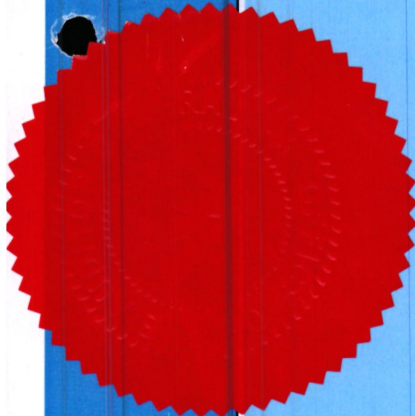
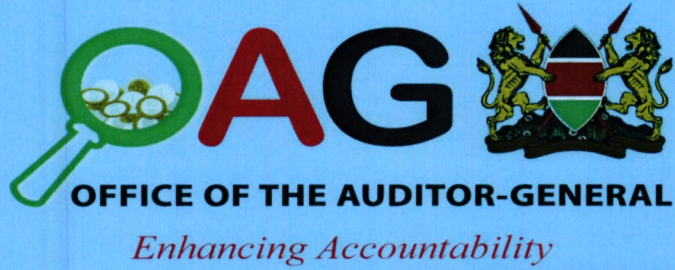


REPUBLIC OF KENYA



REPORT THE NATIONAL ASSEMBLY
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Inzofu M.

THE AUDITOR-GENERAL

ON

**WIPER DEMOCRATIC MOVEMENT -
KENYA**


**FOR THE YEAR ENDED
30 JUNE, 2020**

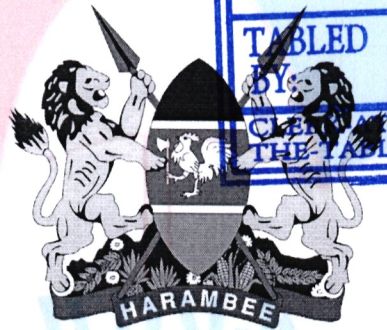


WIPER DEMOCRATIC MOVEMENT - KENYA

WIPER HOUSE
Kufuga Road
Kuwinda, Karen
P.O. Box 403 – 00100
Nairobi - Kenya

Cell: +254 720 513 513
email: info@wiper.co.ke
website: www.wiper.co.ke

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DATE: 05 OCT 2021	DAY.
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WIPER DEMOCRATIC MOVEMENT-KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2020

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

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Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2020

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Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2020

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Wiper Democratic Movement-Kenya was founded in 2006 by Kenyans whose vision was to change the entrenched socio-economic inequalities, bad governance, corruption, negative ethnicity and to tackle the growing poverty and marginalization of communities and disadvantaged groups.

(b) Principal Activities

The principal activity/mission of the WDM-K is to promote a united social democratic party that seeks to develop a fundamentally united Kenya through the ideals and principles of democracy that promotes equality, justice, peace, freedom and equitable distribution of resources.

(c) Key Management

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

No.	Designation	Name
1.	Chairperson	Hon.Chirau Ali Mwakwere
2.	Vice Chairperson	Sen. Mutula Kilonzo
3.	Secretary General	Sen. Judith Sijeny
4.	Treasurer	Hon.Gideon Mulyungi
5.	Executive Director	Dr.Jared Siso

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairperson	Hon.Chirau Ali Mwakwere
2.	Vice Chairperson	Sen. Mutula Kilonzo
3.	Secretary General	Sen. Judith Sijeny
4.	Treasurer	Hon.Gideon Mulyungi
5.	Executive Director	Dr.Jared Siso

**Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2020**

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Entity Headquarters

Wiper House
P.O. Box 403-00100
Kufuga Road, Karen
Nairobi, Kenya

(f) Entity Contacts

Telephone: (254) 720513513
Email: info@wiper.co.ke
Website: www.wiper.co.ke

(g) Entity Bankers

Co-operative Bank of Kenya
Parliament Road Branch
P.O Box 11044-00100
Nairobi, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

**Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2020**

CHAIRMAN'S STATEMENT

I am delighted to present the financial report for **WIPER DEMOCRATIC MOVEMENT-KENYA** for the year ended 30th June 2020.

