet	349,118	258,762
Transport and travel	3,865,838	48,020
Utility- Elect, Water & Gas	45,334	25,765
Bank charges and commissions	131,283	147,288
Penalties and interest	245,237	1,836,509
Insurance	108,194	157,659
Meeting expenses	77,941	18,950
Design creative work	65,000	100,000
Donations & sponsorship	-	121,000
Provision for doubtful debt	577,000	552,272
Bad debts written off	178,364	-
	<u>8,179,682</u>	<u>5,720,024</u>
4 Other operating expenses:		
Depreciation	140,325	74,219
Total operating expenses	<u>140,325</u>	<u>74,219</u>