

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 03 MAR 2026 DAY: Tuesday

TABLED BY: Hon. Naomi Wago, MP
Deputy majority whip

CLERK-AT-THE-TABLE: Mado Atabu

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REPORT

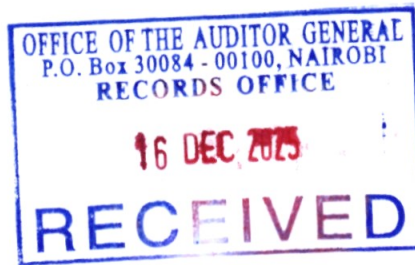
OF

THE AUDITOR-GENERAL

ON

PROGRESSIVE PARTY OF KENYA

FOR THE YEAR ENDED
30 JUNE, 2025



UNITY, VISION, PROGRESS



MULIKA MAENDELEO

Progressive Party of Kenya (PPOK)

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Progressive Party of Kenya
Annual Report and Financial Statements for the year ended 30 June 2025.

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1. Acronyms, Abbreviations and Definition of Terms.

A: Acronyms

SG	Secretary General
ED	Executive Director
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PFM	Public Finance Management
PPE	Property, Plant and Equipment
PSASB	Public Sector Accounting Standards Board
PPA	Political Parties Act
ORPP	Office of the Registrar of Political Parties
IDRM	Internal Dispute Resolution Mechanism
NEC	National Executive Council
NDC	National Delegates Council
NGC	National Governing Council
PPF	Political Party Fund

B: Definition of Key Terms

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

Comparative Year - Means the prior period.

Accrual Basis of Accounting - A method of accounting whereby income is recorded when earned and expenses are recognized when incurred, regardless of when cash is received or paid.

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Governance - The systems, structures, and processes by which the Party is directed, controlled, and held accountable to its members and stakeholders.

Predetermined Objectives - Strategic goals and targets set by the Party at the beginning of a financial year, against which performance is assessed.

Sustainability Reporting - Disclosure of the Party's economic, social, and environmental performance, and its long-term impact on stakeholders and the community.

Internal Dispute Resolution Mechanism (IDRM) - Formal structures and processes established within PPOK to manage and resolve disputes among members fairly and transparently.

Net Assets - The residual interest in the assets of PPOK after deducting all liabilities.

Political Party Fund (PPF) - Funds allocated by the Government of Kenya through the Office of the Registrar of Political Parties (ORPP) to eligible political parties, as stipulated under the Political Parties Act.

2. Key Political Party Information and Management

(a) Background information

The Progressive Party of Kenya (PPOK) is a fully registered political party established under the provisions of the Political Parties Act (PPA), 2011, and is regulated in accordance with its subsequent amendments and related electoral laws. The Party is domiciled in Kenya, with its headquarters in Nairobi and an active presence across 24 other counties. Through its county branches, PPOK seeks to foster grassroots participation and ensure that its agenda resonates with citizens across diverse communities.

(b) Principal Activities

The core mandate of the Party is to champion inclusivity and equity in Kenya's political and governance landscape. PPOK provides a platform for historically marginalized groups—particularly women, youth, and persons with disabilities (PWDs)—to actively participate in politics, leadership, and decision-making processes.

To achieve this, the Party undertakes the following principal activities in line with the Political Parties Act, 2011:

- **Member Recruitment and Mobilization** – expanding its membership base across all regions to build a strong, diverse, and representative movement.
- **Nomination of Candidates** – conducting fair and transparent nomination processes to present candidates for elective positions at both national and county levels.
- **Representation in Parliament and County Assemblies** – ensuring that the voices of members and the public are represented in legislative processes and oversight functions.
- **Civic Education and Public Awareness** – promoting political literacy, democratic values, and citizen engagement to strengthen participatory governance.

Guided by our progressive values and in compliance with the Political Parties Act (PPA), 2011, the Party positions itself as a vehicle for transformative representation—challenging outdated systems of exclusion and advancing a people-centred model of governance.

(c) Key Management

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

No.	Designation	Name
1.	National Executive Council	NEC
2.	Secretary-General	Clementine Osodo
3.	Chairman	Evans Misati James

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No.	Designation	Name
4.	Executive Director	Patrick Kiarie Koigi

(d) Fiduciary Management

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

No.	Designation	Name
1.	National Chairman	Evans Misati James
2.	Secretary-General	Clementine Osodo
3.	Organising Secretary	Susan Kieti
4.	Executive Director	Patrick Kiarie Koigi

(e) Fiduciary Oversight Arrangements

The Progressive Party of Kenya (PPOK) has established robust fiduciary oversight structures to ensure transparency, accountability, and prudent management of both financial and non-financial resources. These mechanisms are aligned with the principles of good governance and the requirements of the Political Parties Act (PPA), 2011, the International Public Sector Accounting Standards (IPSAS), and other relevant regulatory and statutory frameworks applicable to political parties in Kenya.

The key fiduciary oversight arrangements include:

- **National Executive Council (NEC):** The highest decision-making organ of the Party responsible for policy direction, strategic oversight, and approval of financial and operational plans. The NEC also monitors implementation of programs and ensures compliance with statutory requirements.
- **Finance Committee:** A specialized committee tasked with overseeing the Party's financial planning, budgeting, and reporting. The Finance Committee ensures that resources are allocated efficiently, expenditures are within approved budgets, and financial statements are prepared in compliance with IPSAS.
- **Audit and Risk Committee:** This committee provides independent oversight of risk management, financial controls, and internal audit processes. It evaluates the adequacy of internal control systems and makes recommendations to strengthen accountability and mitigate risks.
- **Oversight Committees:** These include thematic and sectoral committees established by the NEC or the National Governing Council (NGC) to monitor specific functions such as procurement, compliance, and program delivery.

