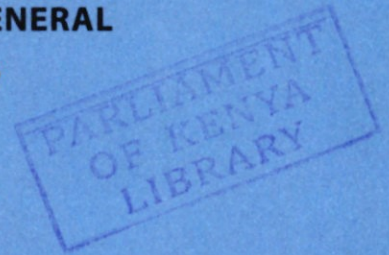


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY	
P...	
DATE: 18 SEP 2024	DAY
FILED BY:	
CLASSIFIED BY:	

THE AUDITOR-GENERAL

ON

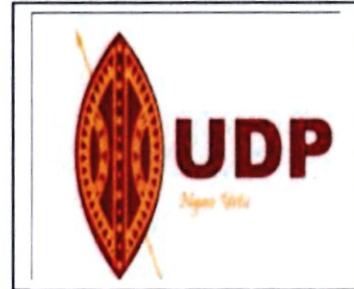
UNITED DEMOCRATIC PARTY

**FOR THE YEAR ENDED
30 JUNE, 2023**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

03 APR 2024

RECEIVED



UNITED DEMOCRATIC PARTY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

**Prepared in accordance with the Accrual Basis of Accounting Method
under the International Public Sector Accounting Standards (IPSAS)**

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UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
For the year ended June 30, 2023.

1. Acronyms, Abbreviations and Glossary of Term

A. Acronyms and Abbreviations

MP	Member of Parliament
MCA	Member of County Assembly
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
ED	Executive Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
UDP	United Democratic Party
WB	World Bank
CBK	Central Bank of Kenya
HR	Human Resource
SG	Secretary General
NEC	National Executive Committee
FY	Financial Year
PPLC	Political Parties Liaison Committee
RPP	Registrar of Political Parties

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
For the year ended June 30, 2023.

2. Key Party Information and Management

(a) Background information

United Democratic Party is domiciled in Kenya and was registered as a political party in accordance with the constitution of Kenya and Political Parties Act of 2011 in the year 2015. The National Executive Committee is responsible for the general policy and strategic direction of the party.

(b) Principal Activities

The organisation principal activity is to strive to promote a united democratic party that seeks to develop a fundamentally united Kenya through the ideals and principles of democracy that promotes equality, justice, peace, freedom and equitable distribution of resources.

(c) Key Management

United Democratic Party day-to-day management is under the following key organs:

No.	Designation	Name
1.	Secretary General	Bernard Wafukho
2.	Executive Director	Laura Nyagasi
3.	Other Directors and Managers	Job Omondi, Janet Wawira, Gertrude Chepkemoi,
4.	Legal Officers, Technical Committees, Accountants.	James Kiriaanki, Miriam wanyaga, Joan Kituyi

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairperson	Anthony Chitavi
2.	Secretary General	Bernard Wafukho
3.	National Treasurer	Pasilisa Misoi
4.	National Organising Secretary	Erick Machanja
5.	Executive Director	Laura Nyagasi

Key Party Information and Management (continued)

(e) Fiduciary Oversight Arrangements

Central Committee

This is the highest decision making organ of the party where all party decisions are deliberated before implementation. All decisions made by central committee must also be ratified by the National congress after deliberated by the Central Committee.

Disciplinary Committee.

This is a subcommittee of the Central Committee which helps to deal with all the indiscipline of the party. For instance all members who are supposed to pay for membership but don't pay they are summoned by the disciplinary committee.

County Committees.

This is entrusted to take care of the county affairs and their chairman reports on behalf of the committee to the central committee on the same. This helps to deal effectively with issues on the ground.

Audit and Finance Committee

The audit committee is a creation of the National Executive Committee which helps it with corporate governance among other finance audit activities. Its membership is comprised of the National Treasurer, Chairman and the secretary general, also depending other ex-official are invited in various meetings to shed light into different activities. The primary role of the audit committee is to assist the National Executive Committee with its corporate governance oversight responsibilities and ensure that party risk are managed accordingly.

UNITED DEMOCRATIC PARTY
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(f) Entity Headquarters

P.O. Box 73179-00200
3rd Floor Office Suite 301
Opposite Daphton Court,
Next to Prime Bank Chiromo,
1012 Riverside Drive,
Westland, Nairobi, KENYA.
Telephone: (254) 0731888811
E-mail: info@udpkenya.org
Website: uniteddemocraticparty.co.ke

(g) Entity Bankers

Consolidated Bank of Kenya Limited
Koinange Branch
P.O. Box 51133
City Square 00200
NAIROBI, KENYA.

(h) Independent Auditor






Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya.








UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
For the year ended June 30, 2023.

3. National Executive Committee.





Ref	Officials	Details
1.	 Antony Chitavi	Chairman
2.	 Bernard Wafukho	Secretary General
3.	 Erick Machanja	National Organising Secretary
4.	 Pascilisa Misoi	National Treasurer
5.	 Laura Nyangasi	Executive Director

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
For the year ended June 30, 2023.

4. Key Management Team

	Management	Details
1.	 Anthony Chitavi Chairman	19/2/1958 - BSc Mech eng UoN Served as managing director athi water works before heading to private sector as chief engineer in sololo holdings
2.	 Bernard Wafukho Secretary General	1964 - Master of arts -planing UoN B.Arts UoN Worked for United Nation mission in sierra leon, Director at Torino ltd.
3.	 Erick Machanja National Organising Secretary	28/7/1992 - Bsc Mech UoN Worked as a data analyst at Hilversum consulting limited
4.	 Pascilisa Misoi National Treasurer	2/3/1993- B.Arts UoN Started as a secretary at UDP after university to the rank of treasure now, undertaking a master degree in Arts
5.	 Laura Nyangasi Executive Director	5/11/1988 - Certificate in human resource- NIBS Head of human resource at supersonic elevator limited Attached to office former vihiga MP Hon kedogo as head of communication
6.	 Job Omondi Director Youth Affairs	23/12/1994 - BSc Civil engineering UoN Site engineer at china road and bridge company
7.	 Janet Wawira Director PWD Affairs	1990 Basic secondary education Bussines woman based in nyahururu

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
For the year ended June 30, 2023.

