

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

DATE: 25 SEP 2024

DAY.

WEDNESDAY

TABLED BY:

DEPUTY MAJORITY LEADER

HON. OWEN BATA, MP

CLERK-AT THE TABLE:

Joyce Lembaelle

OF

THE AUDITOR-GENERAL

ON

SHIRIKISHO PARTY OF KENYA

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30684 - 00100, NAIROBI
REGISTRY
09 APR 2024
RECEIVED



SHIRIKISHO PARTY OF KENYA
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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**Shirikisho Party of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.**

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing 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
SC	State Corporations
SPK	Shirikisho Party of Kenya
WB	World Bank
VC	Vice Chancellor

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.

2. Key Party Information and Management

(a) Background information

The Shirikisho Party of Kenya is a political party registered under the office of the registrar of political parties on 10th May, 2012. It one of the oldest political party in the coastal region. Shirikisho means federation or union.

(b) Principal Activities

The main objective of the party is to campaign, agitate, and advocate for the establishment of a Federal System of Political Governance within the Republic that ensures that decision making whether policy or legislative is devolved to the Regional Assemblies and District Councils or any equivalent Institutions.

Key Management

The party's day-to-day management is under the following key organs:

No.	
1.	Secretary general
2.	Executive director
3.	Director membership
4.	Director elections

(c) 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.	Chairman	Abdulkadir Khamis Mwinyi
2.	Secretary general	Adam Mohamed Mbetto
3.	Treasurer	Wakio Mzozo

Key Party Information and Management (continued)

(d) Fiduciary Oversight Arrangements

- *Audit and Risk Committee*
- *Finance committee*
- *Parliamentary group*
- *Office of the registrar of political parties*
- *Office of the Auditor General*

(e) Party Headquarters

P.O. Box 84648-80100
Express House
Moi Avenue
Mombasa, KENYA

(f) Party Contacts

Telephone: (254) 726 603 528
E-mail: info@shirikishopartykenya
Website: <http://www.shirikishopartykenya.org>

(g) Party Bankers

1. Premier Bank
Mombasa Branch
MOMBASA, KENYA

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Key Party Information and Management (continued)

(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

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3. Key Management Team

Key Management		
1.		<p>Abdulkadir Khamis Mwinyi – National Chairman</p> <p>Abdulqadir k.Mwinyi a resident of Mombasa county is currently National Chairman of Shirikisho Party of Kenya. He joined Shirikisho Party during its inception in 1997 as Secretary for Publicity and he became Deputy Secretary General in 2007.He was elected Secretary General in 2012 and he became the National Chairman in the year 2017.</p>
2.		<p>Adam Mohamed Mbeto - Secretary General</p> <p>Adam M.Mbeto a resident of Kwale county joined Shirikisho Party of Kenya in 1998 as official at the Sub Branch, He later became Coast Regional coordinator of the Party in 2007. He became Organizing Secretary in 2012 and elected as Secretary General of the Shirikisho Party in 2017.</p>
3.		<p>Wakio Mzozo - Treasurer</p> <p>Wakio Mzozo a resident of Taita Taveta County is currently the National Treasurer of Shirikisho Party of Kenya. She joined the Party in 2002 as a Branch Youth Congress committee and 2007 she was elected in the National Youth Congress. She was elected as National Treasurer of the Party in 2017</p>

4. Chairman's Statement

As we navigate through the ever-evolving landscape of our nation's political arena, it is imperative that we reflect on our collective journey and reaffirm our commitment to the principles and values that unite us.

Over the past one year, our party has remained steadfast in its dedication to our core principles. We have tirelessly advocated for federation, championed the rights of the marginalized and minorities, and worked diligently to uphold the democratic ideals upon which our party was founded.

In the face of challenges and adversity, we have stood resolute, guided by our unwavering belief in federation. Together, we have achieved significant milestones, from being a small party to one of the oldest party in the coastal region, each serving as a testament to the strength and resilience of our movement.

As we look to the future, we must remain vigilant in our pursuit of progress and reform. Our nation stands at a critical juncture, and the decisions we make today will shape the course of history for generations to come. It is incumbent upon us to lead with integrity, empathy, and a steadfast commitment to the common good.

