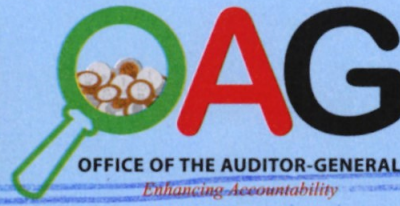


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
REPORT PAPERS LAID

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Hon. Naomi Wago, MP
Deputy Majority Whip
Mado Atabo

THE AUDITOR-GENERAL

ON

**NATIONAL RECONSTRUCTION
ALLIANCE**

**FOR THE YEAR ENDED
30 JUNE, 2025**



NATIONAL RECONSTRUCTION ALLIANCE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

Prepared in accordance with the Accrual Basis of Accounting Method under
the International Public Sector Accounting Standards (IPSAS)

NATIONAL RECONSTRUCTION ALLIANCE
Annual Report and Financial Statements
for the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

A: Acronyms

SG	Secretary General
ED	Executive Director
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
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
PPA	Political Parties Act
ORPP	Office of Registrar of Political Parties
OAG	Office of the Auditor General
IDRM	Internal Dispute Resolution Mechanism
NEC	National Executive Committee
NDC	National Delegates Convention
NMC	National Management committee
NGC	National Governing Council
PPF	Political Parties Fund
NRA	National Reconstruction Alliance

B: Definition of Key Terms

Fiduciary Management- Members of management who are directly entrusted with the responsibility of managing the organization's financial resources.

The Secretary-General is the accounting officer of the Political Party

Comparative Year- Means the prior period.

2. Key Political Party Information and Management

(a) Background information

National Reconstruction Alliance was fully registered under the Political Parties Act 2011, on 2nd February 2021. The Party is domiciled in Kenya and has 26 branches.

(b) Principal Activities

The principal mission of the Party is to enhance a social and democratic state, and a society in which all Kenyans will have a better life and feel at home as individuals and cultural communities as well as nurture, and sustain a democratic Government and State so as to enhance the political, social and economic welfare, and equal opportunities for all citizens based on the principles of liberty, social justice, equality and unity.

Thus promote socialism and capitalism ideology and therefore mwamko mpya motto with a nation where all citizens enjoy their fundamental political, social, economic, cultural, religious rights and freedoms in an environment of dignity and integrity.

To achieve this then the party participates to:-

- (a) Acquire and retain power democratically and form a just government.
- (b) To provide transformative political leadership to make Kenya a united, stable, prosperous, democratic and modern State and Society within the framework of rule of law, respect for national values and principles of governance, respect for fundamental rights and freedoms, servant leadership, pluralism, recognition and respect for cultural, religious, regional, ethnic and gender diversity.
- (c) Recruit and enlist members.
- (d) Nominate candidates for elections.
- (e) Promote representation in Parliament and county assemblies of women, persons with disabilities, youth, ethnic and other minorities, and marginalized communities.
- (f) Sensitize the public on the functioning of the political and electoral system.
- (g) Promote and enhance national unity.
- (h) Mobilize citizens to participate in political decisions.
- (i) solicit and articulate public policy priorities as identified by its members; and
- (j) Shape and influence public policy.

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(c) Key Management

National Reconstruction Alliance day-to-day management is under the following key organs:

No.	Designation	Responsibility
1.	NDC/NGC;	NDC sits once in every five years to ratify and approve decisions taken by the party, NGC helps to organise and manage operations of NDC.
2.	NEC	NEC is the governing body and meets on a quarterly basis.
3.	NMC	NMC manages the affairs of the party and supervises the day to day of party's activities and secretariat. It also creates agenda of NEC and all boards and committees.
4.	National Chairperson	Chair meetings of the National Delegates Convention, the National Governing Council and the National Executive Committee and the National Management Committee, and acts as a signatory together with the SG to all the annual reports and any other document required under the political parties Act.
5.	SG	The SG is the accounting officer of the party and therefore responsible for the management of the National Secretariat and the principal custodian of the party records from the grassroots to the national level.
6.	Executive Director	Responsible for overall coordination of party activities.
7.	National Organising Secretary	Supervise the organization of meetings at all levels. Ensure activities at grass root level and management of branch offices.
8.	Treasurer	The National Treasurer shall be in charge of Party finances and supervise financial transactions at all Party levels.

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(d) Fiduciary Management.

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Secretary General	Paul Amemba Odhiambo
2.	Executive Director	Brigid Chepkemoi
3.	Director Youth Affairs	Stephen Fwamba
4.	Director Women Affairs	Immaculate Nganga
5.	Director PWD	Edwin Petu
6.	Head of Finance & audit	Eliya Otieno
7.	Head of Procurement	David Mwangemi Mwasi

(e) Fiduciary Oversight Arrangements.

- Registrar of Political Parties.

ORPP is the registration body of all political parties which makes sure compliance is achieved under all requirements prescribed in the relevant laws and regulation governing political parties.

- National Executive Committee.

NEC is the governing body of the party which helps to run and approve the day to day party affairs, It sits on a quarterly basis during the year which decisions and mandates are passed to the secretariat through NMC for implementation.

It also appoint on rotational basis three members of NEC at a time to hold in trust the properties of the party if any. Further it is mandated to appoint members of all standing and adhoc committees to act on behalf of the party in matters that they are directed to.

- National Assembly, Senate and county assembly caucus.

This includes our elected leaders in various elective and nominated sits in the country. Their role is to scrutinise legislation, oversee party and government actions and to facilitate NRA members' participation at various levels as would be necessary.

- Audit and Finance committee.

Helps the National Executive committee with corporate governance oversight responsibilities.

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(f) Party Headquarters

P.O. Box 104083-00100 NRB.
Immaculate Heart Development
Madona House, Mpaka road
Westlands, Nairobi, KENYA

(g) Party Contacts

Telephone: 254 790 704 751
E-mail: nraparty1@gmail.com
Website: www.nraalliance.com

(h) Party Bankers

Cooperative Bank of Kenya Ltd
COOP House Branch
P.O. Box 48231 - 00100
Nairobi, Kenya.

