

REPUBLIC OF KENYA



*paper laid by,
Leader of Majority
on 29/10/2014
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**REPORT
OF
AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
THE LABOUR PARTY OF KENYA
FOR THE
YEAR ENDED
30 JUNE 2011**

REPUBLIC OF KENYA

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NAIROBI



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON THE LABOUR PARTY OF KENYA (LPK) FOR THE YEAR ENDED 30 JUNE 2011

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Labour Party Of Kenya set out on pages 3 to 8, which comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003 and Section 34 (1) of the Political Parties Act, 2007.

Management's Responsibility for the Financial Statements

The National Executive Committee of the Labour Party of Kenya is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The National Executive Committee is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable

assurance about whether the financial statements are free from material misstatement.

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

Basis for Disclaimer of Opinion

1. Statement of Financial Position

The statement of financial position as at 30 June 2011 reflects balances brought forward in respect of total assets, total liabilities and accumulated fund of Kshs.316,383.00, Kshs.295,000.00 and Kshs.21,383.00 respectively. However, the audited financial statements for 2008/2009 were not produced for audit verification and therefore the accuracy and origin of the balances brought forward to 2009/2010 and to 2010/2011 could not be confirmed. Consequently, the accuracy of the statement of financial position as at 30 June 2011 cannot be confirmed.

2. Creditors and Accruals

The statement of financial position further reflects creditors and accruals balance of Kshs.2,200,000.00 which includes an amount of Kshs.2,000,000.00 advanced to the Party by one of its officials. However, no supporting documents were made available to confirm the correctness and existence of the balance. Therefore, the accuracy of the creditors and accruals balance could not be confirmed.

3. Failure to Declare Income

The Statement of Comprehensive income for the year ended 30 June 2011 reflects total income of Kshs. 3,588,213.15 which includes Kshs. 2,101,513.00


from members contributions and Kshs.638,000.00 from subscriptions. However, the Party did not declare to the Registrar of Political Parties the full particulars of the income contrary to the provisions of Article 31(2) of the Political Parties Act, 2007.

4. Unsupported expenditure

The statement of Comprehensive Income also reflects total expenditure of Kshs.5,485,450.96. However, expenditure totaling Kshs.1,453,650.00 was not supported by any documentary evidence. Consequently, the accuracy, completeness and propriety of this expenditure could not be confirmed.

Disclaimer of Opinion

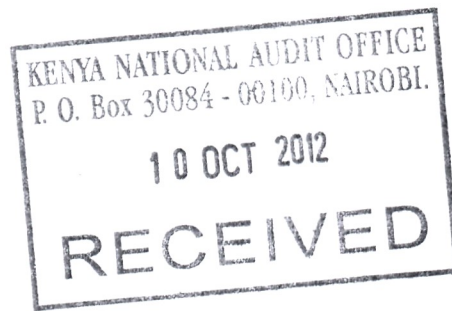
Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

14 April 2014



THE LABOUR PARTY OF KENYA

FINANCIAL STATEMENTS FOR

THE YEAR ENDED 30TH JUNE 2011

**THE LABOUR PARTY OF KENYA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2011**

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**THE LABOUR PARTY OF KENYA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2011**

PARTY INFORMATION

OFFICIALS:

Prof. Julia Ojiambo-----Chairperson
Isaac mutula Masika-----Deputy Chairperson
Peter Kubebea-----Secretary General
Florence Tatu-----Organising Secretary
Philip Mulili-----Deputy Organising Secretary
Rosalia Kanini Ndivo-----National Treasurer
Isiah Nyaosi Onyancha-----Deputy National Treasurer
Magdalene Narocho-----Leader National Women Congress

BANKERS:

Co-operative Bank of Kenya
Nairobi Business Centre Branch

REGISTERED OFFICE:

Sunbeam Place /Plot No. 1/366
Yaya centre
Nairobi

AUDITORS:

Auditor General
P.o Box 30084-00100
NAIROBI

**THE LABOUR PARTY OF KENYA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2011**

STATEMENT OF THE PARTY OFFICIALS RESPONSIBILITIES

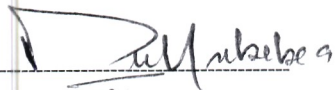
The political parties Act 2011, requires the party officials to prepare the financial statements for financial year which gives a true and fair view of the state of affairs of the the party as at the end of the financial year and other operating activities of the party for that year.

It also requires the party officials to ensure that the party keeps proper accounting records which discloses with reasonable accuracy at any time the financial position of the party. They are also responsible for the safeguarding the assets of the party.

The party officials accept responsibility for the annual financial statements which have been prepared Using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with International Financial Reporting Standards(IFRS) and the manner required by the political parties Act, 2011.

Nothing has come to the attention of the party official to indicate that the party and its activities will not remain a going concern for at least the next twelve months from the date of these statements.

