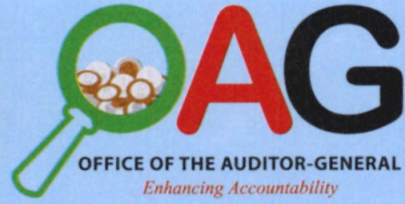


REPUBLIC OF KENYA



REPORT

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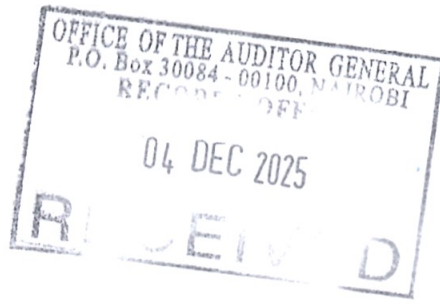
THE AUDITOR-GENERAL

ON

| | |
|--------------------------------------|-------------------------------------|
| THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 15 APR 2026 | DAY: Wednesday |
| TABLED BY: | Deputy leader of the Majority Party |
| CLERK-AT THE-TABLE: | Anastacia |

PEOPLE'S EMPOWERMENT PARTY

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



Customized June 2025



PEOPLE'S EMPOWERMENT PARTY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

OPLE'S EMPOWERMENT PARTY
Annual Report and Financial Statements for the year ended June 30, 2025.

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PEOPLE'S EMPOWERMENT PARTY

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

1. Acronyms and Definition of Key Terms

A: Acronyms

| | |
|-------|--|
| SG | Secretary General |
| ED | Executive Director |
| CBK | Central Bank of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| NT | National Treasury |
| OAG | Office of the Auditor General |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| PSASB | Public Sector Accounting Standards Board |
| PPA | Political Parties Act |
| ORPP | Office of Registrar of Political Parties |
| NEC | National Executive Council |
| NDC | National Delegates Council |
| NGC | National Governing Council |
| PPF | Political Parties Fund |

B: Definition of Key Terms

PEOPLE'S EMPOWERMENT PARTY

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

Fiduciary Management- Members of management who are directly entrusted with the responsibility of managing the organization's financial resources.

The Secretary-General is the accounting officer of the Political Party

Comparative Year- Means the prior period.

PEOPLE'S EMPOWERMENT PARTY

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

2. Key Political Party Information and Management

(a) Background information

The People's Empowerment Party was fully registered under the Political Parties Act, Political Parties Act, 2011 (Revised in 2022). The Party is domiciled in Kenya and has 24 branches.

(b) Principal Activities

The principal activity/mission/ mandate of the Party is to ...

- (a) Recruit and enlist members.
- (b) Nominate candidates for elections.
- (c) promote representation in Parliament and county assemblies of women, persons with disabilities, youth, ethnic and other minorities, and marginalized communities.
- (d) Sensitize the public on the functioning of the political and electoral system.
- (e) promote and enhance national unity.
- (f) mobilize citizens to participate in political decisions.
- (g) solicit and articulate public policy priorities as identified by its members; and
- (h) shape and influence public policy.

The People's Empowerment Party is founded on the democratic principles of Unity of Purpose in diversity, Rule of Law, Transparency and Accountability, Equity and Equality.

VISION

To become a political tool for empowerment of politically marginalized and a voice of the voiceless in the highly political world.

MISSION

To provide the country with the participatory governance where home grown solutions on matters affecting the community are encouraged.

CORE VALUES

The Core Values of the Party are: - Co-operation, Respect, Discipline, Obedience, Tolerance, Patience, Democracy, Truthful, Consistence, Honest.

