

REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT

PARLIAMENT  
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LIBRARY


OF

**THE AUDITOR-GENERAL**

ON

**PEOPLES DEMOCRATIC PARTY**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: 06 MAR 2025	
DAY: Thursday	
TABLED BY:	Hon. Naomi Waga
CLERK-AT THE-TABLE:	Deputy Majority Party Whip A. Shituka

*Revised 30<sup>th</sup> June 2024*



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*PEOPLES DEMOCRATIC PARTY*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2024**

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

**Peoples Democratic Party (PDP)  
Annual Report and Financial Statements  
for the year ended June 30, 2024.**

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## **1. Acronyms, Abbreviations and Glossary of Terms**

### **A: Acronyms and Abbreviations**

PDP	Peoples Democratic Party
SG	Secretary General
ORPP	Office of Registrar of Political Party
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
OAG	Office of the Auditor General
PPF	Political Party Fund
PFM	Public Financial Management

### **B: Glossary of Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organization

**Comparative Year-** Means the prior period.

**2. Key Entity Information and Management**

**(a) Background information**

The PDP was established in 2005. Peoples Democratic Party is domiciled in Kenya.

**(b) Principal Activities**

Peoples Democratic Party Mission is to transform Kenya from poor governance and Poverty into Democratic Prosperous, Socially Just and Equitable Society, through Progressive Economic, Political, Social Policies and Programs.

**(c) Key Management**

The *Entity's* day-to-day management is under the following key organs:

No.	Designation	Name
1.	National Chairman	<b>Jeremiah Ogeri</b>
2.	Secretary General	<b>Charles Oigara</b>
3.	Treasurer	<b>Billiah Kebati</b>

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	National Chairman	<b>Jeremiah Ogeri</b>
2.	Secretary General	<b>Charles Oigara</b>
3.	Treasurer	<b>Billiah Kebati</b>
4.	Director of SIGs	<b>Johnson Mauti</b>
5.	Executive Director	<b>Maxwel Charo</b>

**Key Entity Information and Management (continued)**

**(e) Entity Headquarters**

P.O. Box 13941-00100  
Tetu Flats Block C1  
Milimani Lane off Rolphe Bunche Road  
Nairobi, KENYA

**(f) Entity Contacts**

Telephone: (254)722552123, (254)780552123  
E-mail: [mamlaka@pdp.or.ke](mailto:mamlaka@pdp.or.ke)  
Website: [www.pdp.or.ke](http://www.pdp.or.ke)

**(g) Entity Bankers**

1. Equity Bank  
Kisii Branch  
P.O. Box 2775-40200  
**KISII, KENYA**
2. Cooperative Bank  
Parliament Road  
P.O. Box 5772-00200  
**NAIROBI, KENYA**

**Key Entity Information and Management (continued)**




**(h) Independent Auditor**

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

**(i) Principal Legal Adviser**

The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**3. Key Management Team**

	<b>Management</b>	<b>Details</b>
1.	<b>Name:</b> Jeremiah Ongeru 	National Chairman
2.	<b>Name:</b> Charles Mogere 	Secretary General
3.	<b>Name:</b> Billiah Kebati 	National Treasurer

#### **4. Chairman's Statement**

In accordance with the Political Parties Act 2011, the People Democratic Party has prepared and circulated its financial statements for the financial year ending 30th June 2024. These statements, prepared in conformity with International Public Sector Accounting Standards, provide a true and fair reflection of the party's financial affairs and operating results.

The People Democratic Party confirms the completeness of its accounting records and the adequacy of its internal financial control systems, which have been relied upon in the preparation of these financial statements. The party is committed to transparency and accountability in its financial reporting and welcomes any inquiries from the general public regarding these statements.

**5. Report of the Chief Executive Officer**

As per Political Parties Act 2011, political parties are required to prepare financial statements for prepare and circulate to the general public.