I would like to congratulate the members of **WIPER DEMOCRATIC MOVEMENT-KENYA** without whom it would not have been possible for us to achieve the results for the year under review.

As the Chairman, I appreciate the support accorded to me by my fellow party officials and I thank them for their invaluable advice and support. I would also like to thank the Government and the Registrar of Political Parties for their support.

Thank you.

Hon.Chirau Ali Mwakwere.

Chairman

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the process by which organizations are directed and controlled and held accountable in order to achieve long term value to all stake holders

The National Executive Committee of **WIPER DEMOCRATIC MOVEMENT-KENYA** is responsible for the Governance of the party and is accountable to the members for ensuring that the party complies with the law and the highest standards of business ethics and corporate Governance. Accordingly, the party officials attach very high importance to the generally accepted corporate governance practice.

The party has defined procedures and financial controls to ensure the reporting and accurate accounting information. These covers systems for obtaining authority for all transactions and for ensuring compliance with the laws and regulations that have significant financial implications.

The Party will continue to focus its attention on maintaining the highest standards of Corporate Governance and business ethics in its operations.

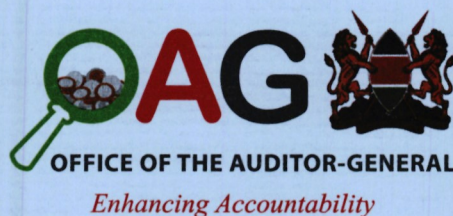
Signed on behalf of Wiper Democratic Movement-Kenya.

Sen. Judith Sijeny.

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 WIPER DEMOCRATIC MOVEMENT - KENYA FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Wiper Democratic Movement - Kenya set out on pages 1 to 12, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, the statement of changes in net assets, the statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis of Qualified Opinion section of my report, the financial statements present fairly, in all material respects the financial position of Wiper Democratic Movement - Kenya as at 30 June, 2020, 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 2016) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of changes in net assets reflects balances of Kshs.750,003 and Kshs.180 described as transfers from accumulated funds and prior year errors, respectively. However, details and supporting documents for the balances were not provided for audit review. Further, the Trial Balance as at 30 June, 2020 reflected a suspense account of Kshs.8,817,916 which has not been supported or explained.

Under the circumstances, the accuracy of the financial statements presented for audit could not be confirmed.

2. Lack of Motor Vehicle Ownership Documents

The statement of financial position reflects a balance of Kshs.777,407 under property, plant and equipment which, as disclosed in Note 12 to the financial statements, includes

an amount of Kshs.250,000 in respect of motor vehicles. However, ownership documents for the motor vehicle, a Toyota Corolla 110 model registration number KAK 046T, valued at Kshs.250,000 were not provided for audit review. Further, the Party did not avail the motor vehicle for physical verification.

In the circumstances, the accuracy of the property, plant and equipment balance of Kshs.777,407 as at 30 June, 2020 could not be confirmed.

3. Expenditure on Employees with Expired Contracts

The statement of financial performance reflects an expenditure of Kshs.7,814,090 relating to employee costs made up of salaries and wages, social contributions and gratuity of Kshs.7,380,810, Kshs.233,280 and 200,000, respectively. However, included in the employee costs is an amount of Kshs.2,645,000 expended on staff whose contracts had expired.

Under the circumstances, the accuracy and validity of the expenditure of Kshs.2,645,000 on employees without valid contracts could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

Budgetary Control and Performance

The Party had budgeted for revenue totalling Kshs.26,070,000 but realized actual receipts of Kshs.19,940,000 resulting to a shortfall of Kshs.6,130,000 or 24%. Similarly, the Party had budgeted to spend Kshs.17,970,327 but actual expenditure amounted to Kshs.15,624,395 resulting to an under-expenditure of Kshs.2,345,395 or 13%.