PEOPLE'S EMPOWERMENT PARTY

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

(c) Key Management

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

| No. | Designation | Responsibility |
|-----|-------------|---|
| 1. | NDC/NGC; | Organises party national activities and resolve disputes among members of the party |
| 2. | NEC | Corporate governance |
| 3. | SG | Organises and coordinates all meetings of the party |
| 4. | Treasurer | Keeps and prepares all the records and reports of the party |

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|--------------------|-----------------|
| 1. | Secretary General | Joyce Mwambingu |
| 2. | National Chairman | Watson Simiyu |
| 3. | National Treasurer | Justine Kambale |

(e) Fiduciary Oversight Arrangements

- **Finance committee**

The finance committee helps the National Executive committee with corporate governance. It is a creation of National Executive committee of the party. Its membership is comprised of the Secretary General, National Chairman and National Treasurer.

- **Audit and Risk Committee**

The Audit and Risk Committee helps the National Executive committee with corporate governance. It is a creation of National Executive committee of the party. Its membership is comprised of the Secretary General, National Chairman and National Treasurer.

- **Parliamentary Oversight Committees**

The Parliamentary Oversight Committees helps in making recommendations on audit reports to enhance accountability and efficient use of public funds.

PEOPLE'S EMPOWERMENT PARTY

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

- **Other oversight arrangements**

External Auditing processes are carried out independently without interference so as to guarantee the integrity of the party's financial statements.

(f) Party Headquarters

P.O. Box 68452 -00622

Portal Place Building,

Muindi Mbingu Street

Nairobi, KENYA

(g) Party Contacts

Telephone: 0720263472/0722928814

E-mail: mkesomo@yahoo.com

Website: <http://peoplesempowermentparty.co.ke/>

PEOPLE'S EMPOWERMENT PARTY

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

(h) Party Bankers

1. Equity Bank (*Account for the Political Parties Fund*)
Four Way Branch
A/c Number: 0020171919401

(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

PEOPLE'S EMPOWERMENT PARTY

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

3. The National Executive Council/Committee

| Ref | Management | Details | Date of assumption of office | Gender | |
|-----|--|---------------------------------------|--|------------|--------|
| 1. |  al Chairman | HON. WATSONI SIMIYU Nation | Born in 1962 and has 10 years of experience as a politician and project director. Academic qualifications form four. | 20/12/2016 | Male |
| 2. |  al Treasurer | HON. JUSTINE KAMBALE Nation | Born in 1974 and has 9 years of experience as a politician and accountant by profession. Academic qualifications form four. | 20/12/2016 | Male |
| 3. |  l Secretary General | HON. JOYCE MWAINGU Nationa | Born in 1982 and has 9 years of experience as a politician and business venture. Academic qualifications form four. | 20/12/2016 | Female |

4. Key Management/Secretariat Team

| Name | Position | Responsibility |
|------|----------|----------------|
|------|----------|----------------|

OPLE'S EMPOWERMENT PARTY
Annual Report and Financial Statements for the year ended June 30, 2025.

| | | |
|----------------------|----------------------------|---|
| Hon. Watson Simiyu | National Chairman | Chairs all the Party meetings |
| Hon. Joyce Mwambingu | National Secretary General | Accounting Officer/ Secretary to the NEC |
| Hon. Justine Kambale | National Treasurer | Keeps and prepares all the records and reports of the Party respectively. |

5. Chairman's Statement



PEOPLE'S EMPOWERMENT PARTY

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

It is with pleasure that I present the annual report and the financial statement of our party People's Empowerment Party for the year ended 30th June 2025.

Financial Performance

The party has performed considerably well in the just ended 2024 General elections and there are good prospects that we will build on this performance to excel in the 2027 General elections.


People's Empowerment Party's Strength

People's Empowerment Party is growing to take its rightful place among big competing parties in Kenya's political space.

Appreciation

On behalf of the People's Empowerment Party NEC, I would like to thank all who make and continue to make People's Empowerment Party, the party of choice of the common Mwananchi.

We look forward to achieve more in the coming financial year.



.....
Name **WATSON SIMIYU**

National Chairman

6. Report of the Secretary-General



PEOPLE'S EMPOWERMENT PARTY

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

Operational Performance of the Party:

The party's main core responsibilities during the 2024/2025 financial year were:

- Organising the meetings of all party organs both in national and counties' levels including the youths, Women and persons living with disabilities.
- Preparation of books of accounts and ensuring that they are audited in time.
- The development of strategies for realisation of the party's financial resources through enrolment of new members.