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- ***National Governing Council (NGC):*** Provides intermediate oversight between the National Delegates Council (NDC) and NEC. It ensures that the Party's strategic direction, including fiduciary matters, is adhered to and aligned with its constitutional mandate.
- ***National Delegates Council (NDC):*** As the supreme organ of the Party, the NDC plays a critical role in approving audited financial statements, budgets, and other fiduciary matters of national importance.

Together, these oversight arrangements ensure that the PPOK upholds the principles of integrity, accountability, and stewardship in the management of resources entrusted to it by members, the Political Parties Fund (PPF), and other stakeholders.

(f) Party Headquarters

P.O BOX 16923-00100 Nairobi, Kenya.
Wu Yi Plaza- Wing 9A 5th Floor,
Galana Road, Kilimani,
Nairobi, Kenya.

(g) Party Contacts

Tel: +254-722-753173
Emails; progressivepartyofkenya@gmail.com
Website: www.ppok.co.ke

(h) Party Bankers

Co-operative Bank
Parliament Road
A/C No: 01148124103300

(i) Independent Auditor










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

(j) Principal Legal Adviser

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





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3. The National Executive Committee

No.	Name	Passport	Position	Academic Professional
1.	Moses Akaranga		Party Leader	Master's in business administration (MBA)
2.	Evans Misati		Chairman	Master's Degree: Project Management
3.	Clementine Osodo		Secretary General	Undergraduate: Mass Communication and Journalism
4.	Susan Kieti		Organizing Secretary	Undergraduate: Human Resource Management
5.	Patrick Kiarie		Executive Director	Undergraduate: Finance
6.	Maureen Opondo		Women Leader	
7.	Naomi Mandela		PWD Leader	
	Abel Mokua		Youth Leader	Undergraduate: Applied Statistics & Computing
8.	Joseph Momanyi		Director of Elections	

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4. The Key Management Team

No.	Passport Photo	Name	Position	Responsibilities	Qualifications
1.		Evans Misati James	Chairman	Provides overall leadership, chairs party meetings, and ensures implementation of strategic decisions.	Post-Graduate degree in Project Management and Planning.
2.		Clementine Osodo	Secretary General	Oversees the administration, communication, and coordination of all party activities.	Undergraduate: Mass Communication and Journalism
3.		Susan Kieti	Organizing Secretary	Plans and manages membership drives, campaigns, and organizational logistics.	Bachelor of Commerce (Finance specialization) St Paul's University
4.		Patrick Kiarie	Executive Director	Supervises daily secretariat operations and executes programs approved by the NEC.	Finance Graduate from the University of Nairobi.

5. PPOK Party Chairman's Statement



It is my honour to present an overview of the Progressive Party of Kenya's activities and progress for the period ending June 30th, 2025. This year has been defined by steady growth, internal strengthening, and constructive engagement.

Our greatest success has been the significant strengthening of our foundation. I am pleased to report a notable increase in our registered membership, reflecting a growing trust in our vision for a progressive Kenya. This growth has been matched by the successful conduct of peaceful and democratic internal county-level elections, which have revitalized our grassroots structures and demonstrated our commitment to internal democracy.

We have focused on building a robust and issue-oriented party. Through nationwide civic education programs and regular stakeholder engagements, we have fostered constructive dialogue on national issues. Our party has participated meaningfully in the national conversation, advocating for policies that promote unity, development, and opportunity for all citizens.

The National Executive Committee (NEC) has remained stable and focused, providing steady leadership. We have worked diligently to implement our strategic plan, prioritizing organizational development and member engagement. Our collective effort is building a party that is prepared for the future and dedicated to serving the Kenyan people.

While the political environment presents its challenges, PPOK remains committed to a politics of ideas and solutions. We see immense opportunity in the growing desire for positive change and are positioning ourselves as a credible, national alternative focused on the future.

I extend my deepest gratitude to every member and official for their unwavering dedication. Together, we will continue to work diligently and responsibly to earn the trust of Kenyans and build a brighter future for our nation..

For God and Country.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'E. Misati', written over a horizontal line.

Evans Misati

NATIONAL CHAIRMAN

6. Report of the Secretary-General



To the Party Leadership and Members,

This report outlines the key operational highlights for the Progressive Party of Kenya (PPOK) for the period ending June 30th, 2025. The year was marked by significant growth and organizational strengthening.

Our membership drive was highly successful, yielding a notable increase in registered members nationwide. This growth was supported by the peaceful and successful conduct of grassroots elections, which strengthened our democratic structures and installed committed leadership across numerous counties and wards.

To accommodate this growth and improve coordination, we expanded our physical presence by establishing new county offices in strategic regions, bringing the party closer to our members.

To build on this progress, the Secretariat has also intensified stakeholder engagement, policy research, and digital transformation efforts to modernize party operations. We have initiated the development of a digital membership system to enhance transparency, improve data management, and streamline communication with members across the country. In parallel, the party strengthened collaborations with like-minded organizations and civil society partners to advance our shared vision of accountable and inclusive governance. These efforts position PPOK as a credible and forward-looking political movement ready to champion progressive policies and meaningful citizen participation in Kenya's democratic journey.

Financially, the party operated in a stable and sustainable manner. We adhered strictly to our approved budget, ensuring resources were allocated efficiently to key priority areas such as administration, member mobilization, and civic education. Our focus remains on prudent financial management to support the party's long-term goals.

The party's operations are robust, and our trajectory is positive. I thank the secretariat and all members for their dedication in building a stronger, more united PPOK.

Yours sincerely,



Clementine Osodo

SECRETARY-GENERAL

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7. Statement of Performance against Predetermined Objectives for 2024/2025.