(i) Independent Auditor

Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) 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. The National Executive Committee

	Official	Details
1.	 Shadrack Kiprotich	Position: National chairperson Gender: Male Date of Office assumption: 24 th September 2023 Profession: Engineer
2.	 Paul Amemba Odhiambo	Position: Secretary General Gender: Male Date of Office assumption: 24 th September 2023 Profession: Engineer
3.	 Mwaboza Mwasambu	Position: National Organising Secretary Gender: Male Date of Office assumption: 24 th September 2023 Business man
4.	 Fred Barasa Wechuli	Position: National Treasurer Gender: Male Date of Office assumption: 24 th September 2023 Accountant and Business person
5.	 Edwin Opetu	Position: Director PWD Gender: Male Date of Office assumption: 24 th September 2023 Business Man.
6.	 Immaculate Nganga	Position: Director Women affairs Gender: Female Date of Office assumption: 24 th September 2023 Profession: Engineer
7.	 Stephen Fwamba	Position: Director Youth Affairs Gender: Male Date of Office assumption: 24 th September 2023 Profession: Engineer

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4. Key Management/Secretariat Team

Ref	Officials	Details	Responsibility
1.	 Shadrack Kiprotich	Position: National chairperson. Profession: Engineer	Chairs NDC, NGC, NEC and NMC meetings. Signatory to all annual reports and any other document required under the political parties Act.
2.	 Paul Amemba Odhiambo	Position: Secretary General. Profession: Engineer	Accounting Officer / Secretary to NEC
3.	 Mwaboza mwasambu	Position: National Organising Secretary. Businessman	Supervise the organization of meetings at all levels. Ensure activities at grass root level and management of branch offices.
4.	 Fred Barasa Wechuli	Position: National Treasurer. Accountant and Businessman	In charge of Party finances and supervise financial transactions at all Party levels.
5.	 Brigid Chepkemoi	Position: Executive Director. Profession: Engineer	Head of Secretariat
6.	 Stephen Fwamba	Position: Director Youth Affairs. Profession: Engineer	Heads Youth Affair
7.	 Immaculate Nganga	Position: Director Women Affairs Profession: Engineer	Heads Women Affair
8.	 Edwin Opetu	Position: Director PWD. Profession: Engineer	Heads PWD Affairs
9.	 Eliya Otieno	Position: Head of Finance Finance and Administration	Heads Finance & Accounts.
10.	 David Mwangemi Mwasi	Position: Head of Operations Procurement and supplies	Heads Party operations and procurement.

NATIONAL RECONSTRUCTION ALLIANCE
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5. Chairman's Statement



I am delighted to present the financial report for **NATIONAL RECONSTRUCTION ALLIANCE PARTY** for the year ended 30 June 2025. I would like to congratulate members of **NRA PARTY** without whom it would not have been possible for us to achieve the results for the year under view.

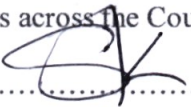
As the Chairman, I appreciate the support accorded to me by my fellow party officials and I thank them for their invaluable advice and support. In the year under review we managed to hold several meetings which helped us to run the party efficiently and effectively.

One of the Major successes during the period under review is that, as a party we managed to raise economic concerns experienced by Kenyans and raised them in various assemblies as appropriate to find lasting solutions. The current regime however continue to be insensitive to the plight of Kenyans amidst economic and market volatility raging over the country.

I would also like to take this opportunity to thank the Government of Kenya, specifically the Registrar of Political Parties for their invaluable support in ensuring that Political Parties operate in a level playing field that guarantees fairness for all electorates.

As a party we continue to consult widely on putting together our strategic plan as well as other party documents which we would require extensive training on as we progress to enable us write them to serve the purpose.

Going forward, we have embarked on very aggressive membership recruitment drive to increase our numbers across the Country. Our aim is to make inroads in areas where we do not have a presence, as we maintain a strong grip on our strongholds. Currently, NRA Party is compliant in 26 Counties across the Country.

.....

.....

MR. SHADRACK KIPROTICH

CHAIRMAN

DATE...31/2/2025...

NATIONAL RECONSTRUCTION ALLIANCE
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6. Report of the Secretary-General



We are delighted to present the financial report for **NATIONAL RECONSTRUCTION ALLIANCE PARTY** for the year ended 30 June 2025.

Collective responsibility has made it possible for us to achieve the results posted for the Financial Year under review and I appreciate the support accorded to me by my fellow party members and thank them for their invaluable support.

We would also like to thank the Government and ORPP for their support, however the biggest challenge that we still face as a party is lack of enough funds to run our operations. Therefore we appeal that they should allocate enough resources from the Political Parties Fund (PPF) to enable Political Parties manage their affairs better.

The most challenging effect of the above is that hiring of experienced staff to enable handle our operations effectively became impossible and ended up relying on volunteers most of the times.

Delays in transferring Political parties fund in our banks became inevitable which caused delays in planned activities making it impossible to do our quarterly activities as appropriate.

We experienced slight decrease in Revenue and a considerable reduction in Expenditure because there was a major PPF budget cut during the year which made us review our activities accordingly. Our first budget in expenditure was Ksh 3,290,585 visa vie the current one of ksh 2,829,816

We continue to experience major reduction in membership collections due to hard economic time's experiences in the country and throughout the world. However we continue to put in resources to recruit members as much as possible as we sensitize them on the importance of voting responsible leaders.

Thank you.

..........

PAUL AMEMBA ODHIAMBO

SECRETARY GENERAL

DATE: 31/12/2025

NATIONAL RECONSTRUCTION ALLIANCE
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7. Statement of Performance against Predetermined Objectives for FY 2024/2025

The Political Party has a strategic plan running from Year 2022 to Year 2027, implemented in annual work plans. The performance of the Party during the year is presented in the table below which shows extracts of NEC approved work plans and budget.

