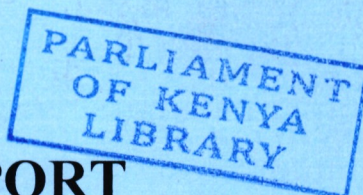


REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
CHAMA CHA UZALENDO PARTY**

**FOR THE YEAR ENDED  
30 JUNE 2013**

KENYA NATIONAL AUDIT OFFICE  
P. O. Box 30084 - 00100, NAIROBI

10 DEC 2013

RECEIVED

**CHAMA CHA UZALENDO**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**CHAMA CHA UZALENDO  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

<b>CONTENTS</b>	<b>PAGE</b>
Party's Information	2
Statement of Party Official's Responsibilities	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8

**CHAMA CHA UZALENDO  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**PARTY'S INFORMATION**

**REGISTERED OFFICE**  
DANPARK APARTMENT  
OFF AIRPORT ROAD, EMBAKASI  
P.O BOX 84868-80100  
NAIROBI

**PARTY OFFICIALS**

MAUR BWANAMAKA	:	CHAIRMAN	
TITUS KALOKI	:	SECRETARY GENERAL	
VERONICA MBITHE	:	TREASURER	

**BANKERS**

COMMERCIAL BANK OF AFRICA  
UPPERHILL, NAIROBI.

**AUDITORS**

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

**CHAMA CHA UZALENDO  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

---

**STATEMENT OF PARTY OFFICIALS' RESPONSIBILITIES**

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

The Party officials accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with the internal financial reporting standards.

The Party officials are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Party as at 30 June 2013 and of the operating results for the year then ended. The Party officials further confirms the accuracy and completeness of the accounting records maintained by the Party which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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

Approved by the Party officials and signed on their behalf on 1/12/ 2013



SECRETARY GENERAL

# REPUBLIC OF KENYA

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



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON CHAMA CHA UZALENDO PARTY FOR THE YEAR ENDED 30 JUNE 2013

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Chama Cha Uzalendo Party set out on pages 4 to 9, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Section 31(3) of the Political Parties Act, 2011.

#### **Management's Responsibility for the Financial Statement**

Management of the Chama Cha Uzalendo is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such internal control as management determines are necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of financial statements to the Auditor-General in accordance with the provisions of Section 31(2) of the Political Parties Act, 2011.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 31(3) of Political Parties Act, 2011. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for Disclaimer of Opinion**

#### **1. Unaccounted for Funds**

The statement of comprehensive income for the Party reflects a total income of Kshs.3,883,000. However, the records from Political Parties Fund revealed that the Party received Kshs.2,103,623 which has not been reflected as an income in the financial statements hence not accounted for nor explained. According to the client's response, part of the funds totalling Kshs.1,940,000 were fraudulently transferred from the Party's Bank account No.6617930028 at CBA bank Wabera Street, Nairobi on 27 March 2014 to one of the officials bank account and misappropriated contrary to the Party's Constitution and the Political Parties Act, 2011.

#### **2. Unsupported Expenditure**

The statement of comprehensive income, reflected a total expenditure of Kshs.3,875,685 which was not supported with documentary evidence on how the expenditure was incurred. The authenticity of the expenses could not be ascertained.

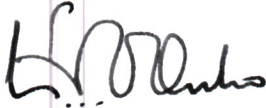
#### **3. Inaccurate Financial Statements**

The statement of comprehensive income reflects expenditure under five account items which differed with the supporting documents as shown below

<b>Item Detail</b>	<b>Financial statement Figures (Kshs)</b>	<b>Receipt available (Kshs)</b>	<b>Differences (Kshs)</b>
Prom & Pub	1,361,184	1,543,499	182,315
Seminar & Meetings Administrative Exp.	196,793	236,198	39,405
Printing & Stationery	100,467	113,705.5	13,238.5
Allowances	336,050	545,045	208,995
Transport & Acc.	499,525	1,024,373	524,848
<b>Total</b>	<b>2,494,019</b>	<b>3,462,820.5</b>	<b>968,801.5</b>