No	Program/Activity	Key Performance Indicator	Target	Achievement	Remarks
1.	Membership Recruitment	No of Members	2,500	1,000	Partially met. Achieved 40% of the target; a significant gap of 1,500 members. The shortfall was mainly due to limited financial resources and the delayed rollout of digital registration tools, though recruitment momentum is improving as county branches strengthen outreach.
2.	Capacity Building Sessions	No of Members	250	200	Nearly met. Achieved 80% of the target; shortfall of 50 members.
3.	Civic Education Sessions	No of Members	5	3	Partially met. Achieved 60% of the target; shortfall of 2 sessions. The sessions conducted were impactful and well-attended, though expansion to more counties was deferred due to logistical and budget limitations.
4.	PWD Empowered	No of Members	100	60	Partially met. Achieved 60% of the target; shortfall of 40 members. Implementation challenges stemmed from accessibility gaps in some counties, but new partnerships with local PWD networks are expected to improve future reach.
5.	Women Empowered	No of Members	100	60	Partially met. Achieved 60% of the target; shortfall of 40 members. The initiative recorded strong engagement in urban centers but slower uptake in rural areas; enhanced coordination with the Women's League is planned for the next cycle.
6.	Youth Empowered	No of Members	100	60	Partially met. Achieved 60% of the target; shortfall of 40 members. The youth program demonstrated growing interest, though activities were limited by funding constraints; the upcoming year will prioritize digital engagement and mentorship programs.
7.	Elections held	No of Elections	100	60	Partially met. Achieved 60% of the target; shortfall of 40 elections.

8. Party Governance Statement.

The Progressive Party of Kenya (PPOK) has adopted a governance structure designed to uphold transparency, accountability, and inclusivity in decision-making. The structure ensures that power is devolved from the **Supreme Organ** (the National Delegates Congress) down to county, branch, and grassroots levels, with specialized organs for dispute resolution, elections, and accountability.

Role and Composition of the National Delegates Congress (NDC)

The **National Delegates Congress (NDC)** is the **supreme decision-making organ** of the Party.

Role:

- Determines the overall policy direction of the Party.
- Elects national officials of the Party, including the Party Leader, Chairperson, and Secretary-General.
- Amends the Party Constitution and reviews policies.
- Provides final approval for coalition agreements and political strategies.

Composition:

- Party Leader (Chairperson of the NDC).
- Members of the National Executive Committee (NEC).
- County Chairpersons.
- Branch/Ward Delegates.
- Diaspora Representatives (recognized by NEC).

Nomination of Delegates: Delegates are nominated by the County and Branch Committees based on the Constitution of the Party.

Meetings: The NDC is convened at least **once every five years**, with special sittings called as necessary.

National Governing Body – National Executive Committee (NEC)

The **NEC** serves as the **governing and management body** of the Party.

Role:

- Implements resolutions of the NDC.
- Oversees daily operations of the Party.
- Approves party budgets and resource mobilization.
- Provides strategic direction in policy, governance, and elections.
- Monitors performance of specialized leagues and committees.

Composition:

- National Chairman (Head of NEC).
- Party Leader.
- Secretary-General.
- Deputy Secretary-General.
- National Treasurer.
- National Organizing Secretary.
- National Director of Elections.
- National Women Leader.
- National Youth Leader.
- National PWDs Leader.

Up to **10 co-opted members**.

Meetings: The NEC meets **quarterly**, with emergency meetings called by the Party Leader or Chairman.

Committees Under the NEC

To strengthen governance and accountability, the NEC establishes **specialized committees** with specific mandates.

1. Internal Dispute Resolution Committee (IDRC)

Role: Handles disputes arising from nominations, membership, or conflicts within the Party.

Composition: Senior Party members with legal, mediation, or governance expertise.

Meetings: Convenes on an ad-hoc basis, but must issue rulings within 30 days of filing a dispute.

2. Disciplinary Committee

Role: Enforces the Party's code of conduct and discipline of members.

Composition: Chaired by the Party Leader and includes NEC members.

Meetings: Meets whenever disciplinary cases are referred by the NEC.

3. Election Board

Role: Oversees party primaries, internal elections, and ensures compliance with electoral laws.

Composition: Independent officials appointed by NEC with approval of NDC.

Meetings: Held before and during nomination/election periods.

4. Finance Committee

Role: Oversees fundraising, budgeting, and financial management of the Party.

Composition: Chaired by the National Treasurer, includes the Secretary-General and two NEC members.

Meetings: Meets **bi-annually** to review budgets and resource mobilization.

5. Audit and Risk Committee

Role: Ensures financial accountability, risk management, and compliance with laws.

Composition: Independent members with financial and legal expertise, appointed by NEC.

Meetings: At least **twice annually** to review reports and advise NEC.

6. Other Ad-hoc Committees

Established by the NEC to address emerging issues such as coalition building, policy research, and civic education.

Specialized Leagues and Wings

Women's League: Led by the National Women Leader, focuses on gender equality and women empowerment.

Youth Wing: Led by the National Youth Leader, mobilizes youth participation in leadership and governance.

PWDs Wing: Represents interests of persons with disabilities in the Party.

County and Grassroots Governance

County Executive Committees (CEC): Headed by County Chairpersons, coordinate party activities at county level.

Governors' Caucus: Provides leadership at the county executive level.

Branch/Ward Organs: Represent the Party at community level, chaired by elected Branch leaders.

Diaspora Branches: Formally recognized by NEC, ensuring participation of members abroad.

