

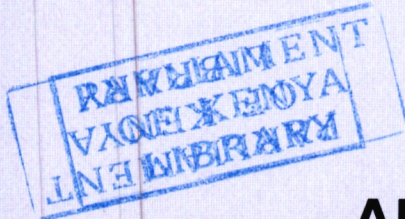
Vol. 6

REPUBLIC OF KENYA

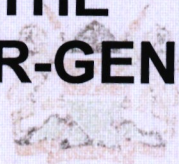
*Paper laid on
The Leader of
Majority on
21/4/14
Shumbi*



KENYA NATIONAL AUDIT OFFICE



**REPORT OF
THE
AUDITOR-GENERAL**



KENYA NATIONAL AUDIT OFFICE

ON

**THE FINANCIAL STATEMENTS
OF NATIONAL RAINBOW COALITION
PARTY FOR THE YEAR ENDED
30 JUNE 2011**



REPUBLIC OF KENYA



Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: cag@kenao.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON NATIONAL RAINBOW COALITION PARTY FOR THE YEAR ENDED 30 JUNE 2011

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Rainbow Coalition set out on pages 3 to 9, which comprise the statement of financial position as at 30 June 2011, 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. 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.

Management's Responsibility for the Financial Statements

The National Executive Committee 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 the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The National Executive Committee 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 to obtain 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 judgment, 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.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Undeclared Income

The Statement of Comprehensive income for the year ended 30 June 2011 reflects total income of Kshs.5,290,425 which comprises of voluntary contribution of Kshs.2,000,000. The Party however did not declare to the Registrar of Political Parties, the full particulars of the voluntary contributions therefore contravening Article 31(2) of the Political Parties Act, 2007.

2. Unsupported expenditure

The statement of comprehensive income reflects an expenditure of Kshs.1,579,925.00 under administrative expenses. Included is an unsupported amount of Kshs.588,865.00 in respect of salaries and wages, travelling and electricity for the year. Further an expenditure of Kshs.956,431.00 and Kshs.1,053,500.00 under party promotion rallies and meetings and party policy/advocacy respectively was not supported as required. Consequently, it has not been possible to confirm the accuracy and authenticity of the expenditure of Kshs2,598,796.00 for the year ended 30 June 2011.

3. Creditors and Accruals

The Party's statement of financial position as at 30 June 2011 reflects creditors and accruals balance of Kshs.81,509.00 relating to statutory deduction and accountancy. However, no supporting documents were made available for audit review. The accuracy and authenticity of the balance as at 30 June 2011 could not therefore be confirmed.

4. Accumulated Fund

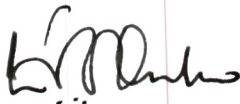
The statement of changes in equity reflect Kshs.673,414 under the accumulated fund as at 30 June 2011 out of which Kshs.2,000,000 has been recorded as refund to party officials. No supporting documents were availed to support the adjustment. In the circumstances, it has not been possible to confirm the accuracy of the accumulated fund balance of Kshs.673,414.00 as at 30 June 2011.

5. Unsupported Rent

The Party's Comprehensive Income Statement reflects rent paid of Kshs.915,000.00 (Note 7) for the year ended 30 June 2011. However, actual payments was Kshs.945,000.00. No explanation has been provided for the difference of Kshs.30,000.00. Further, the amount paid was not supported by a lease agreement. As a result, it has not been possible to confirm the propriety of the rent payment and prepayment of Kshs.180,000.00 (Note 4).

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Party as at 30 June 2011 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Political Parties Act, 2007.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

25 February 2014

NATIONAL RAINBOW COALITION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2011



NATIONAL RAINBOW COALITION

Financial Statements

For the year ended 30th June 2011

CONTENTS

	PAGE
Party information	1
Statement of Party officials' responsibilities	2
Statement of Comprehensive Income	3
Statement of Financial position	4
Statement of changes in Equity	5
Statement of Cashflows	6
Notes to the financial statements	7 - 9

NATIONAL RAINBOW COALITION

Financial Statements

For the year ended 30th June 2011

PARTY'S INFORMATION

Party Officials : Hon. Charity K Ngilu - Party Leader
: Fidellis Mueke Ngulli - Secretary General
: Abdullahi Mohammed Bulale - Chairman
: Bart Mbuvi Masila - Treasurer
: Mohammed Abdulaziz - National Organising Secretary