8.	 Gertrude Chepkemoi Director Women Affairs	1995 - Certificate in Community health A philanthropist doing community work in bomet and a community healthcare worker attached to tenwek hospital bomet.
9.	 Miriam Wanyaga Party Administrator	5/5/1993 - Bsc pharmacy jkuat Katumani agricultural research institute as a chemist
10.	 James Kiriaanki Party Operations	6/9/1991 - Certificate in education - Muranga TTC Teacher at Maua secondary school
11.	 Joan Kituyi Party Secretary	4/2/1988 - BCom UoN. Accountant at savannah cement Worked as the founding treasurer of UDP

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
For the year ended June 30, 2023.

5. Chairman's Statement

I am delighted to present the financial report for **UNITED DEMOCRATIC PARTY** for the year ended 30 June 2023. I would like to congratulate the members of **UNITED DEMOCRATIC PARTY** without whom it would not have been possible for us to achieve the results for the year under view.

As the Chairman, I appreciate the support accorded to me by my fellow party officials and I thank them for their invaluable advice and support. I would also like to thank the Government and the Registrar of Political Parties for their support.

Key activities during the Financial Year under review included the General Elections held in August 2022. One of the Major successes during the period under review is that as a party, we formed a coalition under the Azimio la Umoja on which we have been aggressively involved to picket for the rights of citizenry due to high cost of living. The current regime however continue to be insensitive to the plight of Kenyans amidst economic and market volatility raging over the country.

The biggest challenge we still face as a party is lack of enough funds to run our operations. The Registrar of Political Parties should allocate enough resources from the Political Parties Fund (PPF) to enable Political Parties manage their affairs better.

Going forward, we have embarked on very aggressive membership recruitment drive to increase our numbers across the Country. Our aim is to make inroads in areas where we do not have a presence, as we maintain a strong grip on our strongholds. Currently, UDP-KENYA is compliant in 35 Counties across the Country.

Thank you.


.....

MR. ANTONY CHITAVI

CHAIRMAN

DATE.....*31/4/2024*.....

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
For the year ended June 30, 2023.

6. Report of the Executive Director

As mentioned above, we are delighted to present the financial report for **UNITED DEMOCRATIC PARTY** for the year ended 30 June 2023.

Collective responsibility from the National Delegates Conference, National Executive Council (NEC) and the Management Committee made it possible for us to achieve the results posted for the Financial Year under review. We also want to take this opportunity to thank the Government of Kenya, specifically the Registrar of Political Parties for their invaluable support in ensuring that Political Parties operate in a level playing field that guarantees fairness for all electorates.

The Financial Year under review was a unique one, The General Elections (GE) were held in August 2022, and UDP KENYA was a major partner in the formation of the Azimio la Umoja Coalition together with other parties.

Our party experienced slight decrease in Revenue but a considerable reduction in Expenditure because most of the activities for the August 2022 General Elections were planned and expensed in the Financial Year 2021/2022.

Thank you. `


.....

MS LAURA NYANGASI
EXECUTIVE DIRECTOR

DATE..... 2/4/2024

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
For the year ended June 30, 2023.

7. Statement of Performance against Predetermined Objectives for FY 2022/2023-1

UNITED DEMOCRATIC PARTY has 5 strategic objectives within the current Strategic Plan for the FY 2022/2023. These strategic objectives are as follows:

- (i) Strengthening the party’s representation at National Government and County Government
- (ii) Enhancing the party’s performance at National Government and County Government
- (iii) Building the party’s institutional and organizational development capacity as a model of good governance
- (iv) Intensifying resource mobilization efforts for the work and programs of the party
- (v) Strengthening partnerships and networks with the civil society and other political parties for advancing the shared mission of good governance, rule of law and human rights

UNITED DEMOCRATIC PARTY developed its annual work plans based on the above 5 strategic objectives. Assessment of the party’s performance against its annual work plan is done on a quarterly basis. The party achieved its performance targets set for the FY 2022/2023 period for its 5 strategic objectives as indicated in the table below Annual Work plan.

S/N o.	Projecte d Output	Activity	Who is Respo nsible	Approved Budget (Ksh. Millions)		Target in FY 2022/202 3	Key Perform ance Indicato r	Timelines			
				PPF	Oth er fun ds			Quarter 1	Quar ter 2	Quar ter 3	Quart er 4
Exa mpl e	County Assembly PWDs of the party Sensitize d on County Assembly operations	Organize 2 worksho ps of Party PWDs represe ntatives in all the counties	PWDs Caucus	0.8 M	0.4 M	All 28 PWDs representing the Party in County Assemblies	Worksh op Reports	One Worksho p		One Work shop	

UNITED DEMOCRATIC PARTY
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S/N o.	Projecte d Output	Activity	Who is Respo nsible	Approved Budget (Ksh. Millions)		Target in FY 2022/202 3	Key Perform ance Indicato r	Timelines			
				PPF	Oth er fun ds			Quarter 1	Quar ter 2	Quar ter 3	Quart er 4
1.	A sensitized PWD members as well as an action plan to bolster PWD membership in the party countrywide	Organize two workshops of the party PWD membership and membership in two regions	PWDs caucus	300,000	100,000	All 100 PWDs in the party in the two regions Nairobi (nairobi,m achakos, kiambu) Kisumu(kakamega , Kisumu, vihiga) The PWD leadership in the party	Worksh op reports Action plan		Work shop 1 Nairobi	Work shop 2 kisumu	
2.	Empowerd youth arm of the party Sensitized youth and appointment of UDP youth agenda chapter interim official	Organize a one day youth convention in Nairobi	Party youth wing	300,000	200,000	47 youth leadership from each county					One convention at party HQ
3.	Educated and registered teen women who will be empower	Organize four half day townhall meetings with teen	Wome n league	300,000	100,000	100 teen youths in each of the regions involved	Worksh op reports	Worksho p 1 in south rift(Bomet)	Work shop 2 central rift (nakuru)	Work shop 3 (coastal region-	Work shop 4 nothern Kenya (wajir)

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
For the year ended June 30, 2023.