9. Management Discussion and Analysis.

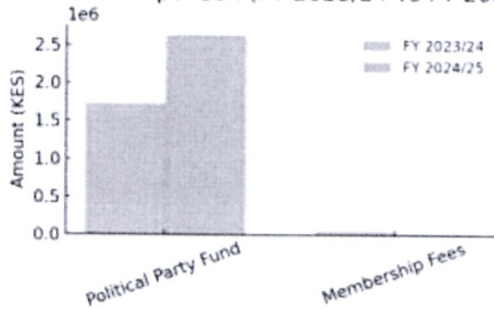
Trend Analysis:

Over the past three financial years (FY 2022/23 – FY 2024/25), the Progressive Party of Kenya (PPOK) has exhibited a steady and sustainable growth pattern in both financial and operational indicators. Income from the Political Parties Fund increased marginally by an average of 4% annually, reflecting predictable government disbursements and prudent budget alignment. Expenditure growth averaged 6%, driven mainly by expanded civic education and internal election activities, while administrative costs decreased by approximately 4% as a result of efficiency measures and digitalization of processes.

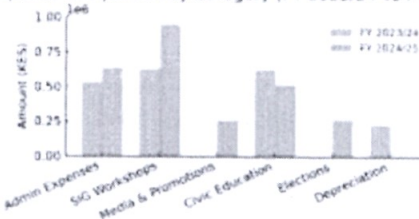
In terms of programmatic investment, allocations toward Special Interest Groups (SIGs) and Civic Education rose consistently, signaling the Party’s policy shift toward inclusivity and democratic participation. Meanwhile, membership registration increased by about 45% over the same period, indicating positive momentum in grassroots mobilization and public trust.

Operationally, PPOK’s performance demonstrates resilience, with key indicators—such as membership, financial efficiency, and program outreach—improving steadily despite fiscal constraints. The general trend suggests moderate but stable growth, a maturing institutional structure, and enhanced financial accountability, positioning PPOK for a stronger nationwide presence in the upcoming electoral cycle.

Revenue Comparison (FY 2023/24 vs FY 2024/25)



Expense Comparison by Category (FY 2023/24 vs FY 2024/25)



10. Environmental and Sustainability Reporting.

i) Sustainability Strategy and Profile

The Progressive Party of Kenya (PPOK) is committed to a sustainability strategy that integrates ethical governance, social equity, and environmental stewardship into our core operations. Our approach is guided by the broader national trends towards climate resilience and the constitutional imperative for sustainable development. We align our priorities with international best practices such as the UN Sustainable Development Goals (SDGs), focusing on goals related to gender equality, climate action, and peace, justice, and strong institutions. A key achievement has been the mainstreaming of sustainability principles into our party manifesto and civic education programs to reduce internal carbon footprint, an area identified for improvement in the coming year.

ii) Environmental Performance

While our direct environmental impact is limited, our policy mandates digital-first communication to reduce paper waste, energy-saving measures in our offices, and the prioritization of virtual meetings where possible to minimize travel-related emissions. Our "product" is our political agenda, and we strive to reduce its environmental impact by championing policies that support a green economy and climate change mitigation.

iii) Employee Welfare

Our hiring policy expressly prohibits discrimination and actively promotes gender balance, striving for a minimum of a two-thirds gender rule as per the Kenyan Constitution at all levels of the secretariat. Hiring considers not only qualifications but also a commitment to the party's values, with input from relevant stakeholders. These policies are reviewed biennially. While formal career structures are still developing, we invest in our staff through training on political processes, governance, and project management. Performance is appraised annually against set objectives, with non-monetary rewards and recognition used to motivate staff.

a) Responsible Supply Chain & Supplier Relations

The party maintains ethical business practices by dealing with registered, compliant suppliers. We honour our contractual obligations and are committed to respecting agreed-upon payment terms, ensuring our suppliers are paid promptly for goods and services rendered, thus supporting local businesses.

b) Responsible Marketing and Advertising

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Annual Report and Financial Statements for the year ended 30 June 2025.

All party communication and advertising are conducted with honesty and integrity. We adhere to the Code of Conduct for the Practice of Marketing in Kenya and EC guidelines, avoiding misinformation, hate speech, and ethnic divisiveness. Our marketing efforts focus on issue-based policies rather than personal attacks.

c) Product Stewardship

Our "product" is our political vision and representation. We steward this by safeguarding the rights and interests of our members and the public through transparent nomination processes, robust internal dispute resolution mechanisms, and holding our elected representatives accountable to the highest standards of integrity and service delivery.

iv) Corporate Social Responsibility / Community Engagements

Our CSR is embedded in our civic duty. This year, our primary engagement was a "**Civic Education Drive**" focused on voter registration, constitutional rights, and environmental sustainability. While we did not engage in significant charitable giving, the investment of volunteer time and resources in these free public seminars constitutes our core social investment, empowering communities with knowledge for greater societal good.

11. Report of the National Executive Committee

The National Executive Committee hereby submits its report together with the audited financial statements for the year ended 30 June 2025, which present a true and fair view of the Party's affairs.

i) Principal activities

The principal activities of the Progressive Party of Kenya (PPOK) during the year were centered on championing inclusivity, equity, and transformative representation in Kenya's political landscape. Our core mandate involved the active recruitment and mobilization of members, the nomination of candidates for elective office, representation in legislative bodies, and the delivery of civic education to promote democratic values and citizen engagement. The Party continues to focus on providing a platform for women, youth, and persons with disabilities to participate fully in the political process.

ii) Results

The financial results for the year ended 30 June 2025 are set out on pages 1 to 5. The Party recorded a net surplus of Ksh 11,098, a significant improvement from the previous year's deficit, driven by prudent financial management and the effective and on-time disbursement of funds from the Political Parties Fund. Operational achievements, including membership growth and the successful conduct of grassroots elections, are detailed in the Statement of Performance against Predetermined Objectives and the Secretary-General's report.

iii) National Executive Committee

The members of the National Executive Committee who served during the financial year are listed on page 4. The Committee remained stable throughout the year, with no resignations or new appointments, providing consistent and focused leadership in the execution of the Party's strategic objectives.

iv) Auditors

In accordance with Article 229 of the Constitution of Kenya and the Public Audit Act, 2015, the Auditor-General is responsible for the statutory audit of the Party. For the year ended 30 June 2025, the Auditor-General nominated a team of Certified Public Accountants from OAG to carry out the audit of the financial year 2023/2024 on their behalf under the provisions of Section 23 of the Public Audit Act, 2015.