Attached herewith please find People Democratic Party Financial statements which is true and fair reflection of financial affairs and operating results of the party as at the end of the financial year ending 30th June 2024.

This financial statement has been prepared in conformity with International Public Sector Accounting Standards. The party confirms the completeness of the accounting records maintained for the party which, has been relied upon in the preparation of the Party Financial statements as well as adequacy of the systems of internal financial control.

**6. Report of the National Executive Committee (NEC)**

The National executive Committee submit their report together with the audited financial statements for the year June 30, 2024 which show the state of the PDP Party

**i) Principal activities**

The principal activities of the entity are derived from the political parties Act 2011 is to promote active political participation by citizens with general view of assuring national values and principles enshrined in the constitution of Kenya.

**ii) Results**

The results of the Entity for the year ended June 30, 2024, are set out on page 1

**iii) Surplus remission**

PDP did not make surplus during the accounting year.

**iv) Auditors**

The Auditor General is responsible for the statutory audit of the Peoples Democratic Party in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Peoples Democratic Party for the year/period ended June 30, 2024.

By Order of the National Executive Committee

 ..... 2024

**Secretary General**

**7. Statement of National Executive Committee's Responsibilities**

Section 81 of the PFM Act 2012 require the NEC to prepare financial statements for each financial year 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 operating results of the Party for that year. It also requires the NEC to ensure that the Party keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the party.

The NEC accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable prudent judgements and estimates, in conformity with the International public Sector Reporting Standards and in the manner required by the PFM Act. 2012 The NEC are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. NEC further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

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

**Approval of the financial statements**

The *Peoples Democratic Party* financial statements were approved by the NEC on the 20<sup>th</sup> of October, 2024 and signed on its behalf by:

**Secretary General**



30/11/2024

**National Chairman**



30-11-

2024

**8. Report of the Independent Auditor for the Financial Statements of Peoples Democratic Party.**

# REPUBLIC OF KENYA

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Anniversary Towers  
Monrovia Street  
P.O Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON PEOPLES DEMOCRATIC PARTY FOR THE YEAR ENDED 30 JUNE, 2024**

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### **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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Peoples Democratic Party set out on pages 1 to 35, which comprise the statement of financial position as at 30 June,

2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Peoples Democratic Party as at 30 June, 2024, 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 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unexplained Variance in Use of Goods and Services**

The statement of financial performance reflects use of goods and services amount of Kshs.2,210,515 as disclosed in Note 8 to the financial statements. However, review of Note 8 to the financial statements which provides a breakdown of the same expenditure, indicates a total amount of Kshs.2,542,943, resulting to an unexplained variance of Kshs.332,428. Further, expenditure amounting to Kshs.332,428 in respect of travel, subsistence and other allowances was omitted in the expenditure schedule.

In the circumstances, the accuracy and completeness of the use of goods and services of Kshs.2,210,515 could not be confirmed.

#### **2. Variance in Accounts Receivables Balance**

The statement of financial position reflects receivables from exchange transactions of Kshs.510,449 as disclosed in Note 15 of the financial statements. However, analysis of the supporting schedules provided revealed that the receivables from exchange transactions was Kshs.230,049 resulting to an unreconciled variance of Kshs.280,400.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.510,449 could not be confirmed.

#### **3. Overstatement of the Trade and Other Payables Balance**

The statement of financial position reflects trade and other payables balance of Kshs.179,500 as disclosed in Note 17 to financial statements. However, analysis of the supporting schedules and the bank statements revealed a payable balance of Kshs.109,500 resulting to an unreconciled variance of Kshs.70,000.

Further, this amount was reflected in the statement of financial performance as an expense under repairs and maintenance and a payable in the statement of financial position.

In the circumstances, the accuracy and completeness of the account's payables balance of Kshs.179,500 could not be confirmed

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Peoples Democratic Party 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 qualified opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflected a final receipts budget and actual on a comparable basis of Kshs.3,376,221 and Kshs.2,335,265 respectively, resulting to an underutilization of Kshs.1,040,956 or 31% of the budget. However, the Party spent Kshs.2,542,943 against actual receipts of Kshs.2,335,265 resulting to an under-utilization of Kshs.207,678 or 9% of actual receipts.