S/N o.	Projecte d Output	Activity	Who is Respo nsible	Approved Budget (Ksh. Millions)		Target in FY 2022/2023	Key Perform ance Indicato r	Timelines			
				PPF	Oth er funds			Quarter 1	Quar ter 2	Quar ter 3	Quart er 4
	d to cascade the registration agenda 'mashinani'	youthfull women								mom basa)	
4.	Educated party voters will take over the mantle of selling party ideologies, peace, voice against forced early marriages and FGM	Organiz e mobile workshops for meeting women in marginalized and pastoral regions	Wome n league	300, 000	600, 000	50 women in each county	Improve d womwn leadership in party organs	Drive 1 in Maasai land Kajjado(kimana)	Drive 2 north rift (baringo)	Drive 3 wajir	Drive 4 Western Kenya (mt elgon)
5.	Approved reports and proposed recommendations and way forward	NEC meetings for evaluation of the various reports	NEC	100, 000	300, 000	20 NEC members	recomen dations	1 meeting	1 meeti ng	1 meeti ng	
6.	Transpar ent elections	Grassro ots election for counties 1-5	NEB	300, 000	100 000 0	5 coastal counties	Elected officials			5 electi ons	

UNITED DEMOCRATIC PARTY
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S/N o.	Projecte d Output	Activity	Who is Respo nsible	Approved Budget (Ksh. Millions)		Target in FY 2022/202 3	Key Perform ance Indicato r	Timelines			
				PPF	Oth er fun ds			Quarter 1	Quar ter 2	Quar ter 3	Quart er 4
7.	Educated masses and improved party membership subscription	Road show caravans and distribution of party branded items	Party leadership	200,000	400,000	6 counties covered	Media captured roadshow with broadcasted party messages	1 road show	1 road show	1 road show	1 road show

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
For the year ended June 30, 2023.

8. Corporate Governance Statement

As a party, we continue to inculcate Corporate Governance in all our operations. UDP KENYA is accountable to its membership and all its stake holders.

The National Executive Committee of **UNITED DEMOCRATIC PARTY** is responsible for the Governance of the party and is accountable to the members for ensuring that the party complies with the law and the highest standards of business ethics and corporate Governance. Accordingly, the party officials' attach very high importance to the generally accepted corporate governance practice.

The Party has defined procedures and financial controls that ensures proper reporting of financial reports according to the International Public Sector Accounting Standards (IPSAS). The party will continue to focus its attention on maintaining the highest standards of Corporate Governance and Business ethics in its operations.

Thank you.


.....

MS LAURA NYANGASI

EXECUTIVE DIRECTOR

DATE..... 31/4/2024

9. Management Discussion and Analysis

As a party, our ambition is to establish a Country where its citizens enjoy Social, Economic and Democratic rights as envisioned in our Vision and Mission.

Our party was established by Kenyans whose vision was to change the entrenched socio-economic inequalities, bad governance, corruption, negative ethnicity and to tackle the growing poverty and marginalization of communities and disadvantaged groups. We intend to guard these virtues jealously in order to create a just society.

One aspect we want to focus on is ensure that our activities as a Political Party impact positively on the livelihoods of Kenyans. Social responsibility if well managed can be used to improve living standards in our communities.

Our intention is:

- i. Initiate and be involved in projects that will alleviate poverty within our communities and tackle real challenges that affect our citizens
- ii. Build networks with Local partners, international partners and other Political Parties in order to improve our reputation among our stake holders.
- iii. Initiate and participate actively in programs that promote Civic Education in order to equip our members and citizens at large with important aspects that affect their daily livelihoods.

Below are some of the highlights:

Income Analysis

- The party received Ksh. 3,220,967 from the Political Parties Fund based on August 2022 General Elections results. However there was a major budget cut by the government, which affected most of our activities as we had to re plan again to fit the cut amount
- An Amount of Ksh 533,785 remained unreleased from the Government for the same year and was released in the following financial year, halting some of the budgeted activities for the year.
- The Party registered a major reduction in revenue generated from its Members and other party activities which contributions amounted to Ksh 100,000 for the year 2022/2023. Where there is a attendance of especially elected members being reluctant to pay party dues once elected.

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
For the year ended June 30, 2023.

Expenditure Notes

- Expenditure amounted to Ksh 3,158,118 on accrual basis for Financial Year 2022/2023. However as budgeted Ksh 2,568,118 was paid up including Ksh 120,000 rent deposit as indicated in the statement of financial position for the year.
- Expenditure is accounted for on accrual basis in line with accounting principles and concept. Thus an amount of Ksh 660,000 for current year's office rent was disclosed and accounted for on accrual basis but will be budgeted for in the next financial year for payment purposes, as an expense recognized in the current year but not yet paid for.
- Some of the expenditure budgeted for in the current financial year remained unpaid including ksh 57,082 and Ksh 50,000 which accrued and recorded in the statement of financial position. This is planned to be paid for once the money is released from treasury.
- Some of the activities planned were never executed during the current year since the money from treasury delayed and was only released in the following financial year of 2023/2024. These activities shall be lifted to the following financial year.
- There was low collection of party funds from its members thus activities set to be financed by the party funding ended up not happening and was not budgeted for since this was expected due to hard economic times experienced in the country.