By Order of the National Executive Committee



.....

Name

Clementine Ososdo
Secretary General

12. Statement of National Executive Committee Responsibilities.

Section 31 of the Political Parties Act and Article 10 of the PPOK Constitution require the National Executive Committee (NEC) to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Party and of its operating results. The NEC is also required to ensure the Party maintains proper accounting records that disclose with reasonable accuracy its financial position and to safeguard the Party's assets.

The NEC is responsible for the preparation and presentation of these financial statements for the year ended 30 June 2025. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring their effectiveness throughout the reporting period.
- (ii) Maintaining proper accounting records which disclose with reasonable accuracy the financial position of the Party at any time.
- (iii) Designing, implementing, and maintaining internal controls relevant to the preparation of financial statements free from material misstatement, whether due to fraud or error.
- (iv) Safeguarding the assets of the Party and taking reasonable steps for the prevention and detection of fraud and other irregularities.
- (v) Selecting and applying appropriate accounting policies.
- (vi) Making accounting estimates that are reasonable in the circumstances.

The NEC accepts responsibility for these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and the requirements of the Political Parties Act. The NEC is of the opinion that the financial statements give a true and fair view of the Party's financial transactions during the year and its financial position as at 30 June 2025.

The NEC further confirms the completeness of the accounting records maintained for the Party, which have been relied upon in preparing these statements, and affirms the adequacy of the systems of internal financial control.

In preparing the financial statements, the NEC has assessed the Party's ability to continue as a going concern. Nothing has come to the attention of the NEC to indicate that the Party will not remain a going concern for at least the next twelve months from the date of this statement.

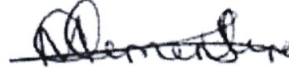
Approval of the financial statements

Progressive Party of Kenya

Annual Report and Financial Statements for the year ended 30 June 2025.

The Party's financial statements were approved by the National Executive Committee on 25 August 2025 and are signed on its behalf by:

Signature:



Name:

Evans Misati James
NEC Chairperson

Clementine Osodo
Secretary General

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON PROGRESSIVE PARTY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance, which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report, when read together, constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Progressive Party of Kenya set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets,

statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Progressive Party of Kenya as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Political Parties Act, 2011 (Revised, 2022) and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Progressive Party of Kenya Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Party in the 2024/2025 financial year revealed that the following seven (7) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2022/2023 and 2023/2024	Failure to Open Party Branch Offices
2	2022/2023	Inaccuracies in the Financial Statements
3	2022/2023	Administrative Expenses Exceeding Statutory Limit
4	2023/2024	Lack of Risk Management Policy and Information Technology Strategic Plan
5	2022/2023 and 2023/2024	Lack of Internal Audit Function
6	2022/2023 and 2023/2024	Lack of Human Resource Instruments
7	2023/2024	Lack of Segregation of Duties

Other Information

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

In connection with my audit on the Party's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with Climate Change Financing Requirements

Review of records revealed that the Party did not allocate resources in its annual budget towards Climate Change activities. This was contrary to Regulations 6(1)(d) and 15(2)(a) of the Climate Change Regulations, 2021, which require each public entity at both the National and County Governments to dedicate an amount in its annual budget towards Climate Change activities. The regulations also require each entity to designate a Unit with adequate staff and financial resources and appoint a senior officer as Head of the Unit to coordinate the mainstreaming of the Climate Change action plan and other Climate Change statutory functions and mandates into sectoral strategies for implementation.

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

2. Failure to Prepare and Submit Quarterly Reports and Bank Reconciliation Statements

During the year under review, the Party Management did not prepare monthly bank reconciliation statements and quarterly reports as required by Regulations 90(1) and 65

of the Public Finance Management (National Government) Regulations, 2015. The regulations require Accounting Officers to prepare monthly bank reconciliation statements by the 10th of the subsequent month and quarterly reports by the 15th day of each quarter and submit a copy to The National Treasury, with a copy to the Auditor-General.

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

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

As previously reported, it was observed that the Party operated only three (3) Offices in Nairobi City, Kisii, and Nyamira Counties. Further, Management did not provide supporting evidence such as lease agreements, staff list, or reports of Party activities confirming that the Party had established offices in at least twenty-four (24) Counties. This was contrary to Section 7(2)(f)(iii) of the Political Parties Act, 2011, which states that a provisionally registered Political Party shall be qualified to be fully registered if it has submitted to the Registrar the location and addresses of the branch offices of the Political Party, which shall be in more than half of the Counties.

