

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
THE NATIONAL ALLIANCE PARTY**

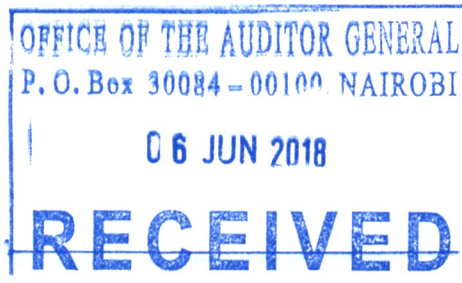
**FOR THE THREE MONTHS
PERIOD ENDED 30 SEPTEMBER 2016**



**THE NATIONAL ALLIANCE
FINANCIAL STATEMENTS**
For three months to 30th September 2016



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



Amended Accounts

THE NATIONAL ALLIANCE
FINANCIAL STATEMENTS
For three months to 30th September 2016

Contents	Pages
Report of the Executive Members	2
Statement of Executive Members responsibility for the financial statements	3
Report of the independent auditors	4
Surplus / (Deficit)	5
Balance sheet	6
Statement of changes in Equity	7
Cash flow statement	8
Notes forming part of the financial statements	9-15

**THE NATIONAL ALLIANCE
REPORT OF EXECUTIVE MEMBERS
For three months to 30th September 2016**

The Executive Members of The National Alliance present their report together with the audited financial statements for three months to 30 September 2016, which disclose the state of affairs of The National Alliance.

Activities

The National Alliance Party is a political Party registered in Kenya. It was officially dissolved on 30th September 2016 to pave way for Jubilee Party.

Results

The Deficit for the year was (Kshs 1,142,025)/= and has been transferred to Reserves.

Management

The following were the Executive Members of the Party during the year:

Mr. Johnson Sakaja	- Chairman
Mr. George Onyango Oloo	- Secretary General
MS.Wambui Gichuru	- National Treasurer
Other Members	- Appendix I

Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way,
P.O. BOX 30084
GPO 00100
Nairobi, Kenya.

By Order of the Board

Secretary

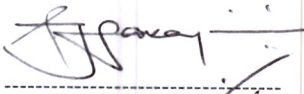
THE NATIONAL ALLIANCE
STATEMENT OF EXECUTIVE MEMBERS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
For three months to 30 September 2016

The Executive Members are required to prepare financial statements for the three months which give a true and fair view of the state of affairs of the Party as at the end of the three months and the results of its operations for the year then ended. In preparing those financial statements the Executive Members are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare financial statements on the going concern basis unless it is inappropriate to presume that the Party will continue in operation.

The Executive Members are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Party and enable them to ensure that the financial statements comply with **International Public Sector Accounting Standards (IPSAS)** and the Political Party's Act. It is responsible for safeguarding the assets of the Party and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Members accept responsibility for the three months financial statements set out on pages 5 to 15 which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements, and estimates, in conformity with the **Accrual Basis of Accounting Methods under the International Public Sector Accounting Standards (IPSAS)** and comply with the political party's Act.



Chairman

Date: 15/05/2018



Secretary General

Date: 15/05/2018

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL ALLIANCE PARTY FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2016

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of The National Alliance Party set out on pages 5 to 15, which comprise the statement of financial position as at 30 September 2016, and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the three (3) months period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

In my opinion, the financial statements present fairly, in all material respects, the financial position of The National Alliance Party as at 30 September 2016, and of its financial performance and its cash flows for the Three (3) Months then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Political Parties Act, 2011.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The National Alliance Party in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters, in my professional judgement, are of most significance to the audit of the financial statements. During the year under audit, there were no Key Audit Matters to communicate in my report.

Report of the Auditor-General on the Financial Statements of The National Alliance Party for the Three Months Period ended 30 September 2016

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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 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.

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 sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Party or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Party's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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.

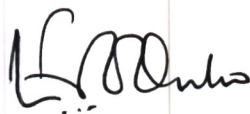
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Party's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Party's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Party's to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Party to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

13 August 2018

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 FOR THREE MONTHS TO 30 SEPTEMBER 2016

STATEMENT OF FINANCIAL PERFORMANCE

	Note	3 Months to Sep-16 shs	12 Months to Jun-16 shs
Income			
Membership Fee	8	7,850,000	2,322,000
Contributions From Members	8	5,470,400	21,488,518
Political Parties Fund	8	37,349,196	139,252,272
Gross Income		50,669,596	163,062,790
Gross Income after SPPF		50,669,596	163,062,790
Recurrent expenditure			
Administrative costs	9	2,819,578	11,878,120
Operating Cost	10	28,255,497	127,879,851
Finance Cost	11	50,570	237,883
Secretariat Staff & Executive costs	12	19,680,018	33,844,783
Depreciation	3	1,005,958	5,098,167
Total Expenditure		51,811,621	178,938,805
Surplus/Deficit		(1,142,025)	(15,876,015)
Net Surplus/Deficit		(1,142,025)	(15,876,015)

The notes on pages 9 to 15 form an integral part of these financial statements.