Financial performance of the party:

The party during the year received Kshs. 809,942 from the Political Parties' Fund, members' donations of Kshs. 600,000 and membership fee of Kshs. 80,000. This amount was spent as per the approved work plan effectively.

Approved budget amounts, Revenue received in various categories,

| Approved Budget | | Revenue Received | Variance |
|-------------------------|------------------|------------------|------------------|
| | Kshs. | Kshs. | Kshs. |
| Political Parties' Fund | 696,528 | 809,942 | (113,414) |
| Donations | 600,000 | 600,000 | - |
| Membership Fee | 80,000 | 80,000 | - |
| TOTAL | 1,376,528 | 1,489,942 | (113,414) |

.....
Name HON JOYCE MWAIBUSINEO
Secretary-General

PEOPLE'S EMPOWERMENT PARTY

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

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

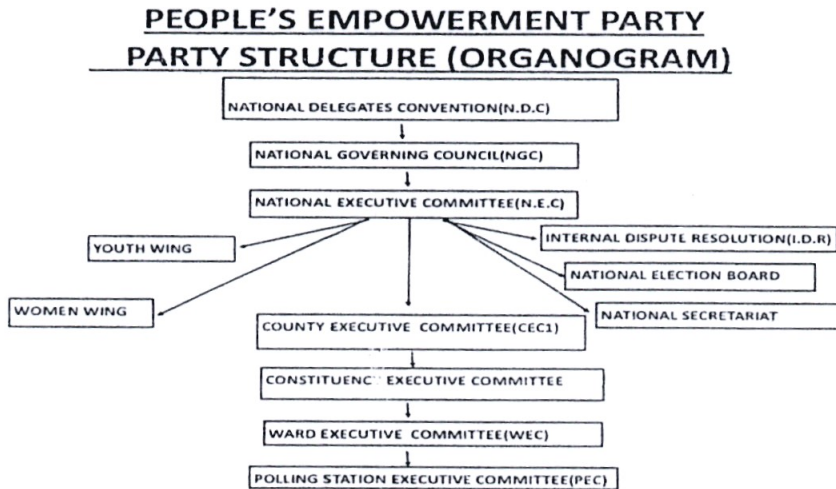
The Political Party has a strategic plan running from Year 2024 to Year 2027. The Strategic Plan is implemented in annual work plans. The performance of the Party during the year is presented in the table below:

| No | Program/Activity | Key Performance Indicator | Target | Achievement | Remarks |
|----|-----------------------------|---------------------------|------------------|-------------|--|
| 1. | Membership Recruitment | No of Members | 20 | 6 | This was affected by election cycle being two years from now hence deemed long period. |
| 2. | <i>Funding</i> | <i>Amount collected</i> | <i>1,376,528</i> | 1,489,942 | Over achievement due to refund of 2023/2024 political parties' funds accrued. |
| 3. | <i>Work plan activities</i> | | | | |
| 4. | <i>Activities</i> | <i>Amount received</i> | 5 | 4 | This was affected by funds |

PEOPLE'S EMPOWERMENT PARTY
Annual Report and Financial Statements for the year ended June 30, 2025.

8. Governance Statement

The Party structure of the party is presented in the party confirmation:



1. THE NATIONAL DELEGATES CONVENTION (NDC)

The National Delegates Convention (NDC) shall be the highest organ of the Party.