Registered office : Lavington
: Othaya Road, House No. 18
: P.O. Box 67138 - 00200
: NAIROBI

Principal bankers : Cooperative Bank of Kenya Limited
: Cooperative House Branch
: P.O. Box 67881
: NAIROBI

NATIONAL RAINBOW COALITION

Financial Statements

For the year ended 30th June 2011

Statement of Party Officials' Responsibilities

The Political Parties Act, 2011 requires the Party Officials to prepare financial statements which give a true and fair view of the state of affairs of the party as at the end of the financial year and of the results for that year. The Party officials are also required to ensure that the Party maintains proper accounting records which disclose with reasonable accuracy of the financial position of the party. The Party officials are also responsible for safeguarding the assets of the Party.

The Party Officials accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with International Financial Reporting Standards.

The Party 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 as at 30th June 2011 and of the operating results for the year then ended. The Party Officials further confirm the accuracy and completeness of the accounting records maintained by the Party which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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

Approved by the Party Officials and signed on their behalf on 12-8- 2011



Secretary General

NATIONAL RAINBOW COALITION

Financial Statements

For the year ended 30th June 2011

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2011 <u>Shs</u>	2010 <u>Shs</u>
INCOME			
Membership Fees		-	551,800
Voluntary contributions from Party Officials		2,000,000	1,200,000
Political Parties Fund		<u>3,290,425</u>	<u>3,290,423</u>
TOTAL INCOME		<u>5,290,425</u>	<u>5,042,223</u>
EXPENDITURE			
Administrative Expenses	7	1,579,925	1,640,962
Party Promotion Rallies and Meetings	8	956,431	1,048,000
Party Policy & Advocacy	9	<u>1,053,500</u>	<u>1,380,416</u>
TOTAL EXPENDITURE		<u>3,589,856</u>	<u>4,069,378</u>
SURPLUS FOR THE YEAR		<u><u>1,700,569</u></u>	<u><u>972,845</u></u>

NATIONAL RAINBOW COALITION
 Financial Statements
 For the year ended 30th June 2011

STATEMENT OF FINANCIAL POSITION

	Notes	2011 <u>Shs</u>	2010 <u>Shs</u>
CAPITAL EMPLOYED			
Non current Assets			
Property, Plant and Equipment	2	<u>404,005</u>	<u>471,100</u>
Current assets			
Cash and Bank balances	3	170,918	698,253
Debtors & Prepayments	4	<u>180,000</u>	<u>-</u>
		<u>350,918</u>	<u>698,253</u>
Current liabilities			
Creditors and accruals	5	<u>81,509</u>	<u>196,509</u>
		<u>81,509</u>	<u>196,509</u>
Net current assets		<u>269,409</u>	<u>501,744</u>
		<u>673,414</u>	<u>972,845</u>
REPRESENTED BY			
Accumulated Fund	6	<u>673,414</u>	<u>972,845</u>
		<u>673,414</u>	<u>972,845</u>

The financial statements on pages 4 to 8 were approved by the Party Officials for issue on 12th August 2011 and were signed on its behalf by:

Secretary General

NATIONAL RAINBOW COALITION

Financial Statements

For the year ended 30th June 2011

STATEMENT OF CHANGES IN EQUITY

	2011	2010
	<u>Shs</u>	<u>Shs</u>
Balance as at 1st July	972,845	-
Surplus for the year	1,700,569	972,845
Refund to party officials	<u>(2,000,000)</u>	<u>-</u>
Accumulated fund as at 31st June	<u><u>673,414</u></u>	<u><u>972,845</u></u>

NATIONAL RAINBOW COALITION*Financial Statements**For the year ended 30th June 2011***STATEMENT OF CASHFLOWS**