Secretary General



Date

9/10/12

**THE LABOUR PARTY OF KENYA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2011**

INCOME	Note	2011 Kshs.	2010 Kshs.
Political Parties Fund		848,700.15	848,697.00
Contribution From Members		2,101,513.00	301,000.00
Subscriptions		638,000.00	0
Total Income		<u>3,588,213.15</u>	<u>1,149,697.00</u>
EXPENDITURE			
Workshops and Trainings		168,000.00	227,000.00
Elections Expenses		828,800.00	0
Annual Delegates Congress		617,350.00	0
May Day Celebrations		109,800.00	0
Members' Recruitment		792,000.00	0
Nec Meetings		5,710.00	0
Depreciation		59,357.96	0
Administrative Expenses	4	2,904,433.00	1,256,553.00
Total Expenditure		<u>5,485,450.96</u>	<u>1,483,553.00</u>
Surplus/Deficit for the Year		<u>(1,897,237.81)</u>	<u>(333,856.00)</u>

**THE LABOUR PARTY OF KENYA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2011**

Assets	Note	2011 Kshs	2010 Kshs
Non Current Assets			
Property, Plant and Equipment	2	<u>325,135.00</u>	<u>298,743.00</u>
Current Assets,			
Cash at bank		<u>(990.00)</u>	<u>17,640.00</u>
Current Liabilities			
Creditors & Accruals	3	2,200,000.00	295,000.00
Net Current Assets		<u>(2,200,990.00)</u>	<u>(277,360.00)</u>
Net Assets		<u><u>(1,875,855.00)</u></u>	<u><u>21,383.00</u></u>
Financed by;			
Accumulated Fund		<u><u>(1,875,855.00)</u></u>	<u><u>21,383.00</u></u>

These Accounts were approved by NEC and signed on its behalf by;

Secretary general-----

[Handwritten Signature]

Date-----

9/10/12

**THE LABOUR PARTY OF KENYA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2011**

	2011 Ksh	2010 Ksh
Accumulated Fund as at 1st July 2010	21,383.00	21,383.00
Surplus for the year	<u>(1,897,237.81)</u>	
Accumulated Fund as at 30th June 2011	<u><u>(1,875,854.81)</u></u>	

THE LABOUR PARTY OF KENYA
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30TH JUNE 2011

	Note	2011 Kshs	2010 Kshs
Cash flows from Operating activities			
Surplus for the Year		(1,897,237.81)	(333,856.00)
Adjustment for Non Cash movement			
Add:Depreciation	2	59,357.96	56,496.00
		<u>(1,837,879.85)</u>	<u>(277,360.00)</u>
Increase/Decrease in Creditors and Accruals	5	1,905,000	295,000.00
Net Cash Flows from Operating Activities		67,120.15	17,640.00
Cash Flows from Investing Activities			
Purchase of Assets(Computers & Furnitures)	2	(85,750.00)	0
Cash Flows from Financing Activities		0	0
Increase in Cash and cash equivalents		(18,629.85)	17,640.00
Cash and bank balances at 1st july 2010		17,640.00	0
Cash and cash equivalents at 30th June 2011		<u>(989.85)</u>	<u>17,640.00</u>

THE LABOUR PARTY OF KENYA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2011

1.0 ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION

These financial Statements have been prepared on a historical accounting basis.

(b) INCOME

Income is taken into account on receipt basis.

(c) DEPRECIATION

Depreciation is provided on a reducing balance basis at the following rates

Furniture and Equipments	12.5%
Computers	30.0%
Equipments	12.5%

2.0 Property, Plant and Equipment Movement Schedule

	Computer & Accessories	Furniture & Fittings	Equipment	Total
Cost at 1st July 2010	48,363.00	250,380.00	0	298,743.00
Additions (October 2010)	42,000.00	43,750.00		85,750.00
Total at 30 June 2011	<u>90,363.00</u>	<u>294,130.00</u>	0	<u>384,493.00</u>
Depreciation Charge for the year	<u>23,958.90</u>	<u>35,399.06</u>	0	<u>59,357.96</u>
Net book value at 30 June 2011	<u>66,404.10</u>	<u>258,730.94</u>	0	<u>325,135.04</u>

Note: Depreciation on additions made during the year has been charged for 9 months.

THE LABOUR PARTY OF KENYA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2011

	2011 Kshs	2010 Ksh
3.0 CREDITORS AND ACCRUALS		
Rent Deposit	200,000.00	
Loan (Prof. Julia Ojiambo)	2,000,000.00	
	<u>2,200,000.00</u>	<u>295,000.00</u>
ADMINISTRATIVE EXPENSES		
4.0		
Rent	1,200,000.00	700,000.00
Printing, photocopy and publication	62,023.00	188,506.00
Computer Repairs and Services	23,500.00	20,000.00
Office Stationery	34,350.00	35,000.00
Electricity & Water	30,000.00	13,000.00
Airtime	96,900.00	0
Transport	158,600.00	0
Outstanding Rent Deposit	200,000.00	0
General Office Expenses	94,500.00	11,494.00
Motor Vehicle Expenses	180,000.00	0
Newspapers	22,450.00	0
Bank charges	15,480.00	17,057.00
Hotel & Accommodation	7,230.00	0
Honoraria	779,400.00	215,000.00
Total	<u>2,904,433.00</u>	<u>1,200,057.00</u>
5.0 INCREASE IN CREDITORS AND ACCRUALS		
Creditors and Accruals at 30th June 2011	2,200,000.00	
Creditors and Accruals at 30th June 2010	295,000.00	
	<u>1,905,000.00</u>	