A. COMPOSITION

It shall consist of:

- i. National Executive Council (NEC)
- ii. County Management Committee (CMC)

B. POWERS AND DUTIES OF NATIONAL DELEGATES CONVENTION

The functions of the National Delegates Convention shall be to:

- a.
 - i. To approve Party Policy documents e.g. nomination forms, Manifesto, strategic plan, membership card which are developed by the National Secretary General, the secretariat and forwarded to National Executive Committee for further recommendation to be implemented by different organs.
 - ii. Elects the National Executive Committee (NEC)
 - iii. Generate consensus on key political, economic and social policies of the Party.
 - iv. Mobilize people to ensure full participation in the realization and implementation of political, economic and social policies of the Party.
 - v. Promote national unity, inter-ethnic cohesion and solidarity.
 - vi. Assign tasks and duties to the NGC and NEC as it may deem fit.
 - vii. To consider any such other items as may be referred to it by NGC or NEC.
 - viii. Approve the constitution of the Party.
- b. Every five years after general election, the party will conduct NEC Election Official under NDC.

PEOPLE'S EMPOWERMENT PARTY

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

c. The NDC shall meet at least once in every five years, provided that a special NDC may be held as and when the Chairperson in consultation with the National Management Committee deems it fit or when requisitioned for by a resolution in writing by at least two thirds of the members of the NGC.

d. The NDC shall be convened by the National Chairperson; or in his/her absence or inability the National Secretary General.

e. In convening the NDC, The National Chairperson and the Secretary General shall publish in the national media the venue and agenda for the Convention and give a notice of at least 14 days provided that for a special NDC meeting, 7 days' notice shall be given.

2. NATIONAL GOVERNING COUNCIL (NGC)

There shall be a standing committee of the National Delegates Convention called the National Governing Council which shall meet at least once annually.

A. COMPOSITION OF NGC

The composition of the NGC and all elected as stipulated in Article 12:

1. National Executive Council (NEC)
2. Parliamentary Group (PG)
3. Chairpersons of Commissions/Committees that shall be constituted by NEC on need basis.
4. The National Secretariat.

B. POWERS AND DUTIES OF THE NATIONAL GOVERNING COUNCIL

The powers and duties of the NGC shall be to:

- i. Process policy and other issues to be considered by the NDC.
- ii. Deal with policy matters on behalf of the NDC.
- iii. Recommend to the NDC proposed amendments to the Constitution.
- iv. Report to the NDC on the business it has transacted in between the meetings of The National Convention.
- v. Approve the annual budget of Peoples Empowerment Party.
- vi. Examine and approve the audited accounts and to set the scale of annual dues to be paid by party members.
- vii. Receive, examine and approve the annual report of the Party and to set the scale of annual dues to be paid by the Party members.
- viii. Appoint auditors and fix their remuneration.
- ix. Receive regular reports from NEC on the operations of the Party.
- x. Appoint the trustees of the Party.
- xi. To hear and determine appeals from the decisions of the NEC.
- xii. Consider, modify, and if deemed fit, ratify rules, Regulations, or By-Laws for better implementation of the provisions of this Constitution.
- xiii. Perform such other functions and duties as the NDC may direct.
- xiv. Advise the National Chairperson and the NEC in the performance of their functions under this Constitution.

PEOPLE'S EMPOWERMENT PARTY

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

3. NATIONAL EXECUTIVE COUNCIL (NEC)

A. COMPOSITION OF NEC

The NEC shall comprise of the following:

1. Party Leader
2. Chairperson
3. National-Deputy Chairperson
4. National Secretary General
5. National Deputy Secretary General
6. National Treasurer
7. National Organizing Secretary
8. National Deputy Organizing Secretary
9. Women Representative
10. Special Interest Group