NATIONAL RECONSTRUCTION ALLIANCE PARTY REVISED WORKPLAN A FOR 12 MONTHS BEGINNING JULY 2024 - JUNE 2025									
STRATEGIC OBJECTIVE	ACTIVITIES	OUTPUT	BUDGETARY ESTIMATES	QTRLY TIME FRAME JULY 24-JUNE 25				PERFORMANCE INDICATORS	MEANS OF VERIFICATION
				Q1	Q2	Q3	Q4		
<p>1. Not more than 30% of the political party funding to cover administration costs of the party i.e 50% of \$48,829,818</p>	1. HQ & Administration Expenses	NOTE 1						<p>1. Effective and responsive human resource policy in place. 2. Effective and responsive finance policies in place 3. Effective asset management policy in place</p>	<p>1. Branch/registrat records 2. Compliance with the law 3. Effective running of the party and safety of party assets 4. Auditor general and Kra</p>
	Office Supplies	-	✓	✓	✓	✓			
	Security expenses	-	✓	✓	✓	✓			
	Electricity and water	-	✓	✓	✓	✓			
	Internet and telephone	-	✓	✓	✓	✓			
	Postage and delivery	15,000	✓	✓	✓	✓			
	Printing and stationery	60,000	✓	✓	✓	✓			
	Rent & rates & deposits	650,000	✓	✓	✓	✓			
	Financial Cost & banking expenses	10,960	✓	✓	✓	✓			
	Cleaning & sanitation	-	✓	✓	✓	✓			
	Staff welfare & medical cover	-	✓	✓	✓	✓			
	Wages & salaries	-	✓	✓	✓	✓			
	Newspapers & Publications	-	✓	✓	✓	✓			
	Repairs & maintenance	-	✓	✓	✓	✓			
	Chairs & Memberships	-	✓	✓	✓	✓			
Staff Developments	-	✓	✓	✓	✓				
Travel & accommodation	1,877	✓	✓	✓	✓				
Admin legal and professional fees - OAG	-	✓	✓	✓	✓				
Capital Expenditure/Assets	-	✓	✓	✓	✓				
Depreciation & Amortisation	-	✓	✓	✓	✓				
TOTAL Administration expenses			848,940						
<p>1. ensure continuous link between the people and party organs. 2. To grow membership base to achieve credible party membership</p>	2. Promoting Active Participation by citizen in political life	NOTE 2						<p>1. Increased community understanding of electoral processes and party officials understanding of the requirement of political party Act</p>	<p>1. Branch records/Registrar records 2. Compliance with the law 3. Available party membership records</p>
	I. Membership Recruitment & Branch Coordination and support								
	Branch support & Disbursements	-	✓	✓	✓	✓			
	Branch audits & coordination	-	✓	✓	✓	✓			
	Membership recruitment & retention	150,000	✓	✓	✓	✓			
	General membership expenses	50,876	✓	✓	✓	✓			
	Resource mobilization expenses	-	✓	✓	✓	✓			
	Total Branch coordination & Support Expenses			200,876					
	II. Conferences and meetings	NOTE 2							
	CM/NEC - Quarterly meetings	100,000	✓	✓	✓	✓			
National officials meetings & forum	-	✓	✓	✓	✓				
NGC Meeting	-	✓	✓	✓	✓				

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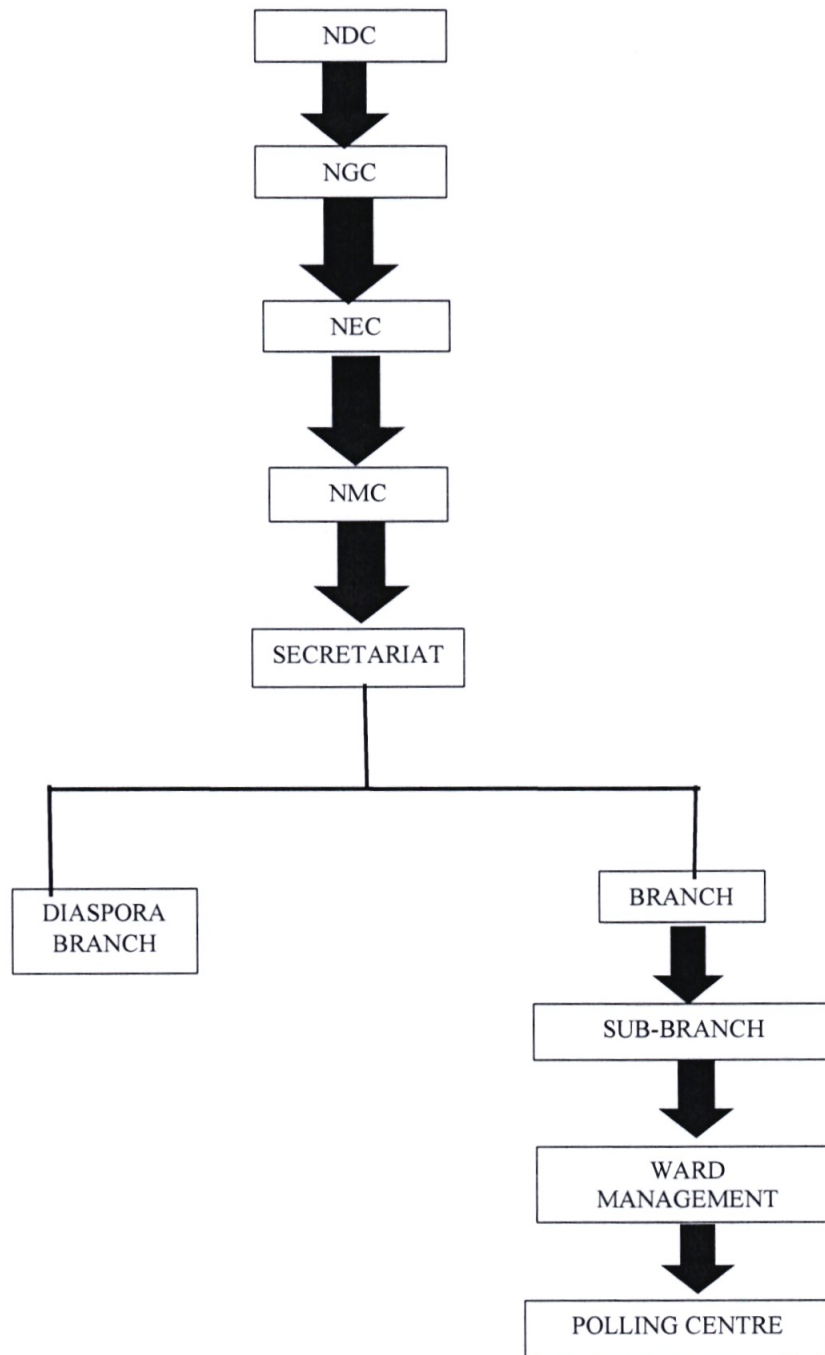
NATIONAL RECONSTRUCTION ALLIANCE PARTY
REVISED WORKPLAN A FOR 12 MONTHS BEGINNING JULY 2024 - JUNE 2025