10. Environmental and Sustainability Reporting

As a party, the biggest challenge we face is lack of enough funds to run our operations smoothly. The Government through the Registrar of Political Parties should put in place plans to allocate enough resources from the Political Parties Fund (PPF) to enable Political Parties manage their affairs better. Most of the below activities were a struggle to maintain because of the above as explained.

- i) *Sustainability strategy and profile*
- ii) *Environmental performance*
- iii) *Employee welfare*

Corporate Social Responsibility / Community Engagements

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
For the year ended June 30, 2023.

11. Report of the National Executive Committee.

The Committee submit their report together with the financial statements for the year ended 30 June 2023, which disclose the state of affairs of the party.

1. Registration

The Party is domiciled in Kenya and was registered in 2015 in accordance with the constitution of Kenya and Political Parties Act of 2011. The address of the registered office is set out on page v.

2. Principal Activities

The party principal activity is to strive to promote a united democratic party that seeks to develop fundamentally united Kenya through the ideals and principles of democracy that promotes equality, justice, peace, freedom and equitable distribution of resources.

3. Results and Member Fund

The Surplus/deficit for the year is attributable to members, for the year ending June 2023 of Sh (388,061) and 2022: (0) has been transferred to Members accumulated fund.

4. National Executive Committee Members

The Officials who held office during the year to the date of this report are listed as above on page vii.

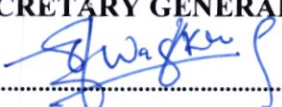
5. Auditors

The Auditor General is responsible for the statutory audit of the United Democratic Party in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the UDP for the year ended June 30, 2023

BY ORDER OF THE NATIONAL EXECUTIVE COMMITTEE

Mr Bernard Wafukho

SECRETARY GENERAL

 31/12/24
.....2023

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
For the year ended June 30, 2023.

12. Statement of the National Executive Committees Responsibilities.

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the United Democratic Party –UDP is responsible for the preparation and presentation of the entity’s financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year 2023 ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the entity; (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the UDP accepts responsibility for the entity’s financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the UDP’s financial statements give a true and fair view of the state of entity’s transactions during the financial year ended June 30, 2023, and of the entity’s financial position as at that date. The Accounting Officer in charge of the UDP further confirms the completeness of the accounting records maintained for the UDP, which have been relied upon in the preparation of the entity’s financial statements as well as the adequacy of the systems of internal financial control. The Accounting Officer in charge of the UDP confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity’s funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity’s financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

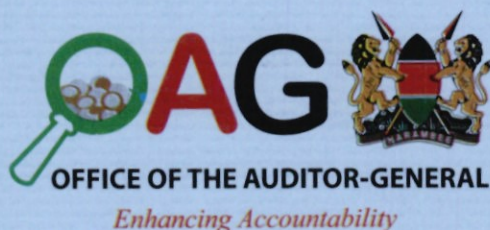
UDP’s financial statements were approved and signed by the Accounting Officer on 314 ²⁴ 2023.

BERNARD WAFUKHO
.....
SECRETARY GENERAL

ERICK MACHANJA
.....
**NATIONAL ORGANISING
SECRETARY**

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON UNITED DEMOCRATIC PARTY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of United Democratic Party set out on pages 1 to 33, which comprise of the statement of financial position as at

30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the United Democratic Party as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Political Parties Act, 2011.

Basis for Opinion

Lack of Bank Reconciliation Statements

The statement of financial position and as disclosed in Note 14 to the financial statements reflects cash and cash equivalents balances of Kshs.219,064. However, Management did not provide for audit review the bank reconciliation statements. In addition, Management did not submit the bank reconciliation statements for the account held at The National Treasury for the year under review contrary to Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the United Democratic Party Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Irregular Receipt from County Government

The statement of financial position and as disclosed in Note 15 to the financial statements reflects cash and cash equivalents balances of Kshs.219,064. However, review of the bank statements revealed that the party received an amount of Kshs.100,000 from the County Government of Bomet. Management vide letter Reference Number UDP/26 dated 09 July, 2023 requested the Managing Director of Consolidated Bank to check and reverse two transactions of Kshs.50,000 each from County Government of Bomet explaining that they did not expect any donations from the County Government. At the time of the audit in February, 2024, the reversal had not been effected.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects the final revenue budget and actual amount on a comparable basis of Kshs.3,320,967 and Kshs.2,787,182 respectively resulting in underfunding of Kshs.533,785 or 16% of the budget. However, the Party spent an amount of Kshs.3,175,243 against actual receipts of Kshs.2,787,182 resulting to an over-utilization of Kshs.388,061 or 14% above the actual receipts of Kshs.2,787,182.

The under-funding and the over-utilization affected the planned activities which may have impacted negatively on service delivery to the public.

In the circumstances, the budget under realization affected the planned activities of the Party and may have negatively impacted on delivery of its mandate.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Procurement Plan

The statement of financial Performance reflects total payments of Kshs.3,175,243. However, the expenditure was not supported by an approved Procurement Plan contrary to Regulation 40(1) of The Public Procurement and Asset Disposal Regulations, 2020.

In the circumstances, Management is in breach of law.

2. Failure to Adhere to Statutory Expenditure Limits

The statement of financial performance reflects general expenses - use of goods and services accrued balance of Kshs.660,000 and general expenses - use of goods and services of Kshs.772,918 both totalling Kshs.1,432,918 which is more than 30% of receipts from Political Parties Fund. This is contrary to Section 26(1f) of the Political Parties Act, 2011 which requires administrative and staff expenses of the political party

not to be more than thirty percent (30%) of the moneys allocated to the political party from the political parties' fund.