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

4. Non-Compliance with the Public Procurement and Asset Disposal Act, 2015

During the year under review, the Party Management procured various goods and services amounting to Kshs.1,994,900, comprising expenditures for special interest groups (contracted services) of Kshs.953,000, and advocacy and electoral expenses (media campaign) of Kshs.1,041,900 as disclosed in Notes 9 and 10, respectively, to the financial statements. However, the following anomalies were noted:

- i. The Party did not have qualified procurement personnel to oversee the procurement of goods and services, and issue a professional opinion. Further, there was no Annual Procurement Plan aligned to the budget and the work plan, contrary to Section 45(3) of the Public Procurement and Asset Disposal Act, 2015, which requires that all procurement processes be within the approved budget of the procuring entity and planned through an annual procurement plan;
- ii. The Party did not prequalify suppliers of goods and services, nor were the required Procurement Committees, such as Opening, Evaluation and Inspection Committees, established to oversee procurement processes;
- iii. Goods and services were procured using cash payments, even in instances where the cost exceeded Kshs.50,000 threshold, contrary to Section 107 (b) of the Public Procurement Act, 2025 and related regulations, which restrict the use of low-value procurement to goods, works, or services whose estimated value does not exceed the set maximum per financial year; and,
- iv. No records were provided to verify requisitions for goods, delivery dates and quantities received, dates goods were recorded in stores, or their subsequent issue for use.

In the circumstances, Management was in breach of the law, and the regularity of the expenditure of Kshs.1,994,900 could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of an Internal Audit Function

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

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of 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

15 December, 2025

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

	Notes	2024/2025 Ksh	2023/2024 Ksh
Revenue from non-exchange transactions			
Political Party Funds (2024-2025)	6	2,623,998	1,726,759
Membership fees	7	20,000	55,130
Total revenue		2,643,998	1,781,889
Expenses			
Administrative Expenses	8	638,000	533,020
Special Interest Groups expenses	9	953,000	628,081
Advocacy and Electoral Expenses	10	1,041,900	625,758
Depreciation	11	178,209	228,775
Total expenses		2,811,109	2,015,634
Other gains or losses			
Net Surplus for the year		(167,111)	(233,745)

The notes set out from 7 to 28 form an integral part of these financial statements. The annual report and financial statements set out on pages 1 to 5 were signed on behalf of the National Executive Committee by:



.....
Clementine Osodo
Secretary-General

25/08/2025



.....
Walter Odenyi
Accounting Officer
ICPAK M/No: 27815

25/08/2025



.....
Evans Misati James
National Chairman

25/08/2025

Progressive Party of Kenya
Annual Report and Financial Statements for the year ended 30 June 2025.

15. Statement of Financial Position as of 30 June 2025.

	Notes	2024/2025	2023/2024
		Ksh	Ksh
ASSETS			
Current Assets			
Cash c/b	12	23,754	3,000
Bank c/b	12	2,645	44,864
PPF Receivable	13	-	-
Total Current Assets		26,399	47,864
Non-Current Assets			
PPE	16	786,580	932,226
Total Non-Current Assets		812,979	932,226
Total Assets		812,979	980,090
LIABILITIES			
Current- liabilities			
Accounts Payables		-	-
Total Current Liabilities		-	-
Non-Current- liabilities			
Borrowings		-	-
Total No-Current Liabilities		-	-
Total Liabilities		-	-
Total Net Assets and Liabilities		812,979	980,090



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Walter Odenyi
Accounting Officer



.....
Clementine Osodo
Secretary-General



.....
Evans Misati James
National Chairman

Progressive Party of Kenya
Annual Report and Financial Statements for the year ended 30 June 2025.

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

Description	Ordinary Share Capital (KShs)	Revaluation Reserve (KShs)	Fair Value Adjustment Reserve (KShs)	Retained Earnings (KShs)	Capital / Development Fund (KShs)	Total Net Assets (KShs)
As at July 1, 2023 opening Balance	–	–	–	1,213,835	–	1,213,835
Surplus/ deficit for the year	–	–	–	(233,745)	–	(233,745)
As at June 30, 2024	–	–	–	980,090	–	980,090
As at July 1, 2024 opening Balance	–	–	–	980,090	–	980,090
Surplus/ (deficit) for the year	–	–	–	(167,111)	–	(167,111)
As at June 30, 2025	–	–	–	812,979	–	812,979



.....
Walter Odenyi
Accounting Officer
ICPAK M/No: 27815



.....
Clementine Osodo
Secretary-General



.....
Evans Misati James
National Chairman

Progressive Party of Kenya
Annual Report and Financial Statements for the year ended 30 June 2025.

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

		2024/2025	2023/2024
	Notes	Ksh.	Ksh.
Cash flows from operating activities			
Receipts			
Political Party Funds	6	2,623,998	1,726,759
Membership fees	7	20,000	55,130
Public Contributions		-	-
Investment income			
Total receipts		2,643,998	1,781,889
Payments			
Administrative Expenses	8	638,000	533,020
Special Interest Groups expenses	9	953,000	628,081
Advocacy and Electoral Expenses	10	1,041,900	625,758
Total payments		2,632,900	1,786,859
Net cash flows from/(used in) operating activities		11,098	(4,970)
Cash flows from investing activities			
Sale of investments			
Net cash flows from/(used in) investing activities			-
Cash flows from financing activities			
Net cash flows from financing Activities		-	-
Net increase/decrease in cash & Cash Equivalents			
Cash and cash equivalents at 1 July 2024	14	47,864	373,119
Cash and cash equivalents on 30 June 2025		26,399	47,864

Progressive Party of Kenya
Annual Report and Financial Statements for the year ended 30 June 2025.

18. Statement of Comparison of Budget and Actual amounts for the year 2024/2025

	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
Revenue						
Transfers from Other Government entities	3,051,255	(427,257)	2,623,998	2,623,998	0	100%
Public Contributions and Donations	300,000	(280,000)	20,000	20,000	0	100%
Total Income	3,351,255	(707,257)	2,643,998	2,643,998	0	100%
		0				
Expenses:		0				
Administrative Expenses	837,814	(199,814)	638,000	638,000	0	100%
Special Interest Groups expenses	1,172,939	(219,939)	953,000	953,000	0	100%
Advocacy and Electoral Expenses	1,355,376	313,476	1,041,900	1,041,900	0	100%
Depreciation	178,209	0	178,209	178,209	0	100%
Total Expenditure	3,544,338	(733,230)	2,811,109	2,811,109	0	100%
Surplus for the period	(193,083)	25,972	(167,111)	(167,111)	0	100%
Capital Expenditure						

Budget notes

The difference between the original budget and the final budget is the review of PPF and the actual members' contributions received from the elected members.

