

REPUBLIC OF KENYA

PAPER LAW

2/4/2014



KENYA NATIONAL AUDIT OFFICE

PARLIAMENT
OF KENYA
LIBRARY

**REPORT OF
THE
AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS OF
FEDERAL PARTY OF KENYA FOR THE
YEAR ENDED 30 JUNE 2012**



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON FEDERAL PARTY OF KENYA FOR THE YEAR ENDED 30 JUNE 2012

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Federal Party of Kenya set out on pages 3 to 8, which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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, Section 8 of the Public Audit Act, 2003 and Section 34(1) of the Political Parties Act, 2007.

Management's Responsibility for the Financial Statements

The National Executive Committee of Federal Party of Kenya is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The National Executive Committee of the Party is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 7 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Party's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Party's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

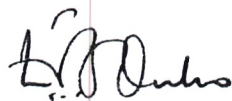
Basis for Disclaimer of Opinion

Unsupported Financial Statements

The Public Audit Act, 2003 Section 8(a) and (b) stipulates that the Auditor-General shall audit the accounts submitted and shall express an opinion on the accounts. However, the Party forwarded its financial statements for the year ended 30 June 2012 without attaching any primary accounting records and supporting documents for audit review. Consequently, it was not possible to verify and confirm the accuracy and completeness of the financial statements as a whole.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

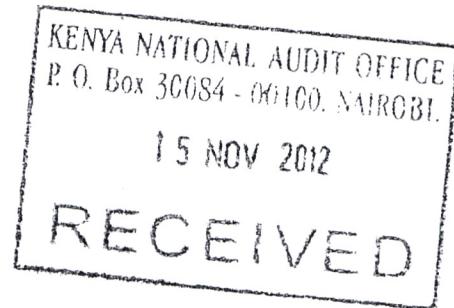


Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

25 February 2014

FEDERAL PARTY OF KENYA



**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2012**

FEDERAL PARTY OF KENYA

PARTY INFORMATION

1. PRINCIPAL OBJECTIVE

To transform the republic of Kenya into a Federal Republic with separate and autonomous regions which the central government will have no powers whatsoever to Dissolve

2. REGISTERED OFFICE

Federal Party of Kenya
P.O BOX 56806 – 00200
Off Ngong Road
Mimosa Close – Muchai Drive
Nairobi.

3. EXECUTIVE NATIONAL OFFICIALS

Caleb A. Burudi	-	National Chairman
Evelyn C. Kiptoo	-	National Org. Secretary
Harrison M. Eyinda	-	National Treasurer
Kennedy B.O. Oluoch	-	Secretary General
John Mukewa	-	Dpy. Secretary General

4 BANKERS

Co-operative Bank of Kenya - Aga Khan Walk Branch - Nairobi

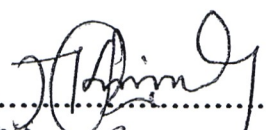
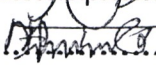

FEDERAL PARTY OF KENYA
FINANCIAL REPORT 30TH JUNE 2012
RESPONSIBILITIES OF THE PARTY OFFICIALS

The Political Parties Act, 2007 requires the party officials to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the party as at the end of the financial year and other operating financial activities of the party for that year. It also requires the party officials to ensure that the party keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the party. They are also responsible for safeguarding the assets of the party.

The officials accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Political Parties Act, 2007.

The officials are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the party and of its operating results. The officials further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control, during the year ended 30 June 2012.

Nothing has come to the attention of the officials to indicate that the party and its activities will not remain a going concern for at least the next twelve months from the date of this statement.

Secretary General - Kennedy B.O. Oluoch 
National Treasurer - Harrison M. Eyinda  Date 30/08/2012
Act. Chairperson - John Mukewa  Date 30/08/2012

FEDERAL PARTY OF KENYA

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2012

<u>REVENUE</u>	NOTES	2012 Kshs.	2011 Kshs
Political Parties Fund		1,004,276.30	804,183.85
Membership Subscription	5	1,000,000.00	70,500.00
Donations	5	<u>1,865,000.00</u>	<u>40,700.00</u>
		<u>3,869,276.30</u>	<u>915,383.85</u>
 <u>EXPENDITURE</u>			
Party Policy and Advocacy	6	3,069,653.25	197,400.00
Administrative Expenses	7	<u>813,181.75</u>	<u>734,911.00</u>
Total Expenses		<u>3,882,835.00</u>	<u>932,311.00</u>
Net Deficit for the year		<u>-13,558.70</u>	<u>-16,927.15</u>

FEDERAL PARTY OF KENYA

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2012

		2012	2011
<u>NON CURRENT ASSETS</u>	Notes	<u>Kshs.</u>	<u>Kshs.</u>
Property, Plant and Equipment	2	233,567.25	204,474.00
<u>CURRENT ASSETS</u>			
Cash and Bank Balances	3	2,501.15	(5,100.15)
<u>CURRENT LIABILITIES</u>			
Creditors and Accruals	4	385,353.10	321,200.00
Net Current Assets		(382,851.95)	(326,300.15)
NET ASSETS		(149,284.70)	(121,826.15)
Represented by			
Accumulated Fund		(149,284.70)	(121,826.15)

Notes attached hereto form part of these accounts

These accounts were approved on the 30th August 2012 on behalf of the Party by:

Secretary General - Kennedy B.O. Oluoch.....
 National Treasurer - Harrison M. Eyinda.....
 Act. Chairperson - John Mukewa.....
 Dated 30/08/2012

FEDERAL PARTY OF KENYA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2012

	Accumulated funds	
	2012	2011
	<u>Kshs.</u>	<u>Kshs.</u>
As at 1.7.2011	(121,826.15)	(119,359.00)
Additions	0.00	0.00
Deficit for the year	<u>(13,558.70)</u>	<u>(16,927.15)</u>
As at 30.6.2012	<u>(135,384.85)</u>	<u>(136,286.15)</u>

FEDERAL PARTY OF KENYA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	Kshs	Kshs
Cash flow from operating activities:		
Deficit for the Year	(13,558.70)	(16,927.15)
Adjustments for		
Depreciation	<u>41,906.75</u>	<u>42,776.00</u>
	28,348.05	25,848.85
Increase in Creditors and Accruals	<u>64,153.10</u>	<u>182,426.00</u>
Net cash flow from operating activities	<u>92,501.15</u>	<u>208,274.85</u>
Cash Flow from investing activities:		
Purchase of furniture and office equip.	<u>90,000.00</u>	<u>213,375.00</u>
Net cash flow from investing activities	<u>90,000.00</u>	<u>213,375.00</u>
Change in Cash and Cash Equivalents	2,501.15	(5,100.15)
Cash and Cash Equivalents as at 30/06/2012	<u>2,501.15</u>	<u>(5,100.15)</u>

FEDERAL PARTY OF KENYA

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared under the historical cost concept.

b) Accounting period

The party prepared its accounts for a period of twelve months ending 30th June 2012.

c) Statement of compliance & basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards. These financial statements are presented in the functional currency, Kenya Shillings rounded to the nearest round figures.

(d) Property, plant and equipment is stated at historical cost less accumulated Depreciation.

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

Computer and Accessories	30%
Furniture and Fittings	12.5%
Equipment	12.5%

(e) Other disclosures

In pursuant to section 30, 31, 32, 33 and 34 of the Political Parties Act 2007, the Party has complied with the local laws and regulations as stipulated in the Act.

2. Property, Plant & Equipment

Cost/ Valuation	Computer and Accessories	Furniture And Fittings	Equipment	TOTAL
	Kshs	Kshs	Kshs	Kshs
At 1 st July 2011	61,000.00	169,375.00		230,375.00
Addition			90,000.00	90,000.00
30 th June 2012	<u>61,000.00</u>	<u>169,375.00</u>	<u>90,000.00</u>	<u>320,375.00</u>
Depreciation				
At 1 st July 2011	18,300.00	26,601.00	0.00	44,901.00
Charge for the year	<u>12,810.00</u>	<u>17,846.75</u>	<u>11,250.00</u>	<u>41,906.75</u>
	<u>31,110.00</u>	<u>44,447.75</u>	<u>11,250.00</u>	<u>86,807.75</u>
Net Book Value as				
At 30/06/2012	<u>29,890.00</u>	<u>124,927.25</u>	<u>78,750.00</u>	<u>233,567.25</u>

3. **Cash Bank Balance**

Cash at Hand	0
Cash at Bank	<u>2501.15</u>
	2501.15

	2012	2011
	Kshs	Kshs
4 Creditors		
Accounting Fees	150,000.00	135,000.00
Audit Fees	121,800.00 ✕	81,200.00
Logo Promotions	25,000.00	25,000.00
Rent(headquarter/Branches)	88,553.10	80,000.00
	<u>385,353.10</u>	<u>321,200.00</u>
5 Membership Subscription & Donation		
Life Member	480,000.00	70,500.00
membership	520,000.00	
Harrison Eyinda- Donation	240,000.00	40,700.00
Peter shehe - Donation	250,000.00	
Baldwin Oluoch& Thoya Baya	200,000.00	✕
Risper Peter & Kennedy Okello	85,000.00	
Malcoms Agutu& Philip Obonyo	40,000.00	
John Mukewa & Cornelius Madiga	50,000.00	
	<u>1,865,000.00</u>	<u>111,200.00</u>
6 Party Policy & Advocacy		
Party Manifesto/Constitution Amendment	50,000.00	5,000.00
Fuel & Oil	155,400.00	25,500.00
Transport Hire	180,000.00	45,000.00
Subsistence & Accommodation Allowances	44,553.25	23,900.00
Mobilization / Awareness & Recruitment	<u>2,639,700.00</u>	<u>98,000.00</u>
	3,069,653.25	197,400.00
7 Administrative Expenses		
Depreciation	41,906.75	42,776.00
Office Rent & Utilities	520,000.00	357,090.00
Conveyance Expenses	10,000.00	27,420.00
Staff Remunerations (Wages& Salaries)	40,000.00	31,300.00
Printing & Stationery	22,400.00	56,475.00
Postage & Telephone	14,200.00	15,000.00
NEC Meeting Expenses	54,400.00	95,600.00
Bank Charges	14,675.00	8,050.00
Professional Fee – Accounting	55,000.00	55,000.00
Auditing Fees provision ✕	<u>40,600.00</u>	<u>46,200.00</u>
	813,181.75	734,911.00