In the circumstances, Management was in breach of the law.

3. Failure to Establish Adequate Party Offices

During the year under review, the Party had established only one office in one County which also serves as its Headquarters. This is contrary to Section 7(f)(iii) of the Political Parties Act, 2011 which provides that a Political Party is qualified to be fully registered if it has submitted to the Registrar of Political Parties the location and addresses of the branch offices of the Political Party, which has to be in more than half of the Counties. In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Asset Tagging/Identification

The statement of financial position reflects property, plant and equipment balance of Kshs.39,957 composed of computers and accessories. However, the assets were not tagged with unique identifiers as provided by Part IV(i) C section 77(7) and (8) of The National Treasury Guidelines on Asset and Liability Management in the Public Sector, 2020 which provides that all assets purchased to be identified/ tagged upon receipt from suppliers and before they are issued out to user departments and the tag number of each asset to be included in the asset register. The tag must be consistently placed and accessible.

In the circumstances, the existence of mechanism to safeguard the Party's assets could not be ascertained.

2. Lack of Risk Management Policy and Disaster Recovery Policy

Audit review revealed that the Party did not have a Risk Management Policy and Disaster Management Policy as provided under Section 165(1)(a) and (b) of the Public

Finance Management (National Government) Regulations, 2015 which requires that the Accounting Officer to ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal controls that builds robust business operations.

In the circumstances, the policy, strategies and procedures put in place to assess, identify, measure, prioritize and mitigate risks could not be confirmed.

3. Lack of a Strategic Plan

Review of Party's records revealed that it did not have a Strategic Plan. As a result, budget proposal for the financial year 2022/2023 was not supported with a strategic plan as provided under Regulation 32(5), of the Public Finance Management Act (National Government) Regulations, 2015 that all budget proposals to be supported by the National Government entity' Strategic Plan.

In the circumstances, the achievement of the party's long-term objectives could not be confirmed.

4. Lack of Internal Controls Reviews

Review of the documents revealed that there were no internal audit reviews done in the year 2022/2023 contrary to Section 73(1) and 3(b) of the Public Finance Management Act, 2012 which requires that every National Government entity to maintain internal auditing arrangements, and that every National Government entity to ensure that it complies with this Act. The Internal Auditor is required to conduct reviews which include risk-based, value-for-money and systems audits aimed at strengthening internal control mechanisms that could have an impact on achievement of the objectives of the entity.

In the circumstances, the efficiency and effectiveness of the financial and non-financial performance management systems of the Party could not be ascertained.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Party's ability to continue to sustain its services, disclosing as applicable, matters related

to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the Party or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Party's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit 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 my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs 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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

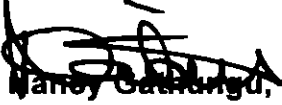
Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 controls.
- 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 applicable 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 Party's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Party to cease to continue to sustain its services.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Party to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

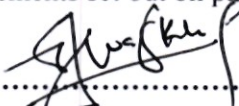
25 June, 2024

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
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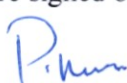
14. Statement of Financial Performance for the year ended 30 June 2023

	Notes	2022-2023
		Kshs
Revenue from non-exchange transactions		
Transfers from other governments entities	6	2,687,182
Public contributions and donations	7	100,000
Total revenue		2,787,182
EXPENSES		
General expenses use of goods and services accrued	8	660,000
General expenses use of goods and services	9	772,918
Employee costs	20	0
Depreciation and amortization expense	10	17,125
Campaigns and Elections	11	300,000
Special Interest Groups	12	1,000,000
Party Promotion and advocacy	13	400,000
Branch coordination and support	14	25,200
Total expenses		3,175,243
Surplus/(deficit) for the period/year		(388,061)
Remission to National Treasury		0
Net Surplus for the year		(388,061)

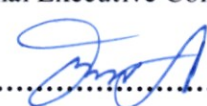
The notes set out on pages 1 to 5 form an integral part of these Financial Statements. The Financial Statements set out on pages 6 to 31 were signed on behalf of the National Executive Committee by:



Name: Bernard Wafukho
Secretary General



Name: Pascilisa Misoi
National Treasurer



Name: Erick Machanja
National Orgnizing Secretary

Date 3/4/24

Date 3/4/24

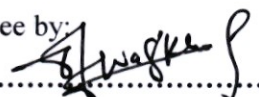
Date 5/4/24

UNITED DEMOCRATIC PARTY
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for the year ended June 30, 2023.

15 Statement of Financial Position as at 30 June 2023

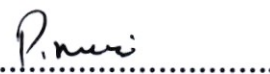
	Notes	2022-2023
		Kshs
Assets		
Current Assets		
Cash and Cash equivalents	15	219,064
Receivables from Exchange Transactions	17a	120,000
Total Current Assets		339,064
Non-Current Assets		
Property, Plant and Equipment	18	39,957
Total Non- Current Assets		39,957
Total Assets		379,021
Liabilities		
Current Liabilities		
Trade and Other Payables	19	717,082
Current Provision	19	50,000
Total Current Liabilities		767,082
Total Non- Current Liabilities		0
Total Liabilities		767,082
Net Assets	16	
Accumulated Surplus		(428,018)
Capital Fund		39,957
Total Net Assets		(388,061)
Total Net Assets and Liabilities		379,021

The financial statements set out on pages 1 to 5 were signed on behalf of the National Executive Committee by:



Name: **Bernard Wafukho**
 Secretary General

Date 3/4/2024



Name: **Pascilisa Misoi**
 National Treasurer

Date 3/4/24



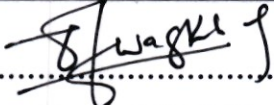
Name: **Erick Machanja**
 National Orgnizng Secretary

Date 3/4/24

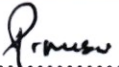
UNITED DEMOCRATIC PARTY
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for the year ended June 30, 2023.

