

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



**REPORT  
OF  
AUDITOR-GENERAL  
ON  
THE FINANCIAL STATEMENTS OF  
THE FARMERS PARTY  
FOR THE  
YEAR ENDED  
30 JUNE 2012**



*Paper laid  
By the leader of  
Majority on  
Thurs 5/6/14  
[Signature]*

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## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR - GENERAL ON THE FARMERS PARTY FOR THE YEAR ENDED 30 JUNE, 2012

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Farmers Party set out on pages 3 to 9, which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive, statement of changes in equity and statement of cash flow 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 the Farmers Party is responsible for the preparation and fair presentation of the 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 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 the 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 Party, as well as evaluating the overall presentation of the financial statements.

Because of the significance 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**

#### **1. Plant, Property and Equipment**

The statement of financial position as at 30 June 2012 reflects Property, Plant and Equipment balance of Kshs.126,280.00. However, the audited financial statements for 2008/2009 were not produced for audit verification and therefore the accuracy and the origin of the balances brought forward to 2009/2010, 2010/2011 and 2011/2012 could not be confirmed.

#### **2. Unsupported Creditors**

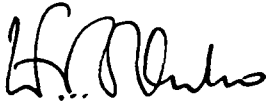
The statement of financial position as at 30 June 2012 reflects current liabilities balance of Kshs.974,881.00 which includes Kshs.658,511.00 payable to the Party Leader. However, no documentary evidence was provided in support of this balance. Consequently, the accuracy of the balance could not be confirmed.

#### **3. Unsupported Expenditure**

The statement of Comprehensive Income for the year ended 30 June 2012 reflects total expenditure of Kshs.1,689,481.00. However, the expenditure was not supported with any documentary evidence. Consequently, the Party's expenditure of Kshs.1,689,481.00 could not be confirmed.

## **Disclaimer of Opinion**

Because of the significance of the matters 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**

**14 April 2014**

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FARMER'S PARTY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

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*Farmers Party*

*For the year ended 30th June 2012*

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*Farmers Party*

*Part Information for the year ended 30th June 2012*

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**PARTY INFORMATION**

The Principal activity of the Party is political Activity throughout the Republic of Kenya.

<b>OFFICIALS</b>	: D. N. Kigochi	Party Leader / Ag Chairman
	: John Itugi Kahara	Secretary General
	: Stephen Kariuki Muriithi	Treasurer

<b>BANKERS</b>	: Equity Bank Limited
	: Kimathi Street
	: Nairobi

<b>HEAD OFFICE</b>	: Ruprani House
	: 1st Floor, Room 108,
	: Moktar Daddah Street
	: P. O. Box 52828 – 00200
	: Nairobi

Morktar Daddah Street  
Ruprani Hse,  
1st Floor, Rm. 108  
P. O. Box 52828-00200  
Nairobi - Kenya



Telephone: 254 20 2246110  
Mobile: 0721 - 311411 / 0722-720594  
Fax: 254 20 2244208  
Email: farmersparty@yahoo.com

## **PARTY OFFICIALS' RESPONSIBILITIES**

The Political Parties Act of 2007 requires the Party Officials to prepare financial statements for each financial year, that 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 operating results of the party for the year.

It also requires the party officials to ensure that the party keeps proper accounting records that 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 Party Officials accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity 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 30<sup>th</sup> June, 2012 and of its operating results for the year ended.

The Party officials further confirm the accuracy and completeness of the accounting records maintained by the party which has been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.


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

**Party Leader / AG. Chairman**

**Secretary General**

Name: DAVID NDUWASI KIROCHI

Name: JOHN IWEI KAHURA

Signature: 

Signature: 

Date: 17/07/2013

Date: 17/07/2013

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

	NOTES	2012 Shs	2011 Shs
<b>Income</b>	6		
Membership fees		200,000	150,000
Government grants		<u>1,154,033</u>	<u>924,544</u>
<b>Total income</b>		<u>1,354,033</u>	<u>1,074,544</u>
<b>Expenses</b>			
Administrative expenses	7	(349,081)	(393,337)
Other operating expenses	8	<u>(1,340,400)</u>	<u>(1,022,050)</u>
<b>Total expenditure</b>		<u>(1,689,481)</u>	<u>(1,415,387)</u>
<b>Surplus/(deficit) fund for the year</b>		<u>(335,448)</u>	<u>(340,843)</u>
<b>Total comprehensive income</b>		<u><u>(335,448)</u></u>	<u><u>(340,843)</u></u>

Significant accounting policies on page 7 and the notes on pages 8 to 9 form an integral part of these financial statements.