I am immensely proud of the dedication and passion exhibited by each and every member of our party. Your tireless efforts have not gone unnoticed, and it is because of your unwavering support that we continue to push forward, undeterred by the obstacles that lie ahead.

In the coming months and years, let us remain united in our purpose, unwavering in our resolve, and steadfast in our commitment to building a brighter, more inclusive future for all. Together, we will continue to be a beacon of hope and progress in our nation's political landscape.

Thank you for your continued support.



.....
Abdulkadir Khamis Mwinyi
Chairman, Shirikisho Party of Kenya

Date: 09/04/2024
.....

5. Report of the Executive Director/Secretary General

Dear Members and Stakeholders,

I am pleased to present the report of Shirikisho Party of Kenya for the year 2022-2023, outlining our achievements, challenges, and strategies for the future. As the Executive Director, it is both an honour and a privilege to lead our party through these dynamic times.

Overview of Achievements:

1. **Membership Growth:** Over the past year, we have seen a significant increase in our party's membership, reflecting a growing interest and engagement in our political vision.
2. **Electoral Success:** In the recent elections, we secured two seats/positions for county assembly member, demonstrating our party's relevance and appeal to the electorate.
3. **Policy Initiatives:** We have successfully introduced and advocated for key policy initiatives, including protection of the vulnerable and marginalized, aimed at addressing pressing issues and advancing our party's agenda.

Strategies for the Future:

1. **Strengthening Grassroots Support:** We will focus on expanding our grassroots networks and engaging with local communities to garner broader support and mobilize voters effectively.
2. **Enhancing Communication and Transparency:** Improving communication channels and fostering transparency within our party will be paramount in building trust and credibility among our members and the public.
3. **Strategic Alliances:** Forming strategic alliances with like-minded organizations and individuals will enable us to amplify our voice and influence, facilitating the realization of our political objectives.

In conclusion, while we have made significant strides, there is still much work to be done. With dedication, perseverance, and the continued support of our members and stakeholders, I am confident that we will overcome the challenges ahead and achieve our shared vision of a better, more prosperous future for all.

Thank you for your unwavering commitment to Shirikisho Party of Kenya.

Sincerely,



.....
Adam Mohamed Mbeto

Secretary General, Shirikisho Party of Kenya

Date: 09/04/2024
.....

**Shirikisho Party of Kenya
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6. Statement of Performance against Predetermined Objectives for FY 2022/2023

Shirikisho Party of Kenya has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022/2023. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Increase Voter Outreach and Engagement

Pillar/theme/issue 2: Policy Advocacy and Implementation

Pillar/theme/issue 3: Party Growth and Development

Pillar/theme/issue 4: Electoral Success

Pillar/theme/issue 5: Financial Sustainability

Shirikisho Party of Kenya develops its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Shirikisho Party of Kenya achieved its performance targets set for the FY 2022/2023 period for its 5 strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Increase Voter Outreach and Engagement	Number of public rallies	Public rallies	32 Public rallies
Pillar/ theme/ issue 2:	Policy Advocacy and Implementation	Stakeholders engagement forums	Engagement meetings	10 Meetings
Pillar/ theme/ issue 3:	Party Growth and Development	Number of new members	Registration	120 Members
Pillar/ theme/ issue 4:	Electoral Success	Number of seats	2022 Elections	2 MCAs seats
Pillar/ theme/ issue 5:	Financial Sustainability			

7. Corporate Governance Statement

As a political party committed to transparency, accountability, and ethical conduct, Shirikisho Party of Kenya is dedicated to upholding the highest standards of corporate governance. Our governance framework is designed to ensure integrity, fairness, and responsible decision-making in all aspects of our operations.

Board of Directors/Executive Committee:

The Board of Directors/Executive Committee serves as the governing body responsible for setting the strategic direction and overseeing the affairs of Shirikisho Party of Kenya. Comprised of experienced leaders and representatives elected by members, the Board/Executive Committee upholds the party's values and safeguards its interests.

Roles and Responsibilities:

- The Board/Executive Committee oversees the formulation and execution of the party's policies, programs, and initiatives.
- It ensures compliance with legal and regulatory requirements, as well as adherence to the party's constitution and bylaws.
- The Board/Executive Committee appoints and oversees the performance of key executives and staff, holding them accountable for achieving organizational objectives.