STRATEGIC OBJECTIVE	ACTIVITIES	OUTPUT	BUDGETARY ESTIMATES	QTRLY TIME FRAME JULY 24-JUNE 25				PERFORMANCE INDICATORS	MEANS OF VERIFICATION	
				Q1	Q2	Q3	Q4			
document party constitution, voters register. 3. To audit branch leadership and management.	Party conferences		100,000	✓	✓	✓	✓	the political & elections parties Act. 3. Successful party elections and nomination exercise 4. Membership growth and service delivery	4. Party manifesto and strategic plan	
	Party leaders meetings		-							
	County and Branch forums		-							
	International conferences		-							
	Ad hoc & standing committees		-							
	National Management Committee		-							
	PS Meetings		-							
	Party secretariat meetings		50,000	✓	✓	✓				
	Party NDC Meeting		-							
	Party special NDC Meeting		-							
TOTAL Conferences & Meetings			150,000							
1. Bringing our party to bear on the shaping public opinion on election of	III. Civic Education	NOTE 2						1. Mainly covering the party legislative agenda and the development government, ToTS, Youth, PWDs and Women leagues	1. Branch records/Registrar records 2. Compliance with the law 3. Available party membership records	
	Seminar & Workshops		-							
	Civic Education & Retreats		-							
	Voters sensitization forums		200,000	✓	✓	✓				
	Party to party co-operation		-							
	Other secretariat/ Governance forums		-							
	TOTAL Civic education expenses			200,000						
	3. To Promote representation of SIG	NOTE 3								
	PWD league conferences & meetings		250,000	✓	✓	✓				
	Marginalised group meetings and conferences		250,000	✓	✓	✓				
Women & youth league conferences & meetings		500,000	✓	✓	✓					
Total SIG expenses			1,000,000							
1. Bringing our party to bear on the shaping public opinion 2. Party strategic plan development 3. Broadcasting party policies	A. Party promotion and advocacy	NOTES 4						1. Mainly covering the party legislative agenda and the development government, ToTS, Youth, PWDs and Women leagues and the party members as a whole	1. Branch records/Registrar records 2. Compliance with the law 3. Available party membership records	
	Advocacy articles		-							
	Intelligence & media monitoring		-							
	Radio, tv & newspaper - publicity & advertising		30,000	✓	✓	✓				
	Campaign/Smedia/Website		300,000	✓	✓	✓				
	General advocacy - publicity & advertisements		-							
	Policy dialogue/Manifesto development		-							
	TOTAL Party promotion & advocacy expenses			330,000						
	5. Electoral Expenses.	NOTE 5								
	Opinion polls, research & strategy		-							
Personal expenses - Hon. Pos. Agents		-								
Election materials - Ballot boxes and papers		-								
Campaign promotional materials		-								
All media notices and advertisements		-								
Transportation and logistics		-								
Voting expenses		-								
Rally & security expenses		-								
Campaign Launch		-								
Legal fees		-								
TOTAL Electoral expenses										
TOTAL AMOUNTS			2,829,816							

WORKPLAN

8. Governance Statement

The Party structure is presented in the diagram below:



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The governance arrangement of the party is as explained below:

- National Delegate Convention- NDC is the highest organ of the party and is held once in every five years. It ratifies the decisions made by NEC through NGC.
- National Governing Council-NGC is the standing committee of the National delegate convention and meets once in every year.
- National Executive Committee-NEC is the governing body of the party and meets quarterly in a year.
- National Management committee –NMC, manages the affairs of the party and supervises the day to day conduct of the party’s activities and secretariat. Also creates the agenda of NEC, elections board and other adhoc committees.
- National Secretariat is the administrative organ of the party and governs the party affairs on a day to day basis.
- Women, Youth and PWD assembly is mandated with management of special group affairs respectively. There are leaders from National level to the Polling centres level.
- Branch executive committee is charged with county affairs where it reports to the national level as appropriate.
- Sub Branch Executive committee is charged with the constituency affairs
- Ward Management committee is in charge of ward affairs.
- Polling centre Executive committee is in charge of the polling centres in a ward.
- Diaspora Branch takes care of people in the diaspora affairs.

There are various committees including standing, Ad hoc and specialized committees under the Governing body/NEC, formed for various purposes. Where without prejudice to the generality of the foregoing, NEC shall establish these Committees, whose members shall not exceed nine. This includes but not limited to:-

- National Elections Board
- Dispute resolution committee
- Disciplinary Committee
- Finance and Audit Committee
- Human rights committee

9. Management Discussion and Analysis

As a party, our ambition is to establish a Country where its citizens enjoy Social, Economic and Democratic rights as envisioned in our Vision and Mission.

One aspect we want to focus on is to ensure that our activities as a Political Party impact positively on the livelihoods of Kenyans where social responsibility if well managed can be used to improve living standards in our communities.

National Reconstruction Alliance has performed very well and we have never received adverse audit queries, and we have endeavoured to improve our control measures as advised, further we have worked hard towards implementation of all recommendations put forward by both OAG and ORPP to enable us work smoothly towards our Party goals and ambitions.

Below are some of the highlights:

INCOME ANALYSIS.

- ***Membership and member's subscription.***

Due to the hard economic times in Kenya and beyond we have waived for our members contribution subscriptions, which has resulted in a reduction in funds generated from members. Also when representatives are elected there become reluctant to pay party dues making it harder for the party. However we have continued to invest in members' recruitment and civic education to prepare the party for the next general elections.

- **Budget per year.**

We have presented our budget for approvals from the year ending June 2023 to the year ending June 2025. Where in the year **2023** we presented a budget of Ksh 2,037,418 and in the year **2024** we presented a budget of Ksh 1,862,200 and finally for this financial year of **2025** we presented a budget of Ksh 2,829,816.

- **Revenue from Political Parties Fund (Funded Parties)**

During the year the party was allocated ksh 2,829,816 which was after a budget cut from Ksh 3,290,585 which was first allocated. The party also received Ksh 460,770 related to last financial year during this year.

- **Number of elected representatives, including SIGs.**

NRA has 5 elected representatives including SIGs and nominated members.

- No of Party Branches

During this year the office of the Registrar of political parties, compliance department carried out an inspection of our offices and we got a clean bill however we promised to work together with the office to help us more on all compliance challenges faced on the ground where mostly are caused by lack of enough finances to sustain the offices. Currently we have 26 party branches operating in different counties.

EXPENDITURE NOTES.

The following provide brief expenses explanations

- **HQ & Administration Expenses.**

During the year ended June 2025 admin expense was Ksh 797,363 which was utilized. However the budgeted amount was Ksh 848,940 where Ksh 50,000 was allocated towards accrued rent for the last financial year ending June 2024 and ksh 1,577 was transport amount not done for the year which totalled to Ksh 51,577 difference. However there was rent accrued of ksh 463,258 which was cleared using ksh 460,770 previously allocated monies transferred early in the year of 2025.

- **Promoting Active Participation by citizen.**

Members' recruitment and Branch Coordination and support.

During the year the party utilised Ksh 200,876 towards this activity. The party invested the amount towards recruiting more party members.

Conferences and meetings.

During the year the party utilised Ksh 250,000 towards this activity, where various meetings and conferences we held to deliberate on party issues.

Civic Education.

During the year the party utilised Ksh 200,000 towards this activity. The party held voters sensitization forums to educate members on the current affairs of the country and help to find solutions on them

- **Party Promotion and advocacy.**

During the year the party utilised ksh 330,000 to promote the party and its policies to the general citizens of the country.

