

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



*Paper laid by
Leader of Majority
on 16/12/2015*



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
MAENDELEO DEMOCRATIC PARTY**

**FOR THE YEAR ENDED
30 JUNE 2012**



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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON MAENDELEO DEMOCRATIC PARTY FOR THE YEAR ENDED 30 JUNE 2012

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Maendeleo Democratic Party set out on pages 8 to 13, which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in reserves and the 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 (4)(f) of the Constitution of Kenya, Section 8 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, was necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

The National Executive Committee (NEC) of Maendeleo Democratic Party 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 management is also responsible for the submission of 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 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. 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 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 entity'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 controls.

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

Basis for Qualified Opinion

1. Unsupported balances

The financial statements for the year ended 30 June 2012 reflects expenditure of Kshs.324,000.00 in respect of rent and rates which was not supported with documentary evidence. However, no explanations were provided for lack of supporting documents.

Consequently, the propriety of the expenditure of Kshs.324,000.00 could not be ascertained as at 30 June 2012.

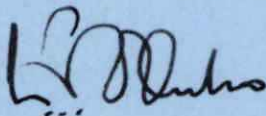
2. Irregular Administrative costs

The financial statements further reflect administrative costs amounting to Kshs.429,174.00 which was fifty-four percent (54%) of Kshs.797,872.00 received from the Registrar of Political Parties. This is contrary to Section 30(f) of the Political Parties Act, 2007 which requires a Political Party not to spend more than 25% of the funds allocated on administrative costs.

As a result, the party was in breach of the law and the propriety of the expenditure of Kshs.429,174.00 could not be confirmed as at 30 June 2012.

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 2012, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Political Parties Act, 2007 (Revised 2011).



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

20 November 2015

MAENDELEO DEMOCRATIC PARTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

**MAENDELEO DEMOCRATIC PARTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

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**MAENDELEO DEMOCRATIC PARTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

PARTY'S INFORMATION

REGISTERED OFFICE

MWALIMU CENTRE
2ND FLOOR ROOM 207
KAKAMEGA

PARTY OFFICIALS

JOSEPH OMUKANDA	:	PARTY LEADER
PONYOCHI KUNYOBO	:	CHAIRMAN
ALEX IBWAGA	:	SECRETARY GENERAL
REPHER KNIGHTY	:	TREASURER

BANKERS

COOPERATIVE BANK
KAKAMEGA BRANCH

AUDITORS

AUDITOR GENERAL
ANNIVERSARY TOWERS, UNIVERSITY WAY
P.O. Box 30084-00100
NAIROBI

**MAENDELEO DEMOCRATIC PARTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the process by which organizations are directed and controlled and held accountable in order to achieve long term value to all stake holders .

The National Executive Committee of Maendeleo Party is responsible for the Governance of the party and is accountable to the members for ensuring that the party complies with the law and the highest standards of business ethics and corporate Governance. Accordingly, the party officials attaches very high importance to the Generally accepted corporate governance practice.

The party has developed procedures and financial controls to ensure the reporting and accurate accounting information. These cover systems for obtaining authority for all transactions and ensuring compliance with the laws and regulations that have significant financial implications.

The Party will continue to focus its attention on maintaining the highest standards of Corporate Governance and business ethics in its operations.

**MAENDELEO DEMOCRATIC PARTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

CHAIRMAN'S STATEMENT

I am delighted to present the financial report for maendeleo Democratic party for the year ended 30 June 2012.

I would like to congratulate the members of Maendeleo Democratic Party without whom it would not have been possible for us to achieve the results for the year under review.

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

Thank you.



PONYOCHI KUNYOBO

CHAIRMAN

September 30, 2012

**MAENDELEO DEMOCRATIC PARTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

ACCOUNTING OFFICER'S STATEMENT

It is with great honour that we present the financial report for Maendeleo Democratic Party for the year ended 30 June 2012.

I would like to congratulate the members of Maendeleo Democratic Party without whom it would not have been possible for us to achieve the results for the year under review.

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

Thank you.