Transparency and Accountability:

- SPK is committed to transparency in its decision-making processes and operations. Financial statements, annual reports, and other relevant information are made accessible to members and stakeholders.
- We uphold accountability by establishing clear lines of authority and responsibility, fostering a culture of integrity, and conducting regular assessments of performance and compliance.

Code of Conduct and Ethics:

- We have adopted a Code of Conduct and Ethics that outlines the expected standards of behaviour for party officials, employees, and volunteers.
- Our Code emphasizes principles such as honesty, integrity, respect, and fairness, guiding our interactions with colleagues, constituents, and the public.

Risk Management:

- SPK recognizes the importance of identifying, assessing, and mitigating risks that may impact our operations

8. Management Discussion and Analysis

Introduction:

The Management Discussion and Analysis (MD&A) provides an overview of the performance, operations, and future outlook of Shirikisho Party of Kenya for the year 2022-2023. This analysis aims to provide stakeholders with insight into our party's strategic direction, achievements, challenges, and plans for the future.

Political Landscape and Context:

- The political landscape during the year was characterized by a general election and an active campaign period.
- Shirikisho Party of Kenya operated in a dynamic and competitive environment, navigating through various challenges and opportunities to advance our agenda and serve the interests of our constituents.

Key Achievements:

- **Electoral Success:** Shirikisho Party of Kenya secured 2 seats/positions in recent elections, demonstrating our continued relevance and support among voters.
- **Policy Advocacy:** We successfully advocated for the passage of 2 bills and initiatives aligned with our party's priorities, addressing critical issues such as [mention key policy areas].
- **Membership Growth:** Our party experienced a 1% increase in membership, reflecting growing support and engagement from citizens across the country.

Operational Highlights:

- **Outreach and Engagement:** We expanded our outreach efforts through targeted campaigns, town hall meetings, and grassroots initiatives, reaching 1,200 of constituents.
- **Financial Management:** Despite resource constraints, we maintained prudent financial management practices, optimizing the allocation of resources to maximize impact and efficiency.
- **Organizational Development:** Shirikisho Party of Kenya invested in the development of our human capital, providing training and capacity-building opportunities for party officials, volunteers, and staff.

Challenges Faced:

- **Opposition Resistance:** We encountered resistance and obstacles from rival parties, hindering the implementation of our agenda and initiatives.
- **Resource Constraints:** Limited financial resources posed challenges in scaling up our operations and executing key programs and campaigns.
- **Public Perception:** Addressing negative perceptions and misinformation about our party remained an ongoing challenge, requiring proactive communication and outreach strategies.

Future Outlook and Strategies:

- **Strengthening Grassroots Support:** We will focus on expanding our grassroots networks and engaging with local communities to deepen our support base and mobilize voters effectively.
- **Policy Innovation:** Shirikisho Party of Kenya will continue to develop and advocate for innovative policy solutions to address emerging challenges and opportunities facing our society.
- **Strategic Partnerships:** Forming strategic alliances with like-minded organizations and individuals will be essential in amplifying our voice and influence and advancing our political objectives.

Conclusion:

In conclusion, Shirikisho Party of Kenya remains committed to advancing our mission and serving the interests of the people. Despite challenges, we have made significant progress in achieving our objectives and are well-positioned to seize opportunities and overcome obstacles in the future.

9. Environmental and Sustainability Reporting

Shirikisho Party of Kenya recognizes the importance of environmental sustainability and is committed to integrating sustainable practices into our operations and advocacy efforts. This report provides an overview of our environmental initiatives, progress, and future commitments.

Environmental Policy and Commitment:

- Shirikisho Party of Kenya is committed to minimizing our environmental impact and promoting sustainable development principles.
- We recognize the urgency of addressing climate change, protecting natural resources, and promoting environmental justice for current and future generations.

Key Initiatives and Achievements:

1. **Energy Efficiency:** Shirikisho Party of Kenya has implemented energy-saving measures in our offices and events, including the use of LED lighting, energy-efficient appliances, and responsible energy consumption practices.
2. **Sustainable Procurement:** We prioritize the procurement of eco-friendly and sustainable products and services, supporting suppliers that adhere to environmental standards and practices.