- **Promote Representation of SIGs.**

During the year the party allocated Ksh 1,000,000 towards the special groups.

10. Environmental and Sustainability Reporting

National reconstruction alliance is committed to reduce environmental impact in its operations. The party is cognizant of adverse environmental effects on sustainability practices where sustainability is the ability to maintain or continue offering services to the country's citizens over the long term. It is using resources in a way that allows them to replenish and continue supporting life both now and in the future.

i. Sustainability strategy and profile.

To ensure the sustainability, party funds the following key thematic areas/programmes as part of its sustainable priorities.

- a. **Training and advocacy:** The party focus on political education for party members through conducting sensitization forums and customized training. The intention is to empower the party members such that in years to come, they will be informed with party ideologies and therefore creating loyalty to the party, who will contribute positively to democracy and strengthening of the party. This strategy also takes care of marginalized groups, women, youth and people living with disabilities.
- b. **Representation and Participation:** Among its key pillars, the party aims to achieve representation at County and National Assembly of Special Interest Groups (SIGs) as a priority area with the intention to enhance their participation in political discourse. This is aimed at increasing the number of SIGs both at County and National Assembly electoral processes. The Party directly engages stakeholders in decision-making and fully considers members.
- c. **Climate change and mitigation:** The party acknowledges that all its operation has an impact on the environment. Cognizant of the Sustainable development goals, and aspires to comply with all the requirements thereon of a public National Reconstruction Alliance.

ii. Environmental performance.

The party is cognizant of environmental management and coordination Act Cap 387 and aspires to comply with the requirements of a public National Reconstruction Alliance. The party focuses on the following key areas in environmental performance.

- a. **Lights –** The party has put in place measures to use clean energy in the office where it uses energy savings bulbs and ensures that lights are switched off when not in use.

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- b. Recycling – The party segregates waste for recycling purposes.
- c. Transportation – The party aspires to use low carbon emission modes of transport; pool transport is used during party activities.
- d. Digital documentation – Through digital transformation the party has reduced the use of papers in printing.

iii. Market place practices.

National reconstruction alliance is committed to fair and ethical market practices. The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors to lift them economically. Our ethical market practices ensure the party gets value for money on all goods and services procured. We are also committed to healthy relations with our suppliers and are dedicated to honouring all contracts and settling payments promptly.

iv. Community Engagements-

The Party has endeavoured to sustain community as well as appreciating our existence through engaging local suppliers when necessary. We have also engaged the community on the party mandate through civic education, public barazas, women leagues, youth leagues and PWDs leagues.



.....
Name Paul Odhiambo
Secretary General

NATIONAL RECONSTRUCTION ALLIANCE
Annual Report and Financial Statements
for the year ended June 30, 2025

11. Report of the National Executive Council/Committee

The Committee submits their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Party's affairs.

i) Principal activities

The principal activities of the Party are reported on iii.

ii) Results

The results of the National Reconstruction Alliance for the year ended June 30, 2025, are set out on page 1 to 6.

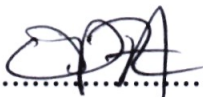
iii) National Executive Committee/ Council Members

The members of the Governing body/NEC who served during the year are shown on page vii. During the year ended June 2025 no members retired/ resigned and no other was appointed.

iv) Auditors

The Auditor-General is responsible for the statutory audit of the *Party* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Council/Committee



.....
Name Paul Odhiambo

Secretary General

12. Statement of the National Executive Committee Responsibilities

Section 31 of the Political Parties Act 2011 Cap 7D requires the NEC to prepare financial statements in respect of the National reconstruction alliance, which give a true and fair view of the state of affairs of the party at the end of the financial year and the operating results of the party for that year. The NEC is also required to ensure that the National Reconstruction Alliance keeps proper accounting records which disclose with reasonable accuracy the Party's financial position NEC is also responsible for safeguarding the Party's assets.

The NEC is responsible for the preparation and presentation of the National reconstruction alliance 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, 2025. 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 NEC accepts responsibility for the National Reconstruction Alliance 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 the Political Parties Act. The NEC is of the opinion that the Party's financial statements give a true and fair view of the state of the Party's transactions during the financial year ended June 30, 2025, and of the Party's financial position as at that date. The NEC 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.

In preparing the financial statements, the NEC assessed the National Reconstruction Alliance ability to continue as a going concern and nothing has come to the attention of the Members to

REPUBLIC OF KENYA



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL RECONSTRUCTION ALLIANCE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report, which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by 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

Opinion

I have audited the accompanying financial statements of National Reconstruction Alliance set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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, the financial statements present fairly, in all material respects, the financial position of National Reconstruction Alliance as at 30 June 2025 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, (Revised 2022) and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Reconstruction Alliance Management in accordance with ISSAI 130 on the 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, three issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on the Effectiveness of Internal Controls, Risk Management and Governance, respectively. These include failure to establish Party offices in at least 24 Counties, lack of risk management policies and goods not taken on charge. Review of the status during the audit of the Party in the financial year 2024/2025 revealed that the matters remained unresolved.

Other Information

The Management is responsible for the Other Information set out on pages iii to xxi which comprise of Key Political Party Information and Management, The National Executive Committee, Key Management/Secretariat Team, Chairman's Statement, Report of the Secretary General, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the National executive Council/Committee and the Statement of National Executive Council Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Party's financial statements, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is

materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Irregular Allowances

The statement of financial performance reflects administrative expenses of Kshs.797,363, special interest group expenses of Kshs.1,000,000 and Kshs.980,876 for advocacy and electoral expenses as disclosed in Notes 7, 8 and 9 to the financial statements respectively. Review of the expenditure records revealed that Kshs.110,000 of administrative expenses, Kshs.640,000 of special interest group expenses and Kshs.205,000 of advocacy and electoral expenses were used to pay travel allowances. This was contrary to Section 26(3)(a) of the Political Parties Act, 2011, which states that moneys allocated to a Political Party from the Fund shall not be used for paying directly or indirectly remuneration, fees, rewards, allowances, or any other benefit to a member or supporter of the Political Party, other than a member of staff.

In the circumstances, the regularity of the payments could be confirmed and Management was in breach of the law.

2. Irregular Procurement of Goods and Services

The statement of financial performance reflects special interest group expense of Kshs.1,000,000 and advocacy and electoral expenses of Kshs.980,876 as disclosed in Notes 8 and 9 of the financial statements. Audit review revealed that expenditure amounting to Kshs.320,000 under special interest groups and Kshs.310,000 for advocacy and electoral expenses which were not competitively procured. This was contrary to Regulations 34, 35, 71, and 93 of the Public Procurement and Asset Disposal Regulations, 2020, which require procurement processes to include properly authorized requisitions with specifications, inspection and acceptance of delivered goods or services and formal documentation for taking on charge of delivered items.