**Farmers Party**

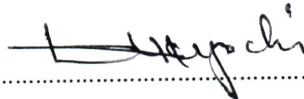
Statement of Financial position as at 30<sup>th</sup> June 2012

**STATEMENT OF FINANCIAL POSITION**

	Notes	2012 Shs	2011 Shs
<b>Non-Current Assets</b>			
Equipment	2	<u>126,280</u>	<u>144,320</u>
<b>Current Assets</b>			
Cash and cash balance	3	<u>1,551</u>	<u>-</u>
		<b><u>127,831</u></b>	<b><u>144,320</u></b>
<b>Current liabilities</b>			
Accounts payables	4	<u>974,881</u>	<u>653,247</u>
Borrowings-bank overdraft	5	<u>-</u>	<u>3,075</u>
		<u>974,881</u>	<u>656,322</u>
<b>Net current assets/liabilities</b>		<b><u>(847,050)</u></b>	<b><u>656,322</u></b>
<b>Net assets / (liabilities)</b>		<b><u>(847,050)</u></b>	<b><u>(512,002)</u></b>
<b>FINANCED BY</b>			
Party's Capital Account		<u>(847,050)</u>	<u>(512,002)</u>

The Annual Report and financial statements were approved by the Executive Committee and signed on its behalf on .....17/07/2013.....

Party Leader / AG Chairman

  
.....

Secretary General

  
.....

Significant accounting policies on 7 and the notes on pages 8 to 9 form an integral part of these financial statements.

*Farmers Party*

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

	NOTES	2012 Shs	2011 Shs
At start of year		(512,002)	(171,159)
Surplus/(deficit)		<u>(335,048)</u>	<u>(340,843)</u>
At end of year		<u>(847,050)</u>	<u>(512,002)</u>

Significant accounting policies on page 7 and the notes on pages 8 to 9 form an integral part of these financial statements.

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

	NOTES	2012 Shs	2011 Shs
<b>Operating activities</b>			
Deficit for the year		(335,048)	(340,843)
<b>Non cash movement</b>			
Depreciation		<u>18,040</u>	<u>20,617</u>
		(317,008)	(320,226)
Increase/(decrease) in payables		<u>321,634</u>	<u>316,370</u>
<b>Net cash generated from (used in) operating activities</b>		<u>4,626</u>	<u>(3,856)</u>
<b>Movement in cash and cash equivalents</b>			
At start of year		(3,075)	781
Increase/decrease in the year		<u>4,626</u>	<u>(3,856)</u>
<b>At end of the year</b>	2	<u><u>1,551</u></u>	<u><u>(3,075)</u></u>

Significant accounting policies on page 7 and the notes on pages 8 to 9 form an integral part of these financial statements.

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

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**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

The financial statements are prepared under historical cost convention.

**b) Income recognition**

Income are recognised on receipts of membership fees, Government and donor grants.

**c) Equipment**

All equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated on 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:

	<b>Rate % p.a</b>
Furniture and fittings	12.50
Office equipment	12.50
Computers and accessories	30.00

**d) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts.

**e) Trade payables**

Trade payables are recognised initially at fair value.

**f) Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2012**
**1. Currency**

These financial statements are presented in Kenya Shillings (Shs).

**2. Property, plant and equipment**

<b>Year ended at 30 June 2012</b>	<b>Furniture &amp; fittings</b>	<b>Office equipment</b>	<b>Computers and accessories</b>	<b>Total</b>
<b>Cost</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>
At start of the year	94,500	94,000	-	188,500
Additions	-	-	-	-
At end of the year	<u>94,500</u>	<u>94,000</u>	<u>-</u>	<u>188,500</u>
<b>Depreciation</b>				
At start of the year	22,149	22,031	-	44,180
Charge for the year	9,044	8,996	-	18,040
At end of the year	<u>31,193</u>	<u>31,027</u>	<u>-</u>	<u>62,220</u>
<b>Net book value - 30 June 2012</b>	<b><u>63,307</u></b>	<b><u>62,973</u></b>	<b><u>-</u></b>	<b><u>126,280</u></b>
<b>Net book value - 30 June 2011</b>	<b><u>72,351</u></b>	<b><u>71,969</u></b>	<b><u>-</u></b>	<b><u>144,320</u></b>

**3. Cash and cash equivalents**

Cash at bank and in hand

**2012**  
**Shs**

1,552

**2011**  
**Shs**

-

The party is not exposed to credit risk on cash and bank balances as these are held with sound financial institutions.

**4. Accounts payables**

D. N. Kigochi - (Party leader / Ag Chairman)

Other

**2012**

**Shs**

658,511

316,370

974,881

**2011**

**Shs**

336,877

316,370

653,247

**Borrowings**

Bank overdraft

**Total Borrowings**

-

-

3,075

3,075

**Income**

Membership fees

Government grants

200,000

1,154,033

1,354,033

150,000

924,544

1,074,544

**SCHEDULE OF EXPENDITURE FOR THE YEAR ENDED 30TH JUNE 2012**

	2012	2011
	Shs	Shs
<b>7 <u>Administrative expenses</u></b>		
Accountancy fees	25,000	45,000
Salaries and wages	120,000	120,000
Telephone and postage	37,400	35,000
Bank charges	3,006	6,400
Printing and stationeries	61,635	80,800
Interest on bank overdraft	-	2,000
Rent	84,000	83,520
Depreciation	18,040	20,617
<b>Total administrative expenses</b>	<b>349,081</b>	<b>393,337</b>
<b>8 <u>Other operating expenses</u></b>		
Accommodation	646,000	781,250
Mobilization/consultancy	397,400	42,800
Transport	297,000	198,000
<b>Total other operating expenses</b>	<b>1,340,400</b>	<b>1,022,050</b>