The under-funding and under-expenditure impacted negatively on the planned activities and objectives of the Party.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weak Internal Controls

Political Parties are required to maintain adequate internal controls to ensure that public resources are safeguarded. The Party is therefore required to ensure existence of checks and balances in the financial transactions processing cycle and to have in place a functional Internal Audit Unit. However, the Party did not have adequate personnel in the Accounts Department to ensure segregation of duties and also lacked an Internal Audit Function. In addition, the Party did not have a financial manual detailing the accounting procedures and effective controls.

2. Information Technology Communication (ICT) Control Environment

A review of the ICT control environment showed that the Party lacked an ICT policy manual to guide on data security and ICT inventory protection. Further, there were no data backup procedures and disaster recovery plans which exposes the Party to risk of loss of data and disruption of activities in case of a disaster.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Party's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Party or 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 are in compliance with the authorities which govern them, and that the Party's 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 the entity 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect

a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Party's policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

24 September, 2021

Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2020

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Members Monthly Contribution & Donations	4	19,750,000	20,480,000
Life Membership Contributions		190,000	
		19,940,000	20,480,000
Expenses			
Use of Goods and Services	5	1,058,810	1,248,905
Employee costs	6	7,814,090	7,518,064
Depreciation and amortization expense	7	136,535	166,571
Repairs and maintenance	8	75,420	97,000
General expenses	9	6,539,720	6,767,385
Total expenses		15,624,575	15,797,925
Surplus/Deficit For The Year		4,315,425	4,682,075

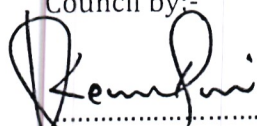
The notes set out on pages 6 to 12 and addendum attached form an integral part of these financial statements.

Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Assets			Restated
Current assets			
Cash at Hand	10	203,493	-
Cash at Bank		2,152,463	1,631,599
Receivables from non-exchange transactions	11	42,977,115	39,657,115
		45,333,071	41,288,714
Non-current assets			
Property, plant and equipment	12	777,407	913,762
Total assets		46,110,478	42,202,476
Liabilities			
Current liabilities			
Creditors & Accruals	13	5,588,596	5,996,199
Net assets		40,521,882	36,206,277
Total net assets and liabilities		46,110,478	42,202,476

The Financial Statements set out on page 1 to 5 were signed on behalf of the National Executive Council by:-


.....
Accountant

Ken Mutugi

Date 01/03/2021


.....
Executive Director

Dr. Jared Siso

Date 01/03/2021

.....
Secretary General

Sen. Judith Sijeny

Date.....

Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2020

	O.S.C	Revaluation reserve	Retained earnings Kshs.	Capital/ Development Grants/Fund	Total Kshs
					Restated
At July 1, 2016	-	-	-	-	26,099,729
Total comprehensive income	-	-	15,878,951	-	15,878,951
At June 30, 2017			15,878,951	-	41,978,680
At July 1, 2017	-	-	15,878,951	-	41,978,680
Total comprehensive income/deficit	-	-	(10,518,066)	-	(10,518,066)
Transfers from accumulated fund	-	-	-	-	686,415
At June 30, 2018	-	-	5,360,885	-	30,774,199
Total comprehensive income			4,682,075	-	4,682,075
Transfer from accumulated fund				-	750,003
At June 30, 2019					36,206,277
At July 1, 2019					36,206,277
Transfer from accumulated fund					180
Total comprehensive income			4,315,425		4,315,425
At June 30, 2020					40,521,882

Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2020

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

		2019-2020	2018-2019
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Members Contributions & Donations	4	19,940,000	20,480,000
Total Receipts		19,940,000	20,480,000
Payments			
Goods and Services	5	1,058,810	1,248,905
Employee costs	6	7,814,090	7,518,064
Repairs & Maintenance	8	75,420	97,000
General Expenses	9	6,539,720	6,767,385
Total Payments		15,488,040	15,631,354
		4,451,960	4,848,646
Net cash flows from operating activities			
Cash flows from investing activities			
Net cash flows used in investing activities			
Adjusted for:			
Changes in receivables	11	(3,320,000)	(1,908,150)
Changes in payables	13	(407,603)	(2,588,561)
Net cash flows from investing activities			
Cash flows from financing activities			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents			
		724,357	351,935
Cash and cash equivalents at 1 JULY		1,631,599	1,279,664
Cash and cash equivalents as at 30 JUNE		2,355,956	1,631,599

Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2020

	Original budget	Actual on comparable basis	Performance difference	% Change of Budget
	2019-2020	2019-2020	2019-2020	
Revenue	Kshs	Kshs	Kshs	
Membership Contributions	18,900,000	18,900,000	-	-
Resource Mobilization	7,050,000	850,000	6,200,000	87.9%
Life Membership	120,000	190,000	(70,000)	58.33%
Total income	26,070,000	19,940,000	9,520,000	
Expenses				
Goods & Services	1,008,128	1,058,810	(50,682)	5.02%
Employee Costs	8,566,940	7,814,090	752,850	8.78%
Depreciation	134,623	136,355	(1,732)	1.28%
Repairs & Maintenance	240,000	75,420	164,580	68.57%
General Expenses	8,020,636	6,539,720	1,480,916	18.46%
Total Expenses	17,970,327	15,624,395		
Deficit /Surplus for the period	8,099,673	4,315,605		

Notes on % change in budget and actual

Note 1: Resource Mobilization: - The deviation of 87.9 % was occasioned by the party failing to hold its scheduled gala dinner due to the Covid-19 restrictions. The dinner was meant to raise funds to fund party activities.

Note 2: Life Membership: - The deviation of 58.33 % was due to four party aspirants for the Wundayi MCA remitting their membership subscription of Ksh 20,000 each. We had initially budgeted to collect only membership subscriptions from nominated MCAs who had not paid but due to the Wundayi by-election we ended up collecting more.

Note 3: Repairs & Maintenance: - The party under spent on repairs and maintenance because the office was closed for some months due to the Covid-19 pandemic thus explaining the deviation of 68.57%.

Note 4: General Expenses: - Closure of the party secretariat and the government directive on social distance meant in-person meetings and conferences could not take place thus the under expenditure of Ksh 1,480,916.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Wiper Democratic Movement-Kenya is established by and derives its authority and accountability from Political Parties Act.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the party's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the party.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Fees and fines

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

ii) Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

b) Budget information

The party's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are

Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2020

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.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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) Inventories

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.

f) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) 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.

ii) 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.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (continuation)

4. MEMBERSHIP CONTRIBUTIONS

Membership Contributions	Number	Amount	Months	Total 2019/2020 Kshs	Total 2018/2019 Kshs.
Governors & Deputies	4	30,000	12	1,440,000	1,440,000
Members of Parliament	27	30,000	12	9,720,000	9,720,000
Members of County Assemblies	129	5,000	12	7,740,000	7,740,000
Total Earned Membership Contributions 2019/2020				18,900,000	18,900,000
Resource Mobilizations Contributions				850,000	
Life Membership Certificates; 7 Premium@ Ksh 20,000= 140,000 1 Platinum @ Ksh 50,000= 50,000				190,000	
Donations					1,580,000
Total Membership contribution- Statement of Financial Performance				19,940,000	20,480,000

5. USE OF GOODS AND SERVICES

Description	2019-2020 Kshs	2018-2019 Kshs
Utility Costs	158,000	190,000
Security	777,010	856,890
Professional services	124,800	202,015
Total good and services	1,059,810	1,248,905

6. EMPLOYEE COSTS

Description	2019-2020 Kshs	2018-2019 Kshs
Salaries and wages	7,380,810	6,354,784
Social Contributions	233,280	233,280
Provision for Gratuity	200,000	930,000
Employee costs	7,814,090	7,518,064

7. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020 Kshs	2018-2019 Kshs
Property, plant and equipment	136,355	166,571
Total depreciation and amortization	136,355	166,571