Community Engagement and Advocacy:

- Shirikisho Party of Kenya engages with communities and stakeholders to raise awareness about environmental issues, promote sustainable practices, and advocate for policies that address climate change and environmental degradation.

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- We support initiatives aimed at protecting biodiversity, preserving natural habitats, and promoting sustainable land use and resource management.

Challenges and Opportunities:

- While Shirikisho Party of Kenya has made progress in integrating sustainability into our operations, we recognize that there are challenges ahead, including resource constraints, regulatory barriers, and the need for greater public awareness and engagement.
- However, we also see opportunities to collaborate with stakeholders, leverage innovative solutions, and drive positive change through advocacy and policy development.

Future Commitments:

- Shirikisho Party of Kenya is committed to continually improving our environmental performance and integrating sustainability into all aspects of our operations.
- We will set ambitious targets and develop action plans to reduce our environmental footprint, increase resource efficiency, and promote environmental stewardship.
- Additionally, we will advocate for policies and initiatives that advance environmental protection, climate action, and sustainable development at the local, national, and international levels.

Conclusion:

In conclusion, Shirikisho Party of Kenya reaffirms our commitment to environmental sustainability and recognizes our role in addressing the urgent challenges facing our planet. By embracing sustainable practices, advocating for policies that protect the environment, and engaging with communities and stakeholders, we are working towards a more sustainable and resilient future for all.

10. Report of the Directors

The fiduciary management team submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Party's affairs.

i) Principal activities

The principal activities of the party are to campaign, agitate, and advocate for the establishment of a Federal System of Political Governance within the Republic that ensures that decision making whether policy or legislative is devolved to the Regional Assemblies and District Councils or any equivalent Institutions.

ii) Results

The results of the Party for the year ended June 30, 2023, are set out on page 1

iii) Directors

The members of the National Executive Committee (NEC) who served during the year are shown on page iv.

iv) Auditors

The Auditor-General is responsible for the statutory audit of the Shirikisho Party of Kenya in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2023, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the NEC



.....
Adam Mohamed Mbeto

Secretary General

Mombasa

Date: 29/04/2024

11. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 require the fiduciary management team to prepare financial statements in respect of that Party, which give a true and fair view of the state of affairs of the Party at the end of the financial year/period and the operating results of the Party for that year/period. The fiduciary management team are also required to ensure that the Party keeps proper accounting records which disclose with reasonable accuracy the financial position of the Party. The fiduciary management team are also responsible for safeguarding the assets of the Party.

The fiduciary management team are responsible for the preparation and presentation of the Party's financial statements, which give a true and fair view of the state of affairs of the Party for and as at the end of the financial year (period) 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 Party; (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 Party; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

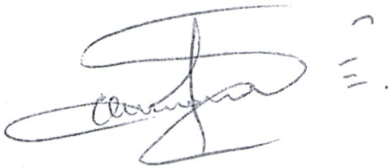
The fiduciary management team accept responsibility for the Party's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The fiduciary management team are of the opinion that the Party's financial statements give a true and fair view of the state of Party's transactions during the financial year ended June 30, 2023, and of the Party's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Party, which have been relied upon in the preparation of the Party's financial statements as well as the adequacy of the systems of internal financial control.

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In preparing the financial statements, the fiduciary management team have assessed the Party's ability to continue as a going concern. Nothing has come to the attention of the fiduciary management team to indicate that the Party will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Party's financial statements were approved by the NEC on 09/April / 2023 and signed on its behalf by:



.....
Abdulkadir Khamis Mwinyi
National Chairperson



.....
Adam Mohamed Mbeto
Secretary General

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON SHIRIKISHO PARTY OF KENYA 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 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 that the 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 under 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 Shirikisho Party of Kenya set out on pages 1 to 23, 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Shirikisho Party of Kenya 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 Political Parties Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The financial statements contain the following inaccuracies:

- i. The statement of financial performance reflects revenue from non-exchange transactions of Kshs.1,811,578. However, Notes 5a and 5b reflect transfers from other Government entities comprised of contributions and donations of Kshs.1,400,000 and transfers from Government agencies or grants from political parties fund of Kshs.411,578, an indication of inconsistent reporting of revenue.
- ii. The statement of financial position reflects capital reserves balance of Kshs.59,201 which is erroneously described as retained earnings in the statement of changes in net assets.
- iii. The statement of cash flows reflects cash flows from investing activities of Kshs.65,897, comprised of purchase of property, plant and equipment and intangible assets. However, Note 12 to the financial statements do not reflect additional assets purchase during the year under review.
- iv. The statement of cash flows reflects cash and cash equivalents opening balance of Kshs.58,123 which, differs from the balance of Kshs.30,791 disclosed in Note 10 to the financial statements by an unexplained variance of Kshs.27,332.
- v. The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.80,000. However, the general ledger provided reflects creditors and accruals balance of Kshs.45,000, resulting in an unexplained variance of Kshs.35,000.
- vi. The statement of financial performance reflects depreciation charges of Kshs.23,464 as disclosed in Note 9 to the financial statements, whereas the trial balance reflected a depreciation charge amounting to Kshs.52,774 resulting to an unexplained difference of Kshs.29,310.

- vii. The statement of financial position reflects current liabilities of Kshs.80,000 which differs from a balance of Kshs.45,000 reflected in the trial balance. The resultant difference of Kshs.35,000 was not explained or reconciled.
- viii. The statement of financial position reflects property, plant and equipment balance of Kshs.123,510 which was not in the trial balance.
- ix. Note 11 to the financial statements reflects a balance of Kshs.411,578 receipts from Political Parties Fund allocation misclassified as receivables from exchange transactions instead of as a non-exchange receivable.
- x. The statement of financial position reflects property, plant and equipment balance of Kshs.123,510. However, the cost and depreciation opening date is shown as 31 July, 2023 instead of 01 July, 2022.
- xi. The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.80,000 which, is however, referenced to incomplete Note 13 to the financial statements.

In the circumstances, the accuracy and completeness of the various balances presented in the financial statements could not be confirmed.

2. Unsupported Expenditure

The statement of financial performance reflects expenditures of Kshs.120,000 and Kshs.1,251,996 in respect of employees' costs and use of goods and services, respectively. However, the corresponding payment vouchers provided did not have supporting documents such as detailed schedules, master roll, invoices, leases, procurement documents, contracts, invitation letters, meeting minutes, attendance registers, job cards and electronic tax register receipts as proof of payment.

In the circumstances, the regularity, accuracy and completeness of the use of goods and expenditure amounting to Kshs.1,371,996 could not be confirmed.

3. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.80,000. However, supporting documents including invoices, descriptions/breakdown of the payables, aging analysis and detailed schedules were not provided for audit.

In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.80,000 could not be confirmed.

4. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.123,510. However, Management did not provide for audit, a fixed assets register showing the serial numbers, value of the assets, dates of purchase, depreciation rates th

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.123,510 could not be confirmed.

5. Unconfirmed Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.10,231. However, supporting documents such as a certificate of bank balance, bank reconciliation statements, board of survey report were not provided for audit.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.10,231 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Shirikisho Party of Kenya 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

Unaudited Comparative Balances

I draw your attention to the fact that prior to 2022/2023 financial year, only the financial statements of political parties funded from public funds were being audited pursuant to Article 229(4)(f) of the Constitution of Kenya, which mandates the Auditor-General to audit political parties funded from public funds. Although the financial statements presented for audit reflects comparative balances for the year ended 30 June, 2022, 2022/2023 financial year is considered as the first year of audit and the audit procedures undertaken did not cover the prior year balances.

My opinion is not modified in respect of this matter.

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, except for the matter 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. Anomalies in Presentation of the Financial Statements

Review of financial statements revealed the following anomalies in disclosure and presentation;

- i. The Statement of Directors' Responsibility was not signed by the National Chairperson and the Secretary-General.
- ii. The date of approval of the financial statements by the National Executive Council was not indicated on page xvii, while the statement of financial performance does not indicate the reporting period.
- iii. The financial statements did not include a detailed analysis of the cash and cash equivalents, explanatory note on reconciliation of cash generated from operations, liquidity risk management information and Appendices iii and iv on inter-entity transfers and recording of transfers from other Government entities, respectively.
- iv. Note 12 to the financial statements on property, plant and equipment is incomplete.