In the circumstances, Management was in breach of the law.

3. Failure to Submit Bank Reconciliation to The National Treasury

During the year under review, the Party Management did not submit monthly bank reconciliation statements of all bank accounts of the Party to The National Treasury. This was contrary to Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015, which states that an Accounting Officer shall ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month and submit a bank reconciliation statement not later than the 10th day of the subsequent month to The National Treasury with a copy to the Auditor-General.

In the circumstances, Management was in breach of the law.

4. Non-Compliance with Climate Change Financing Regulations

Review of documents provided for audit revealed that the Party had not designated a Unit or allocated financial resources in its budget towards Climate Change actions. This is contrary to section 15(2)(a) of the Climate Change Act, 2016, which states that each State Department and National Government public entity shall designate a unit with adequate staff and financial resources and appoint a senior officer as Head of the Unit to coordinate the mainstreaming of the Climate Change action plan and other statutory Climate Change functions and into sectoral strategies for implementation.

In the circumstances, Management is in breach of the law.

5. Non-Compliance with the Law on Establishment of Party Offices

As previously reported, the Party did not provide records such as office lease agreements, County office staff lists, or activity reports to verify that it had established offices in at least twenty-four (24) Counties. This was contrary to Section 7(2)(f)(iii) of the Political Parties Act, 2011, which states that a provisionally registered political Party shall be qualified to be fully registered if it has submitted to the Registrar the location and addresses of the branch offices of the Political Party, which shall be in more than half of the Counties.

In the circumstances, Management was in breach of the law.

6. Lack of an Approved Budget

During the year under review, the Party Management did not provide an approved budget for audit verification, and therefore, the basis and regularity of its spending could not be confirmed. This was contrary to Regulation 31(1) of the Public Finance Management (National Government) Regulations, 2015, which requires Accounting Officers to ensure that draft estimates for each entity are prepared in conformity with the Constitution, the Act, and regulations.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 THE 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 effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of an Internal Audit Function

During the year under review, the Party did not have an Internal Audit Unit, contrary to Article 49 of the National Reconstruction Alliance Constitution and Section 73 (1) (a) of the Public Finance Management Act, 2012, which requires every National Government entity to maintain an internal auditing arrangement that adheres to the guidelines issued by the Public Sector Accounting Standards Board.

In the circumstances, the effectiveness of the Party's internal controls and risk management could not be confirmed.

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 controls 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 governance.

In preparing the financial statements, the Management is responsible for assessing the Party's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management is aware of the intention 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 comply 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015, and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not, 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management, and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 December, 2025

NATIONAL RECONSTRUCTION ALLIANCE
Annual Report and Financial Statements
for the year ended June 30, 2025

14. Statement of Financial Performance for the year ended 30 June 2025

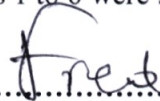
	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue			
Transfers from Political Parties Fund (PPF)	6	2,829,816	1,862,200
Total Revenue		2,829,816	1,862,200
Expenses			
Administrative Expenses	7	797,363	615,733
Special Interest Groups expenses	8	1,000,000	1,351,225
Advocacy and Electoral expenses	9	980,876	1,083,540
Total expenses		2,778,239	3,050,498
Surplus/Deficit		51,577	(1,188,298)

The notes set out on pages 7 to 31 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the NEC by:



Name: Paul Odhiambo
Secretary General

Date 3/12/2025



Name: Fred Wechuli
Treasurer

Date 3/12/2025



Name: Shadrack Kiprotich
National Chairperson

Date 3/12/2025

NATIONAL RECONSTRUCTION ALLIANCE
Annual Report and Financial Statements
for the year ended June 30, 2025

15 Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	10	1,577	2,488
Accrued Receivable from Government	12	-	460,770
Total Current Assets		1,577	463,258
Non-Current Assets			
Property Plant and Equipment	13	-	-
Total Non- Current Assets		-	-
Total Assets (A)		1,577	463,258
Liabilities			
Current Liabilities			
Trade and Other Payables	14	-	513,258
Total Current Liabilities		-	513,258
Non-Current Liabilities			
Non-Current Provisions	-	-	-
Total Non- Current Liabilities		-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		1,577	(50,000)
Represented by:			
Reserves		51,577	(1,188,298)
Accumulated Surplus/deficits		(50,000)	1,138,298
Net Assets		1,577	(50,000)

The financial statements set out on pages 1 to 6 were signed on behalf of the NEC by:

Paul Odhiambo 

Name:

Secretary General


Date 3/12/2025

Fred Wechuli 

Name:

Treasurer

Date 3/12/2025

Shadrack Kiprotich 

Name:

Chairperson

Date 3/12/2025

NATIONAL RECONSTRUCTION ALLIANCE
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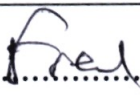
16. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Reserve	Accumulated Surplus	Total
	Kshs	Kshs	Kshs
As at July 1 2023	-	1,138,298	1,138,298
Revaluation gain	-	-	-
Transfer of excess depreciation on revaluation	-	-	-
Surplus/ deficit for the year	-	(1,188,298)	(1,188,298)
As at June 30, 2024	-	(50,000)	(50,000)
As at July 1, 2024	-	(50,000)	(50,000)
Revaluation gain	-	-	-
Transfer of excess depreciation on revaluation	-	-	-
Surplus/ (deficit) for the year	-	51,577	51,577
As at June 30, 2025	-	1,577	1,577



Name: Paul Odhiambo
Secretary General

Date 3/12/2025



Name: Fred Wechuli
Treasurer

Date 3/12/2025



Name: Shadrack Kiprotich
Chairperson

Date 3/12/2025

NATIONAL RECONSTRUCTION ALLIANCE
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for the year ended June 30, 2025