ALEX IMBWAGA

SECRETARY GENERAL / ACCOUNTING OFFICER

September 30, 2012

**MAENDELEO DEMOCRATIC PARTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

REPORT OF THE PARTY FOR THE YEAR ENDED 30 JUNE 2012

The party officials have pleasure in submitting their report together with Financial Statements for the year ended 30 June 2012, which show the results of operations and the state of affairs of the party as at year end.

PRINCIPAL ACTIVITIES

The principal activities of the party are as outlined in the party constitution and which are within the guidelines set out by the Political Parties Act, 2011!

RESULTS

The results are set out in pages 8 to 13

PARTY OFFICIALS

The list of party officials who served during the year is set out in page 2.

AUDITORS

The auditor General is responsible for the statutory audit of the party's books of Accounts in accordance with the Political Party's Act, 2011.

BY ORDER OF THE NATIONAL EXECUTIVE COMMITTEE.



SECRETARY GENERAL.

30 SEPTEMBER 2012.

**MAENDELEO DEMOCRATIC PARTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

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 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 the internal financial reporting standards.

The Party officials express the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Party as at 30 June 2012 and of the operating results for the year then ended. The Party officials further confirms 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 30 June 2012



SECRETARY GENERAL

**MAENDELEO DEMOCRATIC PARTY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

		2012 Kshs	2011 Kshs
	Notes		
Income			
Political Parties Fund		797,872.00	680,233
Interest Received		42.00	43
Total Income		<u>797,914.00</u>	<u>680,276</u>
Expenditure			
Administrative Expenses	4	429,174.00	399,407
Party Promotion & Advocacy		481,952.00	0
Total Expenditure		<u>911,126.00</u>	<u>399,407</u>
Surplus / (Deficit) for the year		<u>(113,212.00)</u>	<u>280,869</u>

**MAENDELEO DEMOCRATIC PARTY
STATEMENT OF FINANCIAL POSITIONS
AS AT 30 JUNE 2012**

	Note	2012 Kshs	2011 Kshs
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	2	<u>412,689</u>	<u>507,954</u>
Current Assets:			
Cash and Bank Balances	1	<u>534</u>	<u>12,482</u>
		<u>534</u>	<u>18,482</u>
TOTAL ASSETS		<u><u>413,223</u></u>	<u><u>526,436</u></u>
Represented by:			
Accumulated Fund		<u><u>413,223</u></u>	<u><u>526,436</u></u>

[Handwritten Signature]

Secretary General

Date: 30/June 2012

**MAENDELEO DEMOCRATIC PARTY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

	Accumulated Fund	
	2012 Kshs	2011 Kshs
As at 1 July	526,436.00	245,567
Surplus for the year	(113,212.00)	280,869
As at 30 June	413,224.00	526,436

**MAENDELEO DEMOCRATIC PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

1. a) SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

b) Basis of preparation:

The financial statements are prepared in accordance with International Financial Reporting Standards.

c) Depreciation:

Depreciation is calculated on a reducing balance basis to write off the cost of each asset, to its residual value over its estimated useful life.

The Party's policy is to provide no depreciation in the year of acquisition and full depreciation in the year of disposal using the following rates:

	Rate %
Computers and Accessories	30
Furnitures and Fittings	12.5
Office Equipment	12.5

2. NON CURRENT ASSETS

	Computers and Accessories Kshs	Furniture and Fittings Kshs	Office Equipment Kshs	Total Kshs
Cost				
At 01 July 2011	181,550	306,880	19,524	507,954
Additions	0	0	0	0
	181,550	306,880	19,524	507,954
Depreciation				
At start of year	39,150	2,789	10,883	52,822
Charge for the year	54,465	38,360	2,441	95,266
		-	0	-
Net book value				
As at 30 June 2012	127,085	268,520	0	412,689

**MAENDELEO DEMOCRATIC PARTY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2012**

	2012 Kshs	2011 Kshs
3 <u>Cash and Bank Balances</u>		
Petty Cash	534	11,486
Cash at Bank	-	6,995
	<u>534</u>	<u>18,481</u>
4 <u>Administrative expenses</u>		
Bank Charges	9,910	2,306
Depreciation	95,264	52,821
Rent and Rates	324,000	324,000
Printing and Stationery	-	20,280
	<u>429,174</u>	<u>399,407</u>