In the circumstances, the financial statements as presented did not comply with the Public Sector Accounting Standards Board's reporting templates.

2. Failure to Establish Party Offices in at Least 24 Counties

A survey carried out revealed that, the Party has only two (2) branch offices in Mombasa and Kwale counties out of 38 Counties visited. This was contrary to Section 7(f)(iii) of the Political Parties Act, 2011, which requires a political party to be fully registered, if it has submitted to the Registrar the location and addresses of the branch offices of the political party, 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 overall governance were not effective.

Basis for Conclusion

1. Failure to Tag Assets

The financial statements and the fixed assets schedule reflect property, plant and equipment balance of Kshs.123,510. However, the stated assets were not tagged with unique identifiers, contrary to Part IV(i) C Section 77(7) of the National Treasury Guidelines on Asset and Liability Management in the Public Sector issued in March, 2020.

In the circumstances, the effectiveness of internal controls on assets management could not be confirmed.

2. Lack of an Internal Audit Function

During the year under review, the Party did not have an internal audit unit, contrary to Section 73(1)a of the Public Finance Management Act, 2012 which requires every National Government entity to ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstances, the Party did not benefit from the independent assurance over its financial reporting and risk management processes.

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 control 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 overall 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 of Kenya. 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 control 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 control would not necessarily disclose all matters in the internal control 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 control 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the 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 control 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

24 June, 2024


Report of the Auditor-General on Shirikisho Party of Kenya for the year ended 30 June, 2023


Shirikisho Party of Kenya
 Annual Report and Financial Statements
 for the year ended June 30, 2023.


13. Statement of Financial Performance for the year ended 30 June 20xx

	Note	30-Jun-23	30-Jun-22
Revenue		Kshs	Kshs
Revenue from non-exchange Transactions	5	1,811,578	1,085,000
Total Revenue		1,811,578	1,085,000
Expenses			
Use of goods and services	6	1,251,996	645,606
Employee costs	7	120,000	360,000
Repairs and maintenance	8	10,000	44,900
Depreciation	9	23,464	29,310
Total Expenses		1,405,459	1,079,816
Surplus/Deficit for the Period		406,119	5,184

The notes set out on pages 06 to 23 form an integral part of these Financial Statements. The Financial Statements set out on pages 01 to 23 were signed on behalf of the Board of Directors by:


 Name: ADAM MBETO
 Secretary General


 Name: KHAMIS RIZIK
 Head of Finance


 Name: ABDULKADIR MWANGI
 Chairman of the Board

Date: 09/07/2024

ICPAK M/No: 10175
 Date: 09/07/2024


Date: 09/07/2024


Shirikisho Party of Kenya
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15 Statement of Financial Position as at 30 June 2023

	Note	30-Jun-23	30-Jun-22
Assets		Kshs	Kshs
Current Assets			
Cash and cash equivalents	10	10,231	30,792
Receivables from exchange transactions	11	411,578	-
Total Current Assets		421,809	30,792
Non-Current Assets			
Property, Plant and equipment	12	123,510	176,284
Intangible Assets		-	-
Total Non - Current Assets		123,510	176,284
Total Assets		545,319	207,076
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	13	80,000	35,000
Total Current Liabilities		80,000	35,000
Total Liabilities		80,000	35,000
Net Assets			
Accumulated Surplus		406,119	5,184
Capital reserves		59,201	166,892
Total Net Assets		465,319	172,076
Total Net Assets and Liabilities		545,319	207,076

The financial statements set out on pages 01 to 23 were signed on behalf of the Board of Directors by


.....
Name **ADAM MBETO**
Secretary General


.....
Name **KITANI RIZIK**
Head of Finance


.....
Name **ABDULQADIR MWINYI**
Chairman

Date **09/04/2024**

ICPAK M/No: 10178
Date **09/04/2024**

Date **09/04/2024**

Annual Report and Financial Statements
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16. Statement of Changes in Net Assets for the year ended 30 June 2023