B. POWERS AND DUTIES OF NATIONAL EXECUTIVE COUNCIL

- i. Formulate policy for consideration by NGC and NDC.
- ii. Appoint organizational functionaries from amongst the members of the Party.
- iii. Supervise the day to day conduct of the Party's activities.
- iv. Propagate Party policies.
- v. Implement the policies and decisions of NDC and NGC.
- vi. Prescribe rules and regulations for the functioning and operation of the Party.
- vii. Supervise the administrative organs of the party at all levels.
- viii. To receive, consider, approve and implement reports and recommendations from the various commissions, committees or individuals.
- ix. To initiate, prepare or cause to be prepared the requisite quarterly, semi-annual financial budgets for approval by NGC.
- x. To submit to NGC candidates seeking nomination for National Party offices upon recommendation by NEB.
- xi. To assist the NEB in the conduct of party elections and nomination.
- xii. To appoint party representatives to other organizations which the party relates to.
- xiii. To undertake any other necessary party function which is not specifically assigned to any other party organ.
- xiv. Perform any other function that may be assigned to it by NGC or NDC.
- xv. Monitor and evaluate implementation of the programs and performance of People's Empowerment Party.
- xvi. Determine the terms and conditions of service for officers of People's Empowerment Party.
- xvii. May establish Party Branches outside Kenya as it may deem ill.
- xviii. May establish organs in Kenya and abroad
- xix. May invite observers to the NDC. Determine the positions for full time employment within the organs of peoples empowerment party.
- xx. Determine the positions for full time employment within the organs of People's Empowerment Party.

PEOPLE'S EMPOWERMENT PARTY

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

C. The National Secretary General shall be Secretary to the NDC, NGC and NFC.
The Executive Director shall take and distribute the minutes after necessary approval.

5. NATIONAL ELECTIONS BOARD (NEB)

COMPOSITION OF NEB

The National Elections Board shall be constituted by NEC and it shall comprise—

- i. Seven eminent persons of integrity appointed by NEC.
- ii. The Director of Elections and his/her deputy shall be ex-officio members of NEB.
- iii. The NEB shall elect its own Chairperson and forward the name to NEC for approval. The Chairperson will preside over the meetings. NEB and his/her deputy will chair the meeting.
- iv. The Director of Elections shall be the Secretary to the Board.
- v. The members of the NEB shall hold office for a maximum period of one term of five years.
- vi. The Director of Elections, the Deputy Director of Elections and all other persons in the NEB shall not seek office in the immediate general elections.
- vii. At least three members of the NEB must be of either gender.

b) POWERS AND DUTIES OF NEB

- i. The National Election Board in consultation with NEC and NMC shall organize, coordinate and supervise all People's Empowerment Party Elections and Nominations in accordance with the Party Elections Rules and Regulations.
- ii. NEC shall make, amend or alter Party Elections Rules and Regulations.
- iii. NEB shall appoint appropriate officers to conduct People's Empowerment Party elections or nominations.
- iv. NEB shall collect funds paid as nomination fees and forward such funds to the Party through the NEC.
- v. All disputes arising from any Party election or nomination
- vi. Shall be referred to the NEB through the Director of Elections.

9. Management Discussion and Analysis

Parties to provide a trend analysis of the following information for the last three to five years

- Membership
- Budget per year
- Revenue from Political Parties Fund (Funded Parties)
- Member's subscriptions
- Members' Contributions/Donations
- Number of elected representatives, including SIGs
- No of Party Branches

PEOPLE'S EMPOWERMENT PARTY
Annual Report and Financial Statements for the year ended June 30, 2025.

- Others (specify any other relevant information, e.g., disputes resolved

10. Environmental and Sustainability Reporting

There were no activities carried by our party during this year during June 30 2025

11. Report of the National Executive Council/Committee

The Council/Committee submits their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the People's Empowerment *Party's* affairs.

i) Principal activities

The principal activities of the Party are reported on page iv

ii) Results

The results of the People's Empowerment Party for the year ended June 30, 2025, are set out on page one (1).

iii) Council Members

The members of the Governing body/NEC who served during the year are shown on page viii. During the year 2024/2025 no member retired/ resigned or was appointed.

iv) Auditors

The Auditor-General is responsible for the statutory audit of the People's Empowerment Party in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Council/Committee

.....
Name *HON. JOYCE MWAMISI*

Secretary General

12. Statement of the National Executive Council Responsibilities

Section 31 of the Political Parties Act Cap 7D and Section 81 of the Public Finance Management Act, 2012 and the Political Parties Act, 2011 5th November, 2016 requires requires the NEC to prepare financial statements in respect of that Party, which give a true and fair view of the state of affairs of the Party at the end of the financial year and the operating results of the Party for that year. The NEC is also required to ensure that the Party keeps proper accounting records which disclose with reasonable accuracy the Party's financial position. NEC is also responsible for safeguarding the assets of the Party.