16. Statement of Changes in Net Assets for the year ended 30 June 2023


Description	Notes	Reserve	Accumulated reserve	Retained earnings	Net surplus/Deficit	Capital/Development Grants/Fund	Total
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2022		0	0	0	0	0	0
Surplus/ Deficit for the year		(388,061)	0	0	0	0	(388,061)
Capitalization asset		(57,082)	0	0	0	57,082	0
Transfer of depreciation/amortisation from capital fund to retained earnings		17,125	0	0	0	(17,125)	0
As at June 30, 2023		(428,018)	0	0	0	39,957	(388,061)



Name: Bernard Wafukho
Secretary General



Name: Pascilisa Misoi
National Treasurer



Name: Erick Machanja
National Organizing Secretary

Date 3/4/24

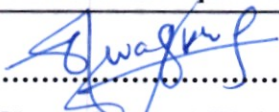
Date 3/4/24

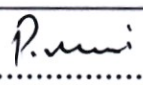
Date 3/4/24

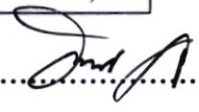
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17. Statement of Cash Flows for the year ended 30 June 2023

	2022-2023	
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other governments entities	6	2,687,182
Public contributions and donations	7	100,000
Total receipts		2,787,182
Payments		
General expenses use of goods and services accrued	8	660,000
General expenses use of goods and services	9	772,918
Depreciation and amortization expense	10	17,125
Campaign and Elections	11	300,000
Special Interest Group	12	1,000,000
Party promotion and advocacy	13	400,000
Branch coordination and support	14	25,200
Total payment		3,175,243
Add back Depreciation and amortization expense		17,125
Net cash flows from/(used in) operating activities		(370,936)
Changes in working capital		
Decrease/(Increase) in Receivables	17a	(120,000)
(Decrease)/Increase in Payables	19	767,082
Cash generated from Operations	21	276,146
Cash flows from investing activities		
Purchase of PPE and Intangible assets	18	(57,082)
Net cash flows from/(used in) investing activities		(57,082)
Cash flows from financing activities		
Net cash flows from financing Activities		0
Net increase/(decrease) in cash & Cash equivalents		219,064
Cash and cash equivalents at 1 July		0
Cash and cash equivalents at 30 June	15	219,064


 Name: Bernard Wafukho
 Secretary General


 Name: Pascilisa Misoi
 National Treasurer


 Name: Erick Machanja
 National Orgnizng Secretary

Date 3/4/24

Date 3/4/24

Date 3/4/24

UNITED DEMOCRATIC PARTY
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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs A	Kshs B	Kshs C=(a+b)	Kshs D	Kshs e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments entities	3,220,967	0	3,220,967	2,687,182	533,785	83%
Public Contributions and Donations	0	100,000	100,000	100,000	0	100%
Total Income	3,220,967	100,000	3,320,967	2,787,182	533,785	83%
Expenses						
Administration expenses	900,000	0	900,000	790,043	109,957	88%
Administration expense accrued	0	100,000	100,000	660,000	(560,000)	-
Campaigns and Elections	300,000	0	300,000	300,000	0	100%
Special Interest group	1,300,000	0	1,300,000	1,000,000	300,000	76%
Party promotion and advocacy	400,000	0	400,000	400,000	0	100%
Branch coordination and support	0	0	0	0	0	0
Civic Education	120,967	0	120,967	0	120,967	0
Conferences and meetings	200,000	0	200,000	25,200	174,800	12.6%
Total Expenditure	3,220,967	100,000	3,320,967	3,175,243	145,724	96%
Surplus for the period	0	0	0	-388,061	388,061	
Capital Expenditure	0	0	0	0	0	0

Budget notes

1. The government failed to release all amounts on time thus some activities budgeted never happened due to lack of funds.

UNITED DEMOCRATIC PARTY
Annual Reports and Financial Statements
For the year ended June 30, 2023.

19. Notes to the Financial Statements

1. General Information

United Democratic Party is established by and derives its authority and accountability from Political parties Act of 2011. The party is registered and domiciled in Kenya. The party principal activity is to strive to promote a united democratic party that seeks to develop a fundamentally united Kenya through the ideals and principles of democracy that promotes equality, justice, peace, freedom and equitable distribution of resources.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *UDP* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *UDP*. The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act 2011 and Political Party Act 2011, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

UNITED DEMOCRATIC PARTY
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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p>

UNITED DEMOCRATIC PARTY
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Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

UNITED DEMOCRATIC PARTY
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Notes to the Financial Statements (Continued)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

- iii. *Early adoption of standards*

United Democratic Party has adopted these new standards as at 1st January, 2023. We will adopt the Standards falling due in 1st January 2025.

UNITED DEMOCRATIC PARTY
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Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The *UDP* recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the *UDP* and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *UDP* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The *UDP* recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the *UDP*.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the UDP's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for the Current FY 2022-2023 was approved by the National Assembly on *29th July 2022*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget.