The under-funding may have affected the planned activities of the Party and impacted negatively on the service delivery to the members.

My opinion is not modified in respect of this matter

### **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. Except for the matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no other key audit matters to communicate in my report.

### **Other Information**

Management is responsible for the other information set out on page iv to xi which comprise of Key Entity Information and Management, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Report of the National Executive Committee and Statement of National Executive Committee's 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.

## 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.

#### **1. Late Submission of Financial Statements**

The financial statements for the year ended 30 June, 2024 were submitted for audit on 07 October, 2024, contrary to Section 68(2)(k) of the Public Finance Management Act, 2012 which requires Accounting Officer to prepare and submit the annual financial statements for each financial year to the Auditor-General within three months after the end of the financial year for audit.

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

#### **2. Irregular Use of Cash to Procure Goods, Works and Services**

Review of records revealed that the Party spent a total of Kshs.2,320,015 in cash to purchase goods and services. The amount exceeds the limit of Kshs.50,000 per item, as stipulated in the Second Schedule and permitted under Regulation 92 of the Public Procurement and Asset Disposal Regulations, 2020 regarding low value procurement.

In the circumstances, value for money on the expenditure of Kshs.2,320,015 incurred on the procurement of goods and services could not be confirmed.

#### **3. Failure to Establish Party Offices in at Least 24 Counties**

As previously reported, a nationwide review revealed that the Party has a meager presence with just one (1) County office in the entire Country contrary to Section 7(f)(iii) of the Political Parties Act, 2011 which states that a political party shall be qualified to be fully registered if it has submitted to the Registrar the locations and addresses of the branch offices of the Party, which shall be in more than half of the Counties.

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

#### **4. Overdrawn (Negative) Cashbook Balance**

The statement of financial position reflects cash and cash equivalent balance of Kshs.2,318 as disclosed in Note 13 to the financial statements. Review of the Party's bank account, revealed a debit (negative) balance of Kshs.3,289 as at year end contrary to Regulation 82(7) of the Public Finance Management (National Government) Regulations 2015, which prohibits overdrawing bank accounts.

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 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 effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

#### **Basis for Conclusion**

##### **1. Lack of a Disaster Recovery Plan and Business Continuity Plan**

Review of internal controls and risk management revealed that the Party did not have a disaster recovery plan or a business continuity plan to protect the Party's operations from potential external disruptions as outlined in the risk management policy. Further, the Party's Management did not conduct formal risk assessments to identify potential risk areas and analyse their impact on operations.

In the circumstances, effectiveness of internal controls on data confidentiality, integrity and availability could not be confirmed.

##### **2. Incomplete Fixed Asset Register**

The statement of financial position reflects property, plant and equipment balance of Kshs.850,598 as disclosed in Note 16 to the financial statements. However, the Party's fixed assets register did not have a description of each asset, the date of acquisition, the

purchase or original cost, depreciation rates and amount, the revalued amount and the fair value or supplier details, location among other details information This was contrary to Regulation 143 (1) of the Public Finance Management (National Government) Regulations, 2015, which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession. Further, the assets were not tagged or serialized for ease of identification.

In the circumstances, the existence of effective internal controls on assets management could not be confirmed.

### **3. Weak Internal Controls on Procurement of Goods and Services**

The statement of financial performance reflects use of goods and services and repairs and maintenance expenditure of Kshs.2,320,015 as disclosed in Note 8 and 12 to the financial statements respectively. However, procurement records were not provided to confirm that the goods and services were obtained through a competitive process. Further, the suppliers and service providers were not prequalified or categorized appropriately.

In the circumstances, it was therefore not possible to confirm whether the procurement processes adhered to the principles of fairness, equity, transparency, competition and cost-effectiveness.