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 FOR THREE MONTHS TO 30 SEPTEMBER 2016

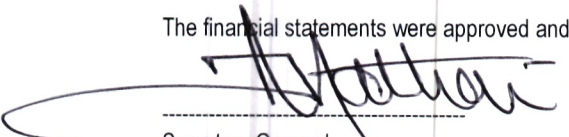
STATEMENT OF FINANCIAL POSITION.

	Notes	3 Months to Sep-16 shs	12 Months to Jun-16 shs
ASSETS			
Non-current assets			
Property, plant and equipment	3	21,700,817	22,706,776
Current assets			
Receivables	4	2,662,869	2,312,869
Cash and bank balances	6	172,616	3,037,987
		2,835,485	5,350,856
Total assets		24,536,302	28,057,631
CAPITAL EMPLOYED			
Capital and Reserves			
Accumulated Fund	7	(11,755,032)	(10,463,007)
		(11,755,032)	(10,463,007)
Current liabilities			
Payables	5	36,291,333	38,520,638
Non Current Liabilities			
		36,291,333	38,520,638
Total reserves and liabilities		24,536,302	28,057,631

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The notes on pages 9 to 15 form an integral part of these financial statements.

The financial statements were approved and signed on 15/05/2018


 Secretary General


 National Treasurer

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 FOR THREE MONTHS TO 30 SEPTEMBER 2016

STATEMENT OF CHANGES IN EQUITY.

	Note		Accumulated Fund shs	Total shs
Balance at 01-07-2015			5,263,008	5,263,008
Surplus/Deficit	Inc	-	(15,876,015)	(15,876,015)
Addition During The Year (Donation in kind)				-
Balance at 30-06-2016		-	(10,613,007)	(10,613,007)
Balance at 01-07-2016		-	(10,613,007)	(10,613,007)
Surplus/Deficit	Inc	-	(1,142,025)	(1,142,025)
Addition During The Year		-	-	-
Balance at 30-09-2016		-	(11,755,032)	(11,755,032)

The notes on pages 9 to 15 form an integral part of the financial statements.

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 FOR THREE MONTHS TO 30 SEPTEMBER 2016

STATEMENT OF CASH FLOWS.

	Note	3 Months to Sep-16 shs	12 Months to Jun-16 shs
Cash generated from operating activities			
Surplus before capital expenditure		(1,142,025)	(15,876,015)
Add Back Depreciations	3	1,005,958	5,098,167
Losses on Burglary & Non Cash Items		-	(3,867,943)
Adjusted Profit before changes in working capital		<u>(136,067)</u>	<u>(14,645,790)</u>
Changes in Working Capital Items			
Increase/Decrease in Account Receivables		(350,000)	(332,000)
Increase/Decrease in Account payables		<u>(2,379,304)</u>	<u>3,533,938</u>
Net cash from operating activities		<u>(2,865,371)</u>	<u>(11,443,852)</u>
Investing activities			
Acquisition of capital assets	3	-	(4,253,610)
Disposal of Capital Assets			
Net cash used in investing activities		<u>-</u>	<u>(4,253,610)</u>
Financing activities			
Net Cash Used in Financing Activity		<u>-</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents		<u>(2,865,371)</u>	<u>(15,697,462)</u>
Balance at 01-07-2016		<u>3,037,987</u>	<u>18,735,448</u>
Balance at 30-09-2016		<u><u>172,616</u></u>	<u><u>3,037,987</u></u>

The notes on pages 9 to 15. form part of the integral part of the financial statements.

THE NATIONAL ALLIANCE
FINANCIAL STATEMENTS
For three months to 30th September 2016

Notes forming part of the financial statements

1. Party Information

The National Alliance is a Political party registered in Kenya

2. Principal accounting policies

a) Basis of preparation

The financial statements have been prepared on the historical cost basis of accounting, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

b) Statement of compliance

The financial statements have been prepared in accordance with the policies and guidelines of The National Alliance.

c) Receipt recognition

Receipts are recognized in the period of receipt by reference to completion of the specific transaction involved.

d) Expenditure

Expenditure is recognized and recorded on an accruals basis and analyzed according to budget lines.

e) Property and equipment

Property and equipment used within the organization and purchased from receipts for those specific purposes are capitalized on acquisition as fixed asset expense. The question of ownership of such assets is subject to various agreements between the members of the organization.

All other property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is attributable to the acquisition of the items. Depreciation is calculated on the reducing balance basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:

Motor vehicle	25%	per annum
Computers	30%	per annum
Equipment	12.5%	per annum
Furniture and Fittings	12.5%	per annum

Depreciation is charged in the year of acquisition in full.