17. Statement of Cash Flows for the year ended 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from Political Parties Fund (PPF)	6	2,829,816	1,862,200
Total receipts		2,829,816	1,862,200
Payments			
Administrative Expenses	7	797,363	615,733
Special Interest Groups expenses	8	1,000,000	1,351,225
Advocacy and Electoral expenses	9	980,876	1,083,540
Total payments		2,778,239	3,050,498
Surplus/Deficit		51,577	(1,188,298)
Working capital adjustments.			
Increase /(Decrease) in Payable		(513,258)	(390,742)
(Increase)/Decrease in Receivables		460,770	(123,248)
Net cash flows from/ (used in) operating activities	15	(911)	(1,702,288)
Cash flows from investing activities			
Purchase of PPE and Intangible assets		-	-
Depreciation and amortization Expense		-	-
Net cash flows from/(used in) investing activities		-	-
Cash flows from financing activities			
Increase/(Decrease) in Payables			
(Increase)/Decrease in Receivables			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows from financing Activities		-	-
Net increase/(decrease) in cash & Cash equivalents	15	(911)	(1,702,288)
Cash and cash equivalents at 1 July 2024	10	2,488	1,704,776
Cash and cash equivalents at 30 June 2025	10	1,577	2,488

NATIONAL RECONSTRUCTION ALLIANCE
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for the year ended June 30, 2025

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original budget	Adjustment	Final budget	Actual on	Performance	% of
	2024-2025	s	2024-2025	comparable basis	difference	utilization
	Kshs	2024-2025	Kshs	2024-2025	2024-2025	
	A	b	c=(a+b)	D	e=(c-d)	f=d/c*100
Carry Overs from the Previous Period		460,770	460,770	460,770	-	100%
Receipts						
Transfers from Political Parties Fund (PPF)	3,290,585	(460,770)	2,829,816	2,829,816	-	100%
Membership Fees	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-	-
Total	3,290,585	(460,770)	2,829,816	2,829,816	-	100%
Payments						
Administrative Expenses	987,175	(138,235)	848,940	797,363	51,577	93.9%
Special Interest Groups expenses	1,040,000	(40,000)	1,000,000	1,000,000	-	100%
Advocacy and Electoral expenses	1,263,410	(282,534)	980,876	980,876	-	100%
Finance Costs	-	-	-	-	-	-
Purchase of Assets	-	-	-	-	-	-
Total Expenditure	3,290,585	(460,769)	2,829,816	2,778,239	51,577	98.1%
Surplus for the period	-	-	-	51,577	(51,577)	

NATIONAL RECONSTRUCTION ALLIANCE
Annual Report and Financial Statements
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Budget notes

1. There was no under or overutilization during the year. (IPSAS 24.14)
2. The difference between the original and final budget was due to budget cuts during the year. (IPSAS 24.29)
3. Where the total of actual on a comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

Budget Reconciliation

No	Description	Kshs
	Actual Surplus Amounts as per the statement of Budget	51,577
1	Accrued Immaculate heart development – Rent for the year 2023/2024	(50,000)
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,577

19. Notes to the Financial Statements

1. General Information

National Reconstruction Alliance is established by and derives its authority and accountability from Political Parties Act 2011.

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 National Reconstruction Alliance'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 National Reconstruction Alliance. The financial statements have been prepared in accordance with the PFM Act, the State Corporations 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. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of National Reconstruction Alliance. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that

NATIONAL RECONSTRUCTION ALLIANCE
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for the year ended June 30, 2025

Standard	Effective date and impact:
	<p>satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that National Reconstruction Alliance shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard</p>

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Standard	Effective date and impact:
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the National Reconstruction Alliance's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of National Reconstruction Alliance. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.

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Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held For Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> ii. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. iii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iv. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles

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	that National Reconstruction Alliance shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> iv. Limited improvements to existing accounting practices for exploration and evaluation expenditures. v. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. vi. Disclosures that identify and explain the amounts in the National Reconstruction Alliance's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii. Early adoption of standards

National Reconstruction Alliance has adopted the new standards in the financial year of the year 2025 where applicable.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from Political Parties Fund

Revenues transfers from the Political Parties Fund 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 National Reconstruction Alliance 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 upon meeting the set conditions.

ii) Revenue from exchange transactions

Rendering of services

The National Reconstruction Alliance 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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the National Reconstruction Alliance.

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the National Reconstruction Alliance'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 **23rd September 2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The reductions appropriations are reduced in the original budget by NRA upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *National Reconstruction Alliance* recorded reduction appropriations of Ksh**460,770** on **25th April 2025** budget following the governing body's approval.

The *National Reconstruction Alliance'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. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual cash and cash equivalents from the statement of cash flows.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with*

Investment property (continued)

gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

d) 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 replaced at intervals, the National Reconstruction Alliance 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.

e) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *National Reconstruction Alliance*. 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 *National Reconstruction Alliance* 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 *National Reconstruction Alliance* 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.

Leases (continued)

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *National Reconstruction Alliance*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) 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.

g) Research and development costs

The *National Reconstruction Alliance* expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the *National Reconstruction Alliance* 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.

h) 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 National Reconstruction Alliance does not have any hedge*

Financial instruments (continued)

relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one National Reconstruction Alliance and a financial liability or equity instrument of another National Reconstruction Alliance. At initial recognition, the National Reconstruction Alliance 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 National Reconstruction Alliance 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 National Reconstruction Alliance'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 cashflows 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 an National Reconstruction Alliance has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the National Reconstruction Alliance 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.

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 National Reconstruction Alliance 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 National Reconstruction Alliance 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 National Reconstruction Alliance 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 National Reconstruction Alliance classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

i) 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. 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, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *National Reconstruction Alliance*.

j) Provisions

Provisions are recognized when the *National Reconstruction Alliance* 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 *National Reconstruction Alliance* 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.

k) Contingent liabilities

The National Reconstruction Alliance 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 National Reconstruction Alliance 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 National Reconstruction Alliance 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.

m) Nature and purpose of reserves

The National Reconstruction Alliance does not create nor maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The *National Reconstruction Alliance* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an National Reconstruction Alliance pays fixed contributions into a separate National Reconstruction Alliance (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting

of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

The *National Reconstruction Alliance* regards a related party as a person or National Reconstruction Alliance with the ability to exert control individually or jointly, or to exercise significant influence over the *National Reconstruction Alliance*, or vice versa. Members of key management are regarded as related parties and comprise NEC Members and other officials as per the Party's constitution and the Political Parties Act.

s) 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.

t) Comparative figures

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

u) 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, 2025.

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *National Reconstruction Alliance'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 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 National Reconstruction Alliance 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 National Reconstruction Alliance. 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:

The condition of the asset based on the assessment of experts employed by the National Reconstruction Alliance.