The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section of these financial statements.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *UDP* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the

Notes to the Financial Statements (Continued)

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Summary of Significant Accounting Policies (Continued)

Deferred tax (Continued)

Liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *UDP* and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 5 year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

a) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *UDP*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *UDP* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *UDP* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *UDP*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

c) Research and development costs

The *UDP* expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the *UDP* can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

d) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Party's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The UDP assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out.

b) Financial liabilities

Classification

The UDP classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *UDP*.

f) Provisions

Provisions are recognized when the *UDP* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *UDP* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

g) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

h) Contingent liabilities

The UDP does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

i) Contingent assets

The UDP does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

j) Nature and purpose of reserves

The UDP creates and maintains reserves in terms of specific requirements.

k) Changes in accounting policies and estimates

The UDP recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

l) Employee benefits

Retirement benefit plans

The *UDP* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an UDP pays fixed contributions into a separate UDP (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

o) Related parties

The *Party* regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the party, or vice versa. Members of key management are regarded as related parties and comprise the chairperson, the secretary general, the National organising secretary, the national treasurer and Executive director and other directors and technical team.

p) Service concession arrangements

The *UDP* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *UDP* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *UDP* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

s) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *UDP's* financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The UDP based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the UDP.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

UNITED DEMOCRATIC PARTY
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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2022-2023
	KShs
Transfer from government	
Government Political Fund	3,220,967
Accrued transfer owing from Government	(533,785)
Total Transfer from Government	2,687,182

7. Public contributions and donations

Description	2022-2023
	KShs
Members contribution	100,000
Total Public contributions and donations	100,000

8. General Expenses – Use of Goods and Services -accrued.

Description	2022-2023
	Kshs
Rent	660,000
Other expenses	0
Total General Expenses	660,000

9. General Expenses – Use of Goods and Services.

Description	2022-2023
	Kshs
ADMINISTRATION EXPENSES	
Bank charges	10,918
Transport and travel	26,000
Printing and stationery	6,000
Accounting fees	20,000
Audit fees	30,000
Rent	680,000
Total Administration Expenses	772,918

UNITED DEMOCRATIC PARTY
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Notes to the Financial Statements (Continued)

10. Depreciation and Amortization Expense

Description	2022-2023
	Kshs
Property, plant and equipment	17,125
Intangible assets	0
Investment property carried at cost	0
Total depreciation and amortization	17,125

11. Campaigns and Elections.

Description	2022-2023
	Kshs
Party grass root election expenses	
Members Allowances	100,000
Venue Payments	100,000
Food and drinks	30,000
Accommodation	70,000
Total Campaigns and Elections	300,000

12. Special Interest Groups

Description	2022-2023
	Kshs
SIG PWD meetings	
Members Allowance	240,000
Venue Payment	20,000
Drinks and refreshments	90,000
SIG Women meetings	
Members Transport reimbursements	148,000
Venue payments	42,000
Food and accommodation	100,000
Transport allowance facilitators	60,000
SIG Youth meetings	
Venue Payment	20,000
Drinks and Refreshments	45,000
Transport Reimbursements	188,000
Accommodation Reimbursements	47,000
Total amount SIGs	1,000,000

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Notes to the Financial Statements (Continued)

13. Party Promotion and Advocacy

Description	2022-2023
	Kshs
Party Promotion and advert	
Truck hire for roadshow	50,000
Branding of party materials for distribution	90,000
Website upgrade and maintenance	60,000
Publicity and advertising	
Printing party materials	200,000
Total Party Promotion and advocacy	400,000

14. Branch coordination and support

Description	2022-2023
	Kshs
Conferences and Delegations NEC	25,200
Total Branch coordination and support	25,200

15. Cash and Cash Equivalents

Description	2022-2023
	Kshs
Bank Balances	219,064
Cash in Hand and in transit	0
Total Cash And Cash Equivalents	219,064

16. Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2022-2023
		Kshs
a) Current Account		
Consolidated Bank	10011201000156	219,064
Sub- Total		219,064
b) Others(Specify)		0
Cash In Transit		0
Cash In Hand		0
Sub- Total		0
Grand Total		219,064

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Notes to the Financial Statements (Continued)

17. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2022-2023
	Kshs
Receivables	
Rent deposit	120,000
Total Current Receivables	120,000

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Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1July 2021	0	0	0	0	-	0	0	0
Additions	0	0	0	0	-	0	0	0
Disposals	0	0	0	0	-	0	0	0
Transfers/Adjustments	0	0	0	0	-	0	0	0
As at 30th June 2022	0	0	0	0	0	0	0	0
Additions	0	0	0	0	57,082	0	0	57,082
Disposals	0	0	0	0	-	0	0	-
Transfer/Adjustments	0	0	0	0	0	0	0	0
As at 30th June 2023	0	0	0	0	57,082	0	0	57,082
Depreciation And Impairment								
At 1July 2021	-	0	0	0	0	0	0	0
Depreciation	-	0	0	0	0	0	0	0
Impairment	-	0	0	0	-	0	0	0
Transfers/ Adjustments	-	0	0	0	0	0	0	0
As At 30th June 2022	-	0	0	0	0	0	0	0
Depreciation	-	0	0	0	17,125	0	0	17,125
Disposals	-	0	0	0	0	0	0	0
Impairment	-	0	0	0	0	0	0	0
Transfer/Adjustment	-	0	0	0	0	0	0	0
As at 30th June 2023	-	0	0	0	0	0	0	0
Net Book Values								
As at 30th June 2022	-	0	0	0	0	0	0	0
As at 30th June 2023	-	0	0	0	39,957	0	0	39,957

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Notes to the Financial Statements (Continued)

(a) Valuation

Land and buildings/ Equipment (be specific) were valued by professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020).

(b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	0	0	0
Buildings	0	0	0
Plant And Machinery	0	0	0
Motor Vehicles, Including Motorcycles	0	0	0
Computers And Related Equipment	57,082	0	57,082
Office Equipment, Furniture, And Fittings	0	0	0
Total	57,082	0	57,082

All categories of PPE are initially recorded at cost, and are stated at historical cost less accumulated depreciation. Depreciation is charged on a reducing balance basis over the estimated useful life of the asset. The following rates of depreciation are used based on the estimated useful lives:-

Computer 30%

Furniture and fittings 12.50%

Office equipment 12.50%

19. Trade and Other Payables

Description	2022-2023
	Kshs
Auditor General- Provisions	30,000
Accounting Fees- Provisions	20,000
Davard Investment Ltd	660,000
Ibrahims Electronics	57,082
Total trade and other payables	767,082

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Notes to the Financial Statements (Continued)

20. Employee Benefit Obligations

Retirement benefit Asset/ Liability

The party has not yet enrolled to any retirement benefit scheme for its members due to lack of enough funds.