Description	Retained earnings	Capital	Total
	Kshs	Development Grants/Fund Kshs	
As at July 1, (2021)	54,017	-	54,017
Issued new capital	-	-	-
Revaluation gain	-	-	-
Deferred tax on excess depreciation	-	-	-
Fair value adjustment on investments	-	-	-
Surplus/ deficit for the year	5,184	-	5,184
Capital/development grants received during the year	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-
As at June 30, (2022)	59,201	-	59,201
As at July 1, (2022)	59,201	-	59,201
Issue of new share capital	-	-	-
Revaluation gain	-	-	-
Transfer of excess depreciation on revaluation	-	-	-
Surplus/ (deficit) for the year	406,119	-	406,119
Capital/development grants received during the year	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-
As at June 30, (2023)	465,319	-	465,319

1. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

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

	Note	30-Jun-23 Kshs	30-Jun-22 Kshs
Cash flows from operating activities			
Receipts			
Revenue from non-exchange Transactions	4	1,400,000	1,085,000
Total Receipts		1,400,000	1,085,000
Payments			
Use of goods and services	6	1,251,996	1,545,606
Employee costs	7	120,000	360,000
Repairs and maintenance	8	10,000	44,900
Total Payments		1,381,996	1,050,506
Net cash flows from operating activities		18,005	34,494
Cash flow From Investing Activities			
Purchase of Property, equipment & Intangible Assets	12	(65,897)	(8,094)
Purchase of Intangible Assets		-	-
Net cash flows used in investing activities		(65,897)	(8,094)
Cash flow From Financing Activities			
Capital injection			
Net cash flows from financing Activities		-	-
Net increase/(decrease) in cash and cash equivalents		(47,893)	26,400
Cash and cash equivalents at period start		58,123	4,391
Cash and cash equivalents at period end	10	10,231	30,791

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

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2023						
	Original Annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to 30 June 2023	% Utilization	Explanation of Variances
	a	b	c = a + b	d	e = d/c %	
Revenue	Kshs	Kshs	Kshs	Kshs		
Revenue from non-exchange Transactions	411,578	-	411,578	411,578	100%	
Donations	1,400,000	-	1,400,000	1,400,000	100%	
Total income	1,811,578	-	1,811,578	1,811,578	100%	
Expenses						
Use of goods and services	1,257,600	-	1,257,600	1,251,996	100%	
Employee costs	120,000	-	120,000	120,000	100%	
Repairs and maintenance	10,000	-	10,000	10,000	100%	
Depreciation	25,000	-	25,000	23,464	94%	
Capital Budget	-	-	-	-	0%	
Total expenditure	1,412,600	-	1,412,600	1,405,459	99%	
Surplus for the period	398,978	-	398,978	406,119		

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)

19. Notes to the Financial Statements

1. General Information

The Party is established by and derives its authority and accountability from the political parties Act. The Party is wholly owned by the Government of Kenya and is domiciled in Kenya. The Party 's principal activity is political activities.

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 Party's accounting policies. The areas involving a higher degree of judgement 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 Party. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the financial statements (continued)

3. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Party 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 Party 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 Party 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 Party 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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Party'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 was approved by the National Assembly on xxx. 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 Party upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Party recorded additional appropriations of xxx on the 20xx budget following the governing body's approval.

The Party's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. 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. As 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 18 of these financial statements.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

replaced at intervals, the Party 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.

d) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Party. 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 Party 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 Party 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 Party. 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)

e) 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.

f) Research and development costs

The Party expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Party 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) 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 Party does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one Party and a financial liability or equity instrument of another Party. At initial recognition, the Party measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset 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 Party 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 Party'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 a Party has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the Party 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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 Party 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 Party 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 Party 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 in *Note xx*.

b) Financial liabilities

Classification

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

h) 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,

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Party.

i) Provisions

Provisions are recognized when the Party 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 Party 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.

j) 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 Party 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 Party will incur in fulfilling the present obligations represented by the liability.

k) Contingent liabilities

The Party 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.

l) Contingent assets

The Party 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 Party 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Changes in accounting policies and estimates

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

n) Related parties

The Party regards a related party as a person or Party 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 directors, the Executive director and senior managers*.

o) 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.

p) Comparative figures

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

q) 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.

4. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Party'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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 Party 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 Party. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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 Party.
- 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.

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Notes to the Financial Statements (Continued)

5. Transfers from Other Government entities

Description	June 2023	June 2022
	KShs	KShs
Contributions and donations	1,400,000	1,085,000
Total public contributions and donations	1,400,000	1,085,000

b) Transfers from government agencies

Description	June 2023	June 2022
	KShs	KShs
Political parties fund	411,578	0.00
Total public contributions and donations	411,578	0.00

6. Use of Goods and Services

Description	Jun-23	Jun-22
	Kshs	Kshs
Electricity & water	0	26,400
Bank charges	560.5	6
Rent expenses	180,000	180,000
Internet expenses	142,000	120,000
Printing and Stationery	38748	95,700
Accounting fees	45,000	35,000
Transport Reimbursement	48,000	39,800
Telephone and postage	42,000	49,065
Advertising	0	79,000
Snacks and Refresh	25,687	20,635
Prom. And Publicity	730,000	0
Use of Goods and Services	1,251,996	645,606

7. Employee Costs

Description	June 2023	June 2022
	Kshs	Kshs
Salaries and wages	120,000	360,000
Employee costs	120,000	360,000

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Notes to the Financial Statements (Continued)

8. Repairs and Maintenance

Description	June 2023	June 2022
	Kshs	Kshs
Property and equipment	10,000	44,900
Total Repairs and Maintenance	10,000	44,900

9. Depreciation and Amortization Expense

Description	June 2023	June 2022
	Kshs	Kshs
Property, plant and equipment	23,464	29,310
Total depreciation and amortization	23,464	29,310

10. Cash and Cash Equivalents

Description	June 2023	June 2022
	Kshs	Kshs
Current Account	10,231	30,792
Total Cash And Cash Equivalents	10,231	30,792

11. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	June 2023	June 2022
	Kshs	Kshs
Receivables		
Political party funds allocation	411,578	0
Total Current Receivables	411,578	0

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Notes to the Financial Statements (Continued)

12. Property, Plant and Equipment

Cost	Office Equipment	Furniture and fittings	Computers	Total
	Kshs	Kshs	Kshs	Kshs
At 1 July 2023	18,304	116,414	41,566	176,284
Additions	0	0	0	0
Disposals	0	0	0	0
Transfer/Adjustments	0	0	0	0
As at 30 th June 2023	18,304	116,414	41,566	176,284
Depreciation And Impairment				
At 1 July 2023	2,288	14,552	12,470	29,310
Depreciation	2,002	12,733	8,729	23,464
As at 30 th June 2023	4,290	27,285	21,199	52,774
Net Book Values				
As at 30 th June 2022	18,304	116,414	41,566	176,284
As at 30 th June 2023	14,014	89,129	20,367	123,510

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Notes to the Financial Statements (Continued)

13. Trade and Other Payables

Description	June 2023		June 2022	
	Kshs		Kshs	
Trade payables	80,000		35,000	
Total trade and other payables	80,000		35,000	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	45,000	56.25%	35,000	43.75%
1-2 years	35,000	100%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (tie to above total)	80,000		35,000	

14. Financial Risk Management

The Party's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Party'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 Party 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 Party's financial risk management objectives and policies are detailed below:

i) Credit risk

The Party 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 Party'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 Party's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2023				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	411,578	411,578	0	0
Bank balances	10,231	10,231	0	0
Total	421,809	421,809	0	0
As at 30 June (Previous FY)				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	30,792	0	0	0
Total	30,792	0	0	0

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Notes to the Financial Statements (Continued)

15. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Party include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Other related parties include:

- i) Office of the registrar of political parties.
- ii) Key management.
- iii) Board of directors.

Description	June 2023	June 2022
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Others (specify) e.g. interest and bank charges	0	0
Total	0	0
B) purchases from related parties		
Others (specify)	0	0
Total	0	0
b) Grants /transfers from the government		
Grants from national government	411,578	0
Donations in kind	0	0
Total	411,578	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total		
d) Key management compensation		
Directors' emoluments	0	0
Compensation to key management	0	0
Total	0	0

16. Events after the Reporting Period

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

17. 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)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Party responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.