19. Notes to the Financial Statements

1. General Information

The party is established by and derives its authority and accountability from the Political Party Act. The Party is wholly owned by the Government of Kenya and is domiciled in Kenya. The Party's principal activity is to provide a platform for political engagement and public leadership.

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 judgment in the process of applying the Party'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 Party. The amended financial statements and annual report figures have been rounded off to the nearest shillings.

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p><i>Applicable 1st 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 1st 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>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p>

Standard	Effective date and impact:
	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

Standard	Effective date and impact:
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing, and certainty of future cash flows from any exploration and evaluation assets recognized.

i. Early adoption of standards

The Entity did not early adopt any new or amended standards in the financial year

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from The Political Parties Fund

Revenue transfers from the Political Parties Fund are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Party and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance upon meeting the set conditions.

ii) Revenue from exchange transactions

Rendering of services

The 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.

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 the economic benefits or service potential associated with the transaction will probably flow to the party.

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. 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.

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 actual cash and cash equivalents from the statement of cash flows.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *After initial recognition, investment properties are measured using the cost model and are depreciated over an annual period or investment properties is measured at fair value with gains and losses recognised through surplus or deficit.* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a use change.

d) Property, plant and equipment

All property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant, and equipment are required to be replaced at intervals, the 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.

e) 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.

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

g) Research and development costs

The *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.

h) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting, and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one 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 an irrevocable election at initial recognition for particular investments in equity instruments.

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 derecognized 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's end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the 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 are made by management in determining the expected credit loss (ECL).

b) Financial liabilities

Classification

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

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

j) Provisions

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, an outflow of resources embodying economic benefits or service potential will probably 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.

k) 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.

l) 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.

m) Nature and purpose of reserves

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

n) 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.

o) 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. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

The *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 NEC Members and other officials as per the Party's constitution and the Political Parties Act.

s) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

t) Comparative figures

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

u) Subsequent events

There have been no events subsequent to the financial year-end with a significant impact on the financial statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Party's financial statements in conformity with **International Public Sector Accounting Standards** 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 Party 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 Party. 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 Party.
- 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.

Notes to the Financial Statements (Continued)

6. Transfers from Political Parties Fund (PPF)

Description (PPF)	2024/2025	2023/2024
	Kshs	Kshs
September 26 th , 2024 (1 st Quarter)	762,813.75	1,726,759
November 6 th , 2024 (2 nd Quarter)	762,813.75	
March 3 rd , 2025 (3 rd Quarter)	762,813.75	
June 3 rd , 2025 (4 th Quarter)	335,556.75	
Total	2,623,998.00	1,726,759

7. Membership Fees

Description	2024/2025	2023/2024
	Kshs	Kshs
Subscription fees	20,000	55,130
Nomination fees	-	-
Total	20,000	55,130

8. Administrative Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries and Wages	252,000	252,000
Office Rent	108,000	127,000
Electricity & Wifi	146,000	43,600
Office Supplies	55,000	6,900
Office Repairs	10,000	22,000
Office Appliances	20,000	81,520
Office Stationeries	47,000	
Total	638,000	533,020

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9. Special Interest Groups expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
TOT Conference booking	35,000.00	52,000
TOT Trainers Fees	23,000.00	30,000
TOT Transport reimbursement	60,000.00	48,000
Venue Booking	70,000.00	40,000
Women's T-shirt & Lesso printing	-	32,000
Women Transport Reimbursement	180,000	65,000
Women Trainers Fees	30,000	30,360
Venue Booking	65,000.00	40,000
Youth T-shirt printing	-	30,000
Youth Transport reimbursement	180,000	60,360
Trainers Fees	30,000	35,000
Venue Booking	70,000.00	40,000
PWD T-shirt printing	-	30,000
PWD Transport reimbursement	180,000	60,360
Trainers Fees	30,000	35,001
Total	953,000	<u>628,080</u>

10. Advocacy and Electoral expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Grassroots Member Recruitment Drive (Nyamira)	153,400	36,100
Grassroots member recruitment Drive (Migori)	152,400	70,200
Grassroots Member Recruitment Drive (Kisii)	145,000	73,089
Grassroots member recruitment Drive (Vihiga)	67,000	118,838
Nyamira County Elections & Policy Development	76,700	14,440
Migori County Elections & Policy Development	76,700	30,500
Kisii Elections & Policy Development	76,700	165,091
Women's League Elections & Policy Development	33,500	117,500
Media Campaign (Nyamira)	75,000	
Media Campaign (Migori)	76,000	
Media Campaign (Kisii)	76,000	
Media Campaign (Vihiga)	33,500	
Total	1,041,900	625,788

11. Property, Plant and Equipment

Cost	Furniture and fittings	Loose Tools	Computers	Total
	Kshs	Kshs	Kshs	Kshs
As At 1 July 2023	460,000	18,000	683,000	1,161,000
Additions				
Disposals	-	-	-	-
As at 30th June 2024	460,000	8,000	83,000	,161,000
Less Depreciation	138,000	5,940	85,375	229,315
NBV as at 30th June 2024	322,000	12,060	597,625	931,685
As at 30th June 2024	322,000	12,600	597,625	932,225
Additions		8,327	27,699	
Disposals				
As at 30th June 2025	322,000	20,927	625,324	968,251
Less Depreciation	96,600	6,906	74,673	178,209
NBV as at 30th June 2025	225,400	14,021	547,159	786,580