### **Disclaimer of Opinion**

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



**Edward R. O. Ouko CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**29 September 2015**

**CHAMA CHA UZALENDO**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2013**

		2013 Kshs	2012 Kshs
	<b>Notes</b>		
<b>Income</b>			
Members Contributions		3,883,300	144,000
<b>Total Income</b>		<u>3,883,300</u>	<u>144,000</u>
<b>Expenditure</b>			
Promotion and Publicity Expenses		1,361,184	-
Administrative Expenses	4	2,317,705	658,847
Seminars and Meetings Expenses		196,793	-
<b>Total Expenditure</b>		<u>3,875,682</u>	<u>658,847</u>
<b>Surplus (Deficit) for the year</b>		<u><u>7,618</u></u>	<u><u>(514,847)</u></u>

**CHAMA CHA UZALENDO**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2013**

	Note	2013 Kshs	2012 Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2	<u>360,018</u>	<u>353,311</u>
<b>Current Assets</b>			
Debtors and Prepayments		265,129	265,129
Cash and Bank Balances	3	<u>14,234</u>	<u>10,000</u>
		<u>279,363</u>	<u>275,129</u>
<b>NET ASSETS</b>		<u><u>639,381</u></u>	<u><u>628,440</u></u>
Represented by:			
<b>Accumulated Fund</b>		<u><u>639,381</u></u>	<u><u>628,440</u></u>



Secretary General

**CHAMA CHA UZALENDO**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	<b>Accumulated Fund</b>	
	<b>2013</b>	<b>2012</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>As at 1 July</b>	631,763	1,155,146
Surplus / (Deficit) for the year	7,618	(514,847)
<b>As at 30 June</b>	<b>639,381</b>	<b>640,299.00</b>

**CHAMA CHA UZALENDO**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus / (Deficit) for the year	7,618	(514,847)
Adjustment for Non-Cash Movements		
Add: Depreciation	73,293	58,847
	<u>80,911</u>	<u>(456,000)</u>
(Increase) / Decrease in Debtors and Prepayments	-	
Increase / (Decrease) in Creditors and Accruals	-	435,826
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>80,911</u>	<u>(20,174)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Non Current Assets	<u>(80,000)</u>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	911	(20,174)
<b>CASH AND CASH EQUIVALENTS AS AT 1 JULY</b>	13,323	30,174
<b>CASH AND CASH EQUIVALENTS AS AT 30 JUNE</b>	<u>14,234</u>	<u>10,000</u>

**CHAMA CHA UZALENDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**1. a) SIGNIFICANT ACCOUNTING POLICIES**

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

**b) Basis of preparation**

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

**c) Depreciation**

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

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

	<u>Rate %</u>
Computers and Accessories	30
Furnitures and Fittings	12.5

**2. NON CURRENT ASSETS**

	<b>Computers and Accessories Kshs</b>	<b>Furniture and Fittings Kshs</b>	<b>Total Kshs</b>
At 01 July 2012	29,309	324002	353,311
Additions	80,000		
	109,309	324,002	433,311
<b>Depreciation</b>			
Charge for the year	32,793	40,500	73,293
<b>Net book value</b>			
As at 30 June 2013	76,516	283,502	360,018

CHAMA CHA UZALENDO  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2013

	2013 Kshs	2012 Kshs
<b>3</b>		
<b><u>Cash and Bank Balances</u></b>		
Petty Cash	13,106	-
Cash at Bank	1,128	13,323
	<u>14,234</u>	<u>13,323</u>
<b>4</b>		
<b><u>Administrative expenses</u></b>		
Bank Charges	26,210	
Advertisement	828,560	
Depreciation	73,293	58,847
Rent and Rates	348,600	390,000
Allowances	336,050	78,000
Printing and Stationery	100,467	48,000
Transport & Accomodation	499,525	84,000
Professional Fees	55,000	
Subscriptions	50,000	
	<u>2,317,705</u>	<u>658,847</u>