### **4. Failure to Maintain Imprest Register**

During the year under review, the Party paid an amount of Kshs.332,428 in respect to travel, subsistence and other allowances. However, the Party did not maintain imprest register to record issuance and surrender of imprest

In the circumstances, the existence of effective internal controls over imprest 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 the 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, 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**

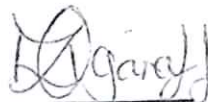
**31 December, 2024**


Peoples Democratic Party (PDP)  
**Annual Report and Financial Statements**  
 for the year ended June 30, 2024.

**9. Statement of Financial Performance for the year ended 30 June 2024**

	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	435,265	476,221
Public contributions and donations	7	1,900,000	4,012,896
<b>Total revenue</b>		<b>2,335,265</b>	<b>4,489,117</b>
<b>Expenses</b>			
Use of goods and services	8	2,210,515	3,808,083
Employee costs	9	-	485,600
Depreciation and amortization expense	10	217,471	33,638
Repairs and maintenance	12	109,500	49,880
Finance Costs	11	5,457	11,634
<b>Total expenses</b>		<b>2,542,943</b>	<b>4,388,835</b>
<b>Surplus/ (deficit) before tax</b>		<b>(207,678)</b>	<b>100,282</b>
<b>Surplus/(deficit) for the period/year</b>		<b>(207,678)</b>	<b>100,282</b>
<b>Net Surplus for the year</b>		<b>(207,678)</b>	<b>100,282</b>

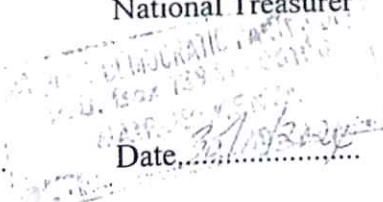
The Financial Statements set out on this page was signed on behalf of the National Executive Committee by:

  
 Secretary General

  
 National Treasurer

  
 National Chairman

Date 30/11/2024

  
 Date 30/11/2024

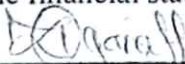
Date 30-11-2024

Peoples Democratic Party (PDP)  
Annual Report and Financial Statements  
for the year ended June 30, 2024.

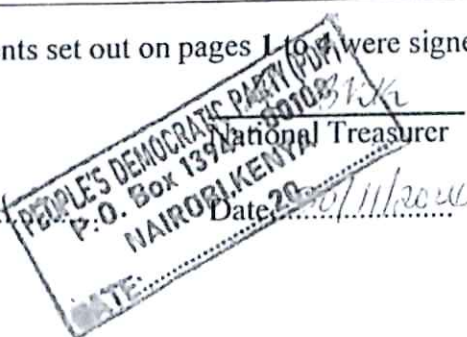
10 Statement of Financial Position as at 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	13	2,318	102,015
<b>Total Current Assets</b>		<b>2,318</b>	<b>102,015</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	16	850,598	1,068,070
Receivables from Exchange Transactions	15	510,449	687,720
<b>Total Non- Current Assets</b>		<b>1,361,047</b>	<b>1,755,790</b>
<b>Total Assets</b>		<b>1,363,365</b>	<b>1,857,805</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	17	179,500	469,510
Bank Overdraft	14	3,249	-
<b>Total Current Liabilities</b>		<b>182,749</b>	<b>469,510</b>
<b>Non-Current Liabilities</b>			
Borrowings		-	-
<b>Total Non- Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>182,749</b>	<b>469,510</b>
<b>Net Assets</b>			
Accumulated Surplus		1,180,616	1,388,295
<b>Total Net Assets</b>		<b>1,363,365</b>	<b>1,857,805</b>
<b>Total Net Assets and Liabilities</b>		<b>1,363,365</b>	<b>1,857,805</b>

The financial statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

  
Secretary General

Date: 30/11/2024



National Treasurer

Date: 30/11/2024

  
National Chairman

Date: 30-11-2024

**11. Statement of Changes in Net Assets for the year ended 30 June 2024**

Description	notes	Reserve	Fair value adjustment reserve	Accumulated Reserves	Net Surplus / Deficit	Capital/ Development Grant s/Fund	Total
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at June 30, 2022		-	-	-	1,288,012	-	1,288,012
Surplus/ Deficit for the year		-	-	-	100,282	-	100,282
As at June 30, 2023		-	-	-	1,388,294	-	1,388,294
Surplus/ Deficit for the year		-	-	-	(207,678)	-	(207,678)
As at June 30, 2024		-	-	-	1,180,616	-	1,180,616

**12. Statement of Cash Flows for the year ended 30 June 2024**

	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	435,265	476,221
Public contributions and donations	7	1,900,000	4,012,896
<b>Total receipts</b>		<b>2,335,265</b>	<b>4,489,117</b>
<b>Payments</b>			
Use of goods and services	8	2,210,515	2,496,125
Employee costs	9	-	485,600
Depreciation	8	217,471	1,323,592
Repairs and maintenance	12	109,500	49,880
Finance Costs	10	5,457	33,638
<b>Total payments</b>		<b>2,542,943</b>	<b>4,388,835</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>(207,678)</b>	<b>100,282</b>
<b>Adjusted for</b>			
Depreciation Written back	10	217,471	33,638
Previous Year Adj			
<b>Total cash flow from operating activities</b>		<b>217,471</b>	<b>133,920</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	16	-	(832,607)
<b>Net cash flows from/(used in) investing activities</b>		<b>-</b>	<b>(832,607)</b>
<b>Cash flows from financing activities</b>			
Borrowings/Overdraft		3,249	-
Increase/(Decrease) in Payables	17	(290,010)	469,510
Decrease / (Increase) in Receivables	15	177,271	407,320
<b>Net cash flows from financing Activities</b>		<b>(109,490)</b>	<b>799,180</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>(99,697)</b>	<b>100,493</b>
Cash and cash equivalents at 1 July	14	102,015	1522
<b>Cash and cash equivalents at 30 June</b>	13	<b>2,318</b>	<b>102,015</b>

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13. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations	4,750,000	-	2,900,000	1,900,000	1,000,000	66%
Government grants and subsidies	750,000	-	476,221	435,265	40,956	91%
<b>Total Income</b>	<b>5,500,000</b>	<b>-</b>	<b>3,376,221</b>	<b>2,335,265</b>	<b>1,040,956</b>	
<b>Expenses</b>						
Use of goods and services	4,450,000	-	2,500,506	2,210,515	-289,991	88%
Employee costs	450,000	-	-	-	-	-
Depreciation and amortization expense	230,000	-	200,250	217,471	-17,221	109%
Repairs and maintenance	180,000	-	100,000	109,500	-9,500	109%
Finance Costs	15,000	-	8,000	5,457	2,543	68%
<b>Total Expenditure</b>	<b>5,325,000</b>	<b>-</b>	<b>2,808,756</b>	<b>2,542,943</b>		
<b>Surplus for the period</b>	<b>175,000</b>	<b>-</b>	<b>567,465</b>	<b>(207,678)</b>		

Budget notes

1. 2023 General Elections
2. Government reduced allocation.

## **14. Notes to the Financial Statements**

### **1. General Information**

Peoples Democratic Party is established by and derives its authority and accountability from the Constitution and the Political Parties Act 2011. The Party is wholly Kenyan and is domiciled in Kenya. The Party's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

### **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 *Entity'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 *Entity*. 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 2024.*

Standard	Effective date and impact:
<p><b>IPSAS 41:</b>                      Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2024:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2024</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p>

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Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2024:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><i>Applicable 1<sup>st</sup> January 2024</i></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2024 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2024.</li> </ul>

**Notes to the Financial Statements (Continued)**

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ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>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 cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p>

iii. *Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The *Entity* recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the *Entity* and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities 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 *Entity* 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 over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

The *Entity* 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.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**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 *Entity*.