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8. REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	Kshs	Kshs
Office Equipment	75,420	97,000
Total repairs and maintenance	75,420	97,000

9. GENERAL EXPENSES

Description	2019-2020	2018-2019
	Kshs	Kshs
Publicity	140,000	21,500
Audit fees	-	50,000
Conferences and delegations	488,990	566,600
Office Expenses	921,638	1,081,288
Postage	-	10,000
Transport & Accommodation	315,000	94,700
Rental	3,511,633	4,190,558
Bank Charges	84,430	70,579
Media Relations/Communication	975,900	558,560
Other	102,129	123,600
Total general expenses	6,539,720	6,767,385

10. CASH & CASH EQUIVALENTS

CASH & BANK BALANCES	2019/2020	2018/2019
Cash in hand	203,493	-
Cash at Bank		
01120199325700	213,671	307,475
01120199325701	113,024	37,512
01120199325702	1,477,825	1,244,097
01120199325704	347,943	42,515
Cash & Cash Equivalents	2,355,956	1,631,599

11. RECEIVABLES

Description	2019-2020	2018-2019
	Kshs	Kshs
		Restated
Members Arrears	40,177,115	36,737,115
Staff Debtors	-	120,000
Prepayments-Rent	250,000	250,000
Rent Deposit	750,000	750,000
Nomination fees arrears	1,800,000	1,800,000
Total Account Receivables	42,977,115	39,657,115

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12. PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fittings	Computers & Equipment	Motor vehicles	Total
Cost	Kshs	Kshs	Kshs	Kshs
At 1 July 2016	2,655,170	1,422,288	250,000	4,327,458
Additions	473,750	679,150		1,152,900
At 30th June 2017	3,128,920	2,101,438	250,000	5,480,358
Additions	-	-	-	-
Disposals	-	-	-	-
At 30th June 2018	3,128,920	2,101,438	250,000	5,480,358
Additions	-	-	-	-
Disposals	-	-	-	-
At 30th June 2019	3,128,920	2,101,438	250,000	5,480,358
Additions	-	-	-	-
Disposals	-	-	-	-
At 30th June 2020	3,128,920	2,101,438	-	5,230,358
Depreciation and impairment				
	12.5 %	30%	25%	
At 1 July 2016	1,888,025	1,567,166	231,873	3,687,064
Depreciation	215,468	276,233	4,532	496,233
At 30 June 2017	2,103,493	1,843,399	236,405	4,183,297
Depreciation	128,178	85,152	3,398	216,728
At 30th June 2018	2,231,671	1,928,551	239,803	4,400,025
Depreciation	112,156	51,866	2,549	166,571
At 30th June 2019	2,343,827	1,980,417	242,352	4,566,596
Depreciation	98,137	36,306	1,912	136,355
At 30th June 2020	2,441,964	2,016,723	244,264	4,702,951
Net book values				
At 30th June 2020	686,956	84,715	5,736	777,407
At 30th June 2019	785,093	121,021	7,648	913,762
At 30th June 2018	897,249	172,887	10,198	1,080,333
At 30th June 2017	1,025,427	258,039	13,596	1,297,062

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13. CREDITORS & ACCRUALS

Description	2019-2020	2018-2019
	Kshs	Kshs
		Restated
Salaries	120,144	550,750
Security Services	63,726	194,532
Rent	42,362	38,553
Rental Box	9,450	9,450
Rent Deposit Balance	450,000	450,000
Audit Fee	50,000	50,000
Gratuity	4,652,914	4,502,914
Total	5,388,596	5,796,199

APPENDIX: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Lack of Human Resource Department	The Party is in the process of drafting HR manuals & policies to aid in the setting up of a HR department.	Sen. Judith Sijeny-Secretary General	Not Resolved	30/6/2021
	Internal Controls	The Finance committee is responsible for providing checks & balances for Party's financial transactions.			
	ICT Control Environment	The Party has a Party Recruitment Software committee that is working on acquisition of software systems and setting up of the ICT department.	Sen. Judith Sijeny-Secretary General	Resolved	