The NEC is responsible for the preparation and presentation of the Party's financial statements, which give a true and fair view of the state of affairs of the Party for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Party; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Party; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

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

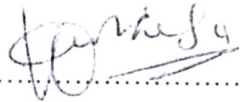
PEOPLE'S EMPOWERMENT PARTY
Annual Report and Financial Statements for the year ended June 30, 2025.

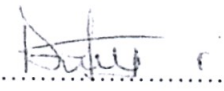
the accounting records maintained for the Party, which have been relied upon in the preparation of the Party's financial statements, as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the NEC assessed the Party's ability to continue as a going concern and nothing has come to the attention of the Directors to indicate that the People's Empowerment 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

The Party's financial statements were approved by the Board on 28th JUNE 2025 and signed on its behalf by:

.....

Name WATSON SIMIYU
NEC Chairperson

.....

Name HON. JOYCE MWACHIRINDE
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 PEOPLE'S EMPOWERMENT PARTY 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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of People's Empowerment Party 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 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, except for the effects of matter described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly, in all material respects, the financial position of People's Empowerment Party 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 Qualified Opinion

Inaccuracies in the Financial Statements

The statement of financial position reflects comparative balance of Kshs.62,266 for net assets, while the recomputed balances total Kshs.176,266, resulting to an unexplained variance of Kshs.114,000. Further, the statement of financial performance reflects comparative amount of Kshs.1,045,943 for total expenses, while the 2023/2024 audited financial statements indicates Kshs.995,943, resulting to an unexplained variance of Kshs.50,000.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on the Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the Party in the financial year 2024/2025 revealed that the following five (5) issues remained unresolved:

| No. | Financial Year | Audit Issue |
|-----|-------------------------|---|
| 1 | 2023/2024 | Inaccurate Surplus/(Deficit) for the year |
| 2 | 2023/2024 | Unexplained Variance in Administration Expenses |
| 3 | 2023/2024 | Non-compliance with the Public Sector Accounting Standards Board Reporting Template |
| 4 | 2022/2023 and 2023/2024 | Failure to Establish Party Offices in at Least 24 Counties |
| 5 | 2022/2023 | Understaffing |

Other Information

The Management is responsible for the Other Information set out on pages iv to xix which comprise of Key Political Party Information and Management, The National Executive Council/Committee, Key Management/Secretariat Team, Chairman's Statement, Report of the Secretary General, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the National Executive Council/Committee and the Statement of National Executive Council 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. Based on the audit procedures performed and the matter described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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 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 the Public Sector Accounting Standards Board Reporting Requirements

Review of the financial statements prepared and presented for audit revealed the following errors and omissions:

- i. The Governance Statement does not disclose the number of meetings held by the National Executive Council;
- ii. The Management Discussion does not provide a trend analysis in respect of membership, annual budget, revenue from Political Parties' Fund, member subscriptions, contributions/donations, number of elected representatives and number of Party branches for the last three to five years;
- iii. The Key Management/Secretariat Team, Chairman's Statement, Report of the Secretary General, Management Discussion and Analysis, Environmental and Sustainability Reporting and Report of the National Executive Council/Committee are not presented on separate pages, as prescribed by the reporting template;
- iv. Page xvi appears twice in the financial statements;
- v. The Environmental and Sustainability Reporting section does not provide details on the sustainability strategy and profile, environmental performance, employee welfare and corporate social responsibility, or community engagements;
- vi. Note 14 to the financial statements on property, plant and equipment does not include prior years' balances or changes in the asset balances, as required by the reporting template;
- vii. The decrease in receivables of Kshs.113,414 was omitted from the cash generated from operations computation and was incorrectly recognized in the statement of changes in net assets as a prior year adjustment; and,
- viii. Appendix I on Implementation Status of the Auditor-General's Recommendations on page 31 discloses only two issues and omits several unresolved prior years' audit issues.