- a) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- b) The nature of the processes in which the asset is deployed.
Availability of funding to replace the asset.
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)

6. Transfers from Political Parties Fund (PPF)

Description	2024-2025	2023-2024
	Kshs	Kshs
Government Political Fund	2,829,816	1,401,430
Accrued Transfers owing from Government	0	460,770
Total	2,829,816	1,862,200

7. Administrative Expenses

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Office Rent		600,000	600,000
Printing and stationery		60,000	8,493
Travel and accommodations		118,066	0
Courier and Postage		15,000	-
Bank charges		4,298	7,240
Total Administrative Expenses		797,363	615,733

8. Special Interest Groups

Description	2024-2025	2023-2024
	Kshs	Kshs
Marginalised Group	250,000	352,000
PWD League	250,000	352,000
Women League	250,000	493,613
Youth League	250,000	153,612
Total	1,000,000	1,351,225

9. Advocacy and Electoral Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Branches-Coordination & Support	200,876	153,540
Conferences and meetings	250,000	450,000
Civic Education expenses	200,000	165,000
Party Policy and advocacy	330,000	315,000
Electoral & Campaign expenses	-	-
Total	980,876	1,083,540

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Notes to the Financial Statements (Continued)

10. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	1,577	2,488
Cash on hand and in Transit	-	-
Total Cash and Cash Equivalents	1,577	2,488

11. Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current Account			
Cooperative Bank of Kenya	01192866722301	1,577	2,488
Sub- Total		1,577	2,488
b) Cash-on-Hand and in Transit			
Cash In hand		-	-
Sub-Total		-	-
Grand Total		1,577	2,488

12. Receivables and advances

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Accrued transfers owing from Government	-	460,770
Total Current Receivables	-	460,770

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13. Property, Plant and Equipment

Valuation

National reconstruction Alliance did not have assets therefore no valuation for the year.

13 (b) Property, Plant and Equipment at Cost

National reconstruction Alliance did not have assets as of the year ended June 2025.

14. Trade and Other Payables

Description	2025		2024	
	Kshs		Kshs	
Immaculate Heart Development	0		513,258	
Total trade and other payables	0		513,258	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	0%	513,258	100%
1-2 years	0	0%	-	0%
2-3 years	0	0%	-	0%
Over 3 years	0	0%	-	0%
Total (tie to above total)	0		513,258	

Amount for Immaculate Heart development – Madona house accrued during the year 2023/2024 which has since been fully paid.

Notes to the Financial Statements (Continued)

15. Cash Generated from Operations

Description	2025	2024
	Kshs	Kshs
Surplus for the year	51,577	(1,188,298)
Adjusted for:		
Depreciation	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working capital adjustments		
Increase in inventory	-	-
Increase in receivables	460,770	(123,248)
Increase in deferred income	-	-
Increase in payables	(513,258)	(390,742)
Increase in payments received in advance	-	-
Net cash flow from operating activities	(911)	(1,702,288)

16. Financial Risk Management

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

i) Credit risk

The National Reconstruction Alliance 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

Notes to the Financial Statements (Continued)

presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the National Reconstruction Alliance's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the National Reconstruction Alliance's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the National Reconstruction Alliance has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The National Reconstruction Alliance has significant concentration of credit risk on amounts due from 2024. The board of directors sets the National Reconstruction Alliance's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management.

Ultimate responsibility for liquidity risk management rests with the National Reconstruction Alliance's directors, who have built an appropriate liquidity risk management framework for the management of the National Reconstruction Alliance's short, medium and long-term funding and liquidity management requirements. The National Reconstruction Alliance manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the National Reconstruction Alliance under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The

amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Notes to the Financial Statements (Continued)
Financial Risk Management

iii) Market risk

The *Party* has put in place an internal audit function to assist it in assessing the risk faced by the National Reconstruction Alliance on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the National Reconstruction Alliance's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The National Reconstruction Alliance's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the National Reconstruction Alliance's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The *Party does not transact on foreign accounts and therefore does not have* transactional currency exposures. Therefore does not carry out any financial risk management measures on foreign exchange currencies.. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Party manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

Interest rate risk is the risk that the National Reconstruction Alliance's financial condition may be adversely affected as a result of changes in interest rate levels. The National Reconstruction Alliance's interest rate risk arises from bank deposits. This exposes the National Reconstruction Alliance to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the National Reconstruction Alliance's deposits.

Notes to the Financial Statements (Continued)

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Financial Risk Management

Sensitivity analysis

The National Reconstruction Alliance analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax.

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *National Reconstruction Alliance's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *National Reconstruction Alliance* considers relevant and observable market prices in its valuations where possible.

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Notes to the Financial Statements (Continued)

Financial Risk Management

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

The objective of the National Reconstruction Alliance's capital risk management is to safeguard the National Reconstruction Alliance's ability to continue as a going concern. The National Reconstruction Alliance capital structure comprises of the following funds:

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Members accumulated Fund	(50,000)	1,138,298
Retained Earnings	51,577	(1,188,298)
Total Funds	1,577	(50,000)

17. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *National Reconstruction Alliance* 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.

Related parties include:

- i) Office of the Registrar of Political Parties
- ii) NEC Members
- iii) Secretary General
- iv) The Treasurer
- v) Executive Directors

18. Contingent Assets and Contingent Liabilities

There was no any Contingent assets or liability held by the Party during the year.

19. Events after the Reporting Period

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

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20. Appendices

Appendix I: 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: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	Report on lawfulness and effectiveness in use of public Resources			
1.	Failure to establish party offices in at least 24 counties	We are committed to keep our branch offices running as required by law. However budget limitations is experienced where there is no enough funds to sustain Branch expenses and landlords end up closing down the premises while volunteers end up abandoning the course making the need challenging. Political parties have continued to engage the registrar of political parties to find a lasting sustainable solution as they continue to inspect the offices	Resolved	

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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)
	Report on effectiveness of internal controls, Risk management and Governance.			
1.	Lack of Risk management policies and procedures manuals.	We are committed to develop Document as advised which work in progress is. However budget limitation is experienced where there is no enough funds to adequately employ experts for the purpose and most of times the party depends on volunteers to help run its affairs. Also resources must be allocated towards the development of these documents as advised thus make the process challenging.	WIP- Not resolved	
2.	Goods not taken to charge.	We provided stock taking sheets which showed how merchandise moved from the time they were purchased to the time they were disbursed.	Resolved	



Secretary General: Paul Odhiambo

Date 3/12/2025

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Appendix II: Transfers from Political Parties Fund

No	Source of Funds (National Reconstruction Alliance)	Amount Kshs	Date Received	Financial Year the funds relates to
1	Political Parties Fund	460,770	8th July 2024	FY 2023/2024
2	Political Parties Fund	822,646.25	02rd October 2024	FY 2024/2025
3	Political Parties Fund	822,646.25	15 th November 2024	FY 2024/2025
4	Political Parties Fund	822,646.25	3rd March 2025	FY 2024/2025
5	Political Parties Fund	361,877.25	28th May 2025	FY 2024/2025