**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 Entity'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 xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations on the 2024 budget following the governing body's approval.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Budget information (continued)**

The *Entity'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 actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *Entity* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

***Sales tax***

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) 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. 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.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**e) 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 Entity 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.

**f) Leases**

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**g) 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.

**h) Research and development costs**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**i) 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 entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity 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 entity 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 entity'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 entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity 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.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**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 entity 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 entity 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 entity 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.

**b) Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**j) 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. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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 *Entity*.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**k) Provisions**

Provisions are recognized when the *Entity* 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 *Entity* 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.

**l) Contingent liabilities**

The Entity 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.

**m) Contingent assets**

The Entity 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 Entity 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**n) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

**o) Changes in accounting policies and estimates**

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

**p) Employee benefits**

**Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (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.

**q) 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.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**r) 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.

**s) Related parties**

The *Entity* regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers*

**t) Service concession arrangements**

The *Entity* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**u) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**v) Comparative figures**

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

**w) 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, 2024.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the *Entity'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 Entity 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 Entity. 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:

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) 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)**

**i. Transfers from Other Government entities**

Description	2023 - 2024	2022 - 2023
	KShs	KShs
<b>Unconditional Grants</b>		
Government Political Fund	435,265	476,221
<b>Total Unconditional Grants</b>	<b>435,265</b>	<b>476,221</b>

**7. Public Contributions and Donations**

Description	2023 - 2024	2022 - 2023
	Kshs	Kshs
MCA's Contribution	-	900,000
Members Donations	1,900,000	3,112,896
<b>Total Transfers and Sponsorships</b>	<b>1,900,000</b>	<b>4,012,896</b>

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**8. Use of Goods and Services**

Description	2023 - 2024	2022 - 2023
	Kshs	Kshs
Electricity & Water		33,871
Admin Fees		39,962
Consulting Fees		50,000
Legal Expenses		32,500
Printing and Stationery		94,507
Rent expenses	508,515	1,808,742
Branch training & Support	672,000	314,776
Regional trainings and conference	460,000	545,657
Centre for Multiparty democracy	570,000	463,159
Telecommunication		82,110
Travel, Subsistence & Other Allowances*	332,428	342,800
	<b>2,542,943</b>	<b>3,808,083</b>

**9. Employee Costs**

Description	2023 - 2024	2022 - 2023
	Kshs	Kshs
Salaries and wages	-	485,600
<b>Employee costs</b>	<b>-</b>	<b>485,600</b>

**10. Depreciation and Amortization Expense**

Description	2023 - 2024	2022 - 2023
	Kshs	Kshs
Property, plant and equipment	217,471	33,638
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>217,471</b>	<b>33,638</b>

**11. Finance Costs**

Description	2023-2024	2022-2023
	KShs	KShs
Bank Charges	5,457	11,634
<b>Total finance costs</b>	<b>5,457</b>	<b>11,634</b>

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**12. Repairs and Maintenance**

Description	2023 - 2024	2022 - 2023
	Kshs	Kshs
Property and equipment	-	9,610
Equipment and Machinery	-	3,400
Website Updates and Maitenance	109,500	-
Furniture and Fittings	-	36,870
<b>Total Repairs and Maintenance</b>	<b>109,500</b>	<b>49,880</b>

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**13. Cash and Cash Equivalents**

Description	2023 - 2024	2022 - 2023
	Kshs	Kshs
Bank Balances	2,318	87,741.50
Cash on hand and in transit	-	14,273.50
<b>Total Cash And Cash Equivalents</b>	<b>2,318</b>	<b>102,015</b>