12. Detailed Analysis of Cash and Cash Equivalent

	2024/2025	2023/2024
	Kshs	Kshs
Current Account		
Cooperative Bank	2,645	44,864
Subtotal	2,645	<u>44,864</u>
Cash in hand as at 30 June 2024	23,754	3,000
Subtotal	23,754	<u>3,000</u>
Grand Total	<u>26,399</u>	<u>47,864</u>

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13. PPF receivable

Description	2024/2025	2023/2024
	Kshs	Kshs
PPF Receivables	-	427,257
Total	-	427,257

14. Salaries & Wages

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries & Wages	252,000	252,000
Total	252,000	252,000

Notes to the Financial Statements (Continued)

Valuation

Our Assets are not valued yet by professional valuers from the government. However, following our asset depreciation schedule, our assets are valued at 762,34 as at 30th June 2025; these amounts were adopted by the NEC.

14 (a) Property, Plant and Equipment at Cost

If the freehold land, buildings, and other assets were stated on the historical cost basis, the amounts would be as follows:

Cost	Furniture and fittings	Loose Tools	Computers	Total
	Kshs	Kshs	Kshs	Kshs
As At 1 July 2023	460,000	18,000	683,000	1,161,000
Additions				
Disposals	-	-	-	-
As at 30th June 2024	460,000	8,000	83,000	,161,000
Less Depreciation	138,000	5,940	85,375	229,315
NBV as at 30th June 2024	322,000	12,060	597,625	931,685
As at 30th June 2024	322,000	12,600	597,625	932,225
Additions		8,327	27,699	
Disposals				
As at 30th June 2025	322,000	20,927	625,324	968,251
Less Depreciation	96,600	6,906	74,673	178,209
NBV as at 30th June 2025	225,400	14,021	547,159	786,580

15. 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

As at 30th June 2025, the Entity has no Credit. However, all entities have 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 its assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained. 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. The Entity has significant concentration of credit risk on amounts due from xxx. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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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

The *Entity* 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 Entity'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.

a) Foreign currency risk

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes to the Financial Statements (Continued)

Financial Risk Management

b) 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 favourable interest rates.

Financial Risk Management

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.

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).

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- 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.

Notes to the Financial Statements (Continued)

Financial Risk Management

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

iv) Capital Risk Management

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern.

1. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Entity* include those parties that have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members.

Related parties include:

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

16. Contingent Assets and Contingent Liabilities

N/A.

17. Events after the Reporting Period

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

18. 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)
	<p>Unresolved Prior Year Matters</p> <p>In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness on Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management, and Governance. However, Management had not resolved the issues as of 30 June 2024.</p>	<p>The Management addressed all the prior issues.</p>	<p>Resolved</p>	<p>30th June 2025</p>
	<p>Failure to Open Party Branch Offices.</p> <p>As previously reported, the Party had established offices in only three (3) Counties. This was contrary to Section 7 (f)(3) 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.</p>	<p>This matter is in active discussion by the Management as well as at the PPLC/ORPP level. However, we have improved the number of our offices, and gradually, we are still working to get all 24 County offices before 2027.</p>	<p>Resolved</p>	<p>30th June 2027</p>

	<p>Lack of Risk Management Policy and Information Technology Strategic Plan</p> <p>The Progressive Party of Kenya did not have an approved operational and well-documented enterprise-wide risk management process and policies in place to effectively guide the risk management processes. Further, the party did not have an operational Information Technology (IT) Strategic Committee and IT Strategic Plan to guide the information Technology Operations. In addition, the business continuity and disaster recovery plans to support the organization's business processes had not been established.</p>	<p>The party-initiated policy development sessions and consultations with the industry experts to refine and enhance our Risk Management and ICT Strategic Plans and procedures.</p>	<p>Resolved</p>	<p>30th June 2025</p>
	<p>Lack of Internal Audit Function</p> <p>During the year under review, the Party did not have a functional internal audit unit, contrary to section 73(1)(b) of the Public Finance Management Act,2012, which requires every National Government entity to maintain internal auditing arrangements that adhere to the guidelines issued by the Public Sector Accounting Standards Board.</p>	<p>We have established an internal Audit committee to review our documents.</p>	<p>Resolved</p>	<p>30th June 2025</p>
	<p>Lack of Human Resource Instruments</p> <p>During the year under review, the Party did not have an approved human resource policy, payroll, staff establishment, or salary structure. In addition, there were no records to confirm if the party had engaged a qualified Human Resource Manager as per the Human Resource Management Professional Act No.52 of 2012.</p>	<p>The party initiated policy development sessions and consultations with industry experts to refine and enhance our human resource policies and procedures.</p>	<p>Resolved</p>	<p>30th June 2025</p>

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Appendix II: Transfers from Political Parties Fund

No	Source of Funds (Entity)	Amount	Date Received	Financial Year the funds relates to
<i>1</i>	<i>Political Parties Fund</i>	<i>762,813.75</i>	<i>26 Sep 2025</i>	<i>FY 2024/25</i>
<i>2</i>	<i>Political Parties Fund</i>	<i>762,813.75</i>	<i>06 Nov 2025</i>	<i>FY 2024/25</i>
<i>3</i>	<i>Political Parties Fund</i>	<i>762,813.75</i>	<i>03 Mar 2025</i>	<i>FY 2024/25</i>
<i>4</i>	<i>Political Parties Fund</i>	<i>335,556.75</i>	<i>03 June 2025</i>	<i>FY 2024/25</i>