21. Cash Generated from Operations.

Description	2022-2023
	Kshs
Surplus for the year before tax	(388,061)
Adjusted for:	
Depreciation	17,125
Working capital adjustments	
Increase in inventory	0
Increase in receivables	(120,000)
Increase in deferred income	0
Increase in payables	767,082
Increase in payments received in advance	0
Net cash flow from operating activities	276,146

22. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity'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 Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

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Notes to the Financial Statements (Continued).

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due **from**. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the UDP's short, medium and long-term funding and liquidity management requirements. The UDP manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the UDP under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

iii) Market risk

The *UDP* has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

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Notes to the Financial Statements (Continued)

a) Foreign currency risk

The *UDP* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *UDP* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

Interest rate risk is the risk that the *UDP*'s financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The *UDP* analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *UDP*'s market assumptions. These two types of inputs have created the following fair value hierarchy:

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Notes to the Financial Statements (Continued)

Financial Risk Management

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

- **Financial Risk Management**

- The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:
- There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.
- **iv) Capital Risk Management**
- The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds.

23. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

24. Currency

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

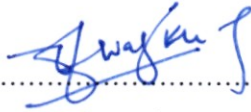
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20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)



Secretary General

United Democratic Party

Date: 31/12/24

Appendix 2: Transfers from Other Government Entities as at June 30th 2023.

Name of the MDA/Donor or Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Office of the registrar of political parties	09/02/2023 & 10/02/2023	Recurrent	2,687,182	3,220,967	0	0	533,785	0	2,687,182
Total			2,687,182	3,220,967	0	0	533,785	0	2,687,182

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Appendix 3: Transfer Confirmation Letter from office of the registrar of political parties.



REPUBLIC OF KENYA
Telephone: +254(0)204322000
Mobile: 0772281367
Email: info@crpp.or.ke
Website: www.crpp.or.ke
Whar: Nairobi (4399); G. 020

Ref: RPP/FRP/064/4 (10)

Secretary General,
United Democratic Party (UDP),
P.O. Box 731/9-00200,
NAIROBI.

Dear Sir,

RE: REVIEW OF THE POLITICAL PARTIES FUND (PPF) ALLOCATION FOR THE FY 2022/2023

Reference is made to letter Ref. No. RPP/FRP/064/4 (4) dated 31st October 2022 which this Office had informed you of your PPF allocation for the FY2022/2023. The letter further informed you that the Fund allocation could be reviewed in the subsequent quarter based on certain parameters.

In addition, following the consultative meeting between the Office of the Registrar of Political Parties and all the qualifying political parties on the review of the PPF which was held at Jacaranda Hotel on Thursday, 18th May 2023; the Office reiterates that the following parameters necessitated the review of the PPF allocation for the FY2022/2023:-

1. The Political Parties Fund budget experienced a budget cut of Kshs.590,646,000 due to austerity measures that was effected across the government through supplementary estimates No. 1 of FY2022/23. The Fund budget was revised from the earlier communicated budget of Kshs. 1,475,090,000 to Kshs. 884,354,000.
2. Results of the postponed elections of the five (5) wards namely:
 - (i) Kyome/ Thaana ward in Mwingi West constituency, Kitui County;
 - (ii) Olcimassani ward in Emurua Dikirr constituency, Narok County;
 - (iii) Mumias North ward in Mumias West constituency, Kakamega County;
 - (iv) South Gem ward in Gem constituency, Siaya County and
 - (v) Utawala ward in Embakasi East constituency, Nairobi County.
3. Correction of interchanged votes for the Moyale Constituency Member of Parliament for UP A and that of UDA as communicated by IEBC; and



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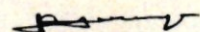
4. Inclusion of one (1) youth for Party of Independent Candidate of Kenya (PICK).

Based on the above parameters, your allocation for the PPF for the FY2022/2023 has been reviewed from the earlier communicated amount of **Kshs. 5,374,364** to a revised amount of **Kshs. 3,220,967**.

Based on the revised allocation and taking into consideration that **Kshs. 2,687,182** has already been disbursed to your party, the balance of **Kshs. 533,785** will be disbursed in the fourth quarter once received from the National Treasury.

You are therefore advised to review and submit your workplan based on the revised allocation.

Yours faithfully,


Ann N. Nderitu, CBS
Registrar of Political Parties/CEO



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The United Democratic Party wishes to confirm the amounts disbursed as at 30th June 2023 as indicated in the table below.

Confirmation of amounts received by united Democratic Party as at 30th June 2023.

Amounts Disbursed by Office of the registrar of political parties as at 30th June 2023 -- Ksh.							
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)	Amount Received by UDP as at 30 th June 2022 (E)	Differences (F)=(D-E)
09022023/1000/2704/2	09/02/2023	1,343,591	0	0	1,343,591	0	1,343,591
10022023/1000/2279/2	10/02/2023	1,343,591	0	0	1,343,591	0	1,343,591
Total		2,687,182	0	0	2,687,182		2,687,182

In confirm that the amounts shown above are correct as of the date indicated.

Secretary General:

Name **Bernard Wafukho**, Sign  Date **31/1/24**



Handwritten text in blue ink, appearing to be a signature or a set of initials. The text is written in a cursive style and is located in the lower-left quadrant of the page. It consists of several connected strokes, with the most prominent being a long, sweeping curve that ends in a sharp downward hook.