In the circumstances, the financial statements have not been presented in accordance with the reporting template issued by the Public Sector Accounting Standards Board.

2. Administrative Expenses Exceeding the 30% Limit of Allocated Funds

The statement of financial performance reflects administrative expenses of Kshs.611,384 as disclosed in Note 9 to the financial statements. The expenditure represents seventy-five (75%) percent of the total funds allocated to the Political Party during the year of Kshs.696,528, exceeding the maximum allowable limit. This was contrary to Section 26(1)(f) of the Political Parties Act 2011, which stipulates that administrative and staff expenses should not exceed 30% of the funds allocated to the Political Party.

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

3. Failure to Prepare and Submit Bank Reconciliation Statements

During the year under review, Management did not prepare and submit to the Auditor-General for review of monthly bank reconciliation statements. This was contrary to Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015, which requires Accounting Officers to prepare bank reconciliation statements not later than the 10th day of the subsequent month and submit a copy to The National Treasury and the Auditor-General.

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

4. Non-Compliance with Climate Change Financing Requirements

Review of the Party's annual work plans for the financial year 2024/2025 revealed that the Party did not integrate Climate Change considerations into its operational activities. This was contrary to Section 15(2)(a) of the Climate Change Act, 2016, which requires mainstreaming of the Climate Change action plan and other statutory Climate Change functions and into sectoral strategies for implementation. Further, the Climate Change activities could not be traced to the administrative expenditure budget or environment and sustainability reporting in the annual report, contrary to The National Treasury Circular 13/2020, which requires the identification and reporting of Climate Change and environment-related allocations within the budgets of Government entities.

In the circumstances, Management was in breach of the National Treasury's Circular.

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

During the year under review, the Party operated only one (1) office located in Nairobi. Although the Party provided a list of branch offices in twenty-four (24) Counties, no supporting documentary evidence was provided to verify their existence. As a result, the audit could not confirm whether the Party maintained branch offices in at least twenty-four (24) Counties as required by 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.

6. Lack of a Strategic Plan

During the year under review, the Party did not have a Strategic Plan in place. As a result, the budget proposals for the financial year 2024/2025 were not supported by a strategic plan, and therefore, the basis for budget preparation and alignment between the Party's activities and its long-term objectives could not be confirmed. This was contrary to Regulation 32(5) of the Public Finance Management Regulations (National Government), 2015, which requires that all budget proposals be aligned with and supported by the entity's Strategic Plan.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON 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 effect of the matters described in the Basis for

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

Basis for Conclusion

1. Lack of an Internal Audit Function and Audit Committee

The Party did not have an internal audit unit to conduct internal auditing. This is contrary to Section 73(1)(a) of the Public Finance Management Act, 2012, which requires every National Government entity to have appropriate arrangements for conducting internal audit according to the guidelines of the Accounting Standards Board. Further, the Party did not establish an Audit Committee contrary to Section 73(5) of the Public Finance Management Act, 2012, which states that every National Government public entity shall establish an Audit Committee whose composition and functions shall be as prescribed by the regulations.

In the circumstances, the effectiveness of internal controls and risk management measures put in place by Management could not be confirmed.

2. Lack of Disaster Recovery Plan and Business Continuity Plan

During the year under review, the Party did not have a disaster recovery plan or business continuity plan and therefore, crucial information may not be recoverable in the event of a disaster. This was contrary to Regulation 165(1) (a) and (b) of the Public Finance Management (National Government) Regulations, 2015, which requires an Accounting Officer to ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanisms and a system of risk management and internal control that builds robust business operations.

In the circumstances, Party Management may be unable to identify key risks, assess their likelihood of occurrence or develop effective mitigation measures.

3. Failure to Tag Assets and Update the Assets Register

The statement of financial position reflects property, plant and equipment of Kshs.31,250 and as disclosed in Note 14 to the financial statements. However, the assets were not tagged with unique identifiers. This was contrary to Part IV(i) C Section