**14. Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2023 - 2024	2022 - 2023
		Kshs	Kshs
<b>a) Current Account</b>			
Co-op Bank	01120198758303	-	1,162.50
Equity Bank (PF)	0510283738740	2,318	86,579.00
<b>Sub- Total</b>		<b>2,318</b>	<b>87,741.50</b>
<b>b) Cash on hand</b>			
Cash In Hand		-	14,273.50
<b>Sub- Total</b>		<b>-</b>	<b>14,273.50</b>
<b>Grand Total</b>		<b>2,318</b>	<b>102,015</b>

**15. Receivables from Exchange Transactions**

Description	2023 - 2024	2022 - 2023
	Kshs	Kshs
<b>Receivables</b>		
Refundable Deposit	280,400	280,400
Registrar of Political Parties	107,698	-
Accrued members contributions	122,351	407,320
<b>Total Current Receivables</b>	<b>510,449</b>	<b>687,720</b>

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**16. Property, Plant and Equipment**

	Furniture and fittings	Computers	Office equipments	Total
	Kshs	Kshs	Kshs	Kshs
<b>Cost</b>				
At 30 <sup>th</sup> June 2022	430,320	-	290,316	720,636
Additions	149,468	479,784	203,355	832,607
Disposals	-	-	-	-
At 30 <sup>th</sup> June 2023	579,788	479,784	493,671	1,553,243
Additions	-	-	-	-
Disposals	-	-	-	-
At 30 <sup>th</sup> June 2024	579,788	479,784	493,671	1,553,243
<b>Depreciation and impairment</b>				
At 30 <sup>th</sup> June 2022	(242,050)	-	(209,486)	(451,536)
Depreciation	(23,534)	-	(10,104)	(33,638)
Disposals	-	-	-	-
At 30 <sup>th</sup> June 2023	(265,584)	-	(219,590)	(485,174)
Depreciation	(39,267)	(143,935)	(34,260)	(217,462)
Disposals	-	-	-	-
At 30 <sup>th</sup> June 2024	(304,860)	(143,935)	(253,850)	(702,645)
<b>Net book values</b>				
At 30 <sup>th</sup> June 2023	188,270	-	80,830	1,068,069
At 30 <sup>th</sup> June 2024	274,929	335,849	239,821	850,598

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**Notes to the Financial Statements (Continued)**

**17. Trade and Other Payables from Exchange transactions**

Description	2023 - 2024	2022 - 2023
	Kshs	Kshs
Trade payables	179,500	469,510
<b>Total trade and other payables</b>	<b>179,500</b>	<b>469,510</b>

Notes to the Financial Statements (Continued)

18. Cash Generated from Operations

Description	2023 - 2024	2022 - 2023
	Kshs	Kshs
Surplus for the year before tax	(207,677)	100,282
Adjusted for:		
Depreciation	217,471	33,638
Previous year adj		
Working capital adjustments		
Purchase of assets	-	(832,607)
Bank Overdraft	3,249	
Increase in receivables	(290,010)	548,280
Increase in payables	177,271	250,900
Net cash Increase/(Decrease)	(99,697)	100,493

19. Financial Risk Management

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

i) Credit risk

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

Financial Risk Management

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maximum exposure to credit risk without taking account of the value of any collateral obtained is

**Notes to the Financial Statements (Continued)**  
made up as follows:

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**Notes to the Financial Statements (Continued)**

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 Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

**iii) Market risk**

Peoples Democratic Party has put in place an internal audit function to assist it in assessing the risk faced by the Entity 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 Entity'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 Party'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 Entity's exposure to market risks or the way it manages and measures the risk.

**iv) Interest rate risk**

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

**Management of interest rate risk**

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

**Notes to the Financial Statements (Continued)**

**Sensitivity analysis**

The Entity 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.

**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 *Entity'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 *Entity* considers relevant and observable market prices in its valuations where possible.

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**Notes to the Financial Statements (Continued)**

**20. Events after the Reporting Period**

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

**21. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

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15. Appendices

Appendix 1: 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: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

*R. BKK 30/11/2024*

National Treasurer

PEOPLES DEMOCRATIC PARTY