**THE NATIONAL ALLIANCE
FINANCIAL STATEMENTS
For three months to 30th September 2016**

Notes forming part of the financial statements

f) Inventories

Inventories of stationaries are expensed to the income statement when incurred.

g) Taxation

Taxation has been provided for based on the current tax legislation.

h) Cash and cash equivalents.

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash at hand and bank.

i) Equity

The capital reserve represents funds committed in non-current assets.

THE NATIONAL ALLIANCE
FINANCIAL STATEMENTS
FOR THREE MONTHS TO 30 SEPTEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

	Motor Vehicles	Furniture, Fittings & Equipment	Computer Equipment	Total
3. Property, plant and equipment	shs	shs	shs	shs
At 01-07-2015	18,850,000	15,283,663	5,024,289	39,157,952
Additions during the year	-	4,138,510	115,100	4,253,610
lost Computers	-	-	-	-
Total at 30-06-2016	18,850,000	19,422,173	5,139,389	43,411,562
Accum. Depreciation				
At 01-07-2015	10,897,656	3,161,040	1,547,923	15,606,619
Charge for the year	1,988,086	2,032,642	1,077,440	5,098,167
Accum. Depreciation on Lost Computers	-	-	-	-
Total at 30-06-2016	12,885,742	5,193,681	2,625,363	20,704,786
Accum. Depreciation				
At 01-07-2016	12,885,742	5,193,681	2,625,363	20,704,786
Charge for the 3 Months	372,766	444,640	188,552	1,005,958
Total at 30-09-2016	13,258,508	5,638,322	2,813,915	21,710,745
Net Book Values				
At 30-09-2016	5,591,492	13,783,851	2,325,474	21,700,817
At 30-06-2016	5,964,258	14,228,492	2,514,026	22,706,776

**THE NATIONAL ALLIANCE
FINANCIAL STATEMENTS
FOR THREE MONTHS TO 30 SEPTEMBER 2016**

Notes forming part of the financial statements

	3 Months to Sep-16 shs	12 Months to Jun-16 shs
4. Debtors and Prepayments		
Balances due from		
Deposits Refundables	2,312,869	2,312,869
Prepaid Rent	350,000	
	2,662,869	2,312,869
5 Accounts Payable		
Payables	16,293,079	17,772,384
Accruals	19,998,254	19,998,254
Orwa and Company	-	750,000
	36,291,333	38,520,638
6. (a) Cash and bank balances		
Co-operative Bank 1	33,269	2,560,336
Co-operative Bank 2	84,402	406,012
Equity Bank	54,945	54,945
Petty Cash	-	16,694
	172,616	3,037,987

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 FOR THREE MONTHS TO 30 SEPTEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

	3 Months to Sep-16 shs	12 Months to Jun-16 shs
7. Accumulated Fund		
Balance at 01-07-2016	(10,613,007)	5,263,008
Movement	(1,142,025)	(15,876,015)
Balance at -30-09-2016	<u>(11,755,032)</u>	<u>(10,613,007)</u>

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 FOR THREE MONTHS TO 30 SEPTEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

. Schedule to the income statement

	3 Months to Sep-16 shs	12 Months to Jun-16 shs
8. Income		
Membership Fee	7,850,000	2,322,000
Contributions From Members	5,470,400	21,488,518
Political Parties Fund	37,349,196	158,979,846
Total Income	50,669,596	182,790,364
Share of Political Parties Fund		19,727,574
Net Income	50,669,596	163,062,790
9. Administration costs		
Electricity and Water	40,200	344,616
Telephone, postage and Internet	74,300	204,846
Rent and Rates	2,659,350	9,443,900
Audit Fee	-	750,000
Cleaning and Landscaping Expenses	1,000	601,670
Office General Expenses	44,728	350,900
Insurance	-	132,188
Subscription	-	50,000
	2,819,578	11,878,120

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 FOR THREE MONTHS TO 30 SEPTEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

Schedules to the income statement

	3 Months to Sep-16 shs	12 Months to Jun-16 shs
10. Operating Costs		
Advertisements and Communication Expenses	550,396	1,023,181
Printing and Reproductions	748,985	8,564,516
Counties and National Forum Expenses	5,781,000	52,509,958
Traveling and Meeting Expenses	15,761,122	8,144,791
By Election Related Expenses	-	31,577,582
Mobilization and Logistics Expenses	-	-
Operational Consultancy and Legal Expenses	4,824,654	15,491,000
Repair and Maintenance	7,800	825,835
Training Expenses	-	3,482,660
Nomination Expenses	-	3,744,000
Security Expenses	581,540	2,277,528
Motor Vehicle Running Expenses	-	238,800
	<u>28,255,497</u>	<u>127,879,851</u>
11. Financial Costs		
Bank Charges and Interests	50,570	237,883
	<u>50,570</u>	<u>237,883</u>
12. Secretariat Staff & Executive Costs		
Salaries , Wages and Allowances	19,110,000	32,350,703
Staff Welfare	570,018	1,494,080
	<u>19,680,018</u>	<u>33,844,783</u>