	2011	2010
	<u>Shs</u>	<u>Shs</u>
Cashflows from Operating activities		
Surplus for the year	1,700,569	972,845
Adjustment for non-cash movement		
Add: depreciation	<u>67,095</u>	<u>80,700</u>
Cashflows from operating activities before changes in working capital	1,767,664	1,053,545
Increase in creditors and accruals	(115,000)	196,509
Increase in Sundry debtors	<u>(180,000)</u>	<u></u>
Net cashflows from operating activities	<u>1,472,664</u>	<u>1,250,054</u>
Cashflows from Investing activities		
Addition to property, plant & equipment	<u>-</u>	<u>(551,800)</u>
Net cash generated from/(used in) investing activities	<u>-</u>	<u>(551,800)</u>
Cashflows from Financing activities		
Refund to party officials	<u>(2,000,000)</u>	<u>-</u>
Net cash generated from/ (used on) financing activities	<u>(2,000,000)</u>	<u>-</u>
Increase in cash and cash equivalents	(527,336)	698,254
Cash and cash equivalents as at 1st July	<u>698,254</u>	<u>-</u>
Cash and cash equivalents as at 30th June	<u><u>170,918</u></u>	<u><u>698,254</u></u>

3

NATIONAL RAINBOW COALITION

Financial Statements

For the year ended 30th June 2011

NOTES TO THE FINANCIAL STATEMENTS

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

1. Accounting Policies

The financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted are set out below:

Basis of Accounting

The financial statements are prepared on the historical cost basis of accounting.

Revenue Recognition

Membership fees and funding from the Registrar of Societies is recognized as income when received.

Property, plant and equipment

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 residual value over its estimated useful life using the following annual rates:

	Rate-%
Computers	30
Equipment	12.5
Furniture and fittings	12.5

2 Fixed assets

	Furniture & Fittings Shs	Equipment Shs	Computers Shs	Total Shs
Cost				
At 1st July 2010	338,000	146,800	67,000	551,800
At 30th June 2011	338,000	146,800	67,000	551,800
Depreciation				
At 1st July 2010	42,250	18,350	20,100	80,700
Charge for the year	36,969	16,056	14,070	67,095
At 30th June 2011	79,219	34,406	34,170	147,795
Net Book Value				
As at 30 June 2011	258,781	112,394	32,830	404,005
As at 30 June 2010	295,750	128,450	46,900	471,100

NATIONAL RAINBOW COALITION

Financial Statements

For the year ended 30th June 2011

NOTES TO THE FINANCIAL STATEMENTS

	2011	2010
	<u>Shs</u>	<u>Shs</u>
3 Cash and bank balance		
Cash on hand	-	9,395
Bank balance	<u>170,918</u>	<u>688,858</u>
	<u>170,918</u>	<u>698,253</u>
4 Debtors and prepayments		
Prepaid Rent	<u>180,000</u>	-
	<u>180,000</u>	<u>-</u>
5 Creditors and Accruals		
Rent	-	150,000
PAYE	34,989	34,989
NSSF	4,800	4,800
NHIF	6,720	6,720
Accountancy	<u>35,000</u>	-
	<u>81,509</u>	<u>196,509</u>
6 Accumulated Fund		
As at 1st July	972,845	-
Surplus for the year	1,700,569	972,845
Refund to party officials	<u>(2,000,000)</u>	-
	<u>673,414</u>	<u>972,845</u>
7 Administration expenses		
Salaries	473,100	466,509
Rent	915,000	900,000
Travel expenses	30,000	25,584
Water	4,900	25,854
Electricity bill	18,000	17,615
Printing and stationery	-	9,740
Office expenses	4,395	2,365
Cleaning	7,650	1,200
Repairs	5,820	2,300
Security	45,000	100,000
Bank charges and interest	8,965	9,095
Depreciation	<u>67,095</u>	<u>80,700</u>
	<u>1,579,925</u>	<u>1,640,962</u>

NATIONAL RAINBOW COALITION

Financial Statements

For the year ended 30th June 2011

NOTES TO THE FINANCIAL STATEMENTS

	2011	2010
	<u>Shs</u>	<u>Shs</u>
8 Party Promotion Rallies and meetings		
Recruitment expenses	466,000	513,584
Meetings	407,431	434,416
Advertising and Publicity	<u>83,000</u>	<u>100,000</u>
	<u>956,431</u>	<u>1,048,000</u>
9 Party Policy & Advocacy		
Travel and Accomodation	353,500	355,000
Workshops	90,000	693,063
Meeting expenses	290,000	187,118
Printing of materials and certification of members certificates	<u>320,000</u>	<u>145,235</u>
	<u>1,053,500</u>	<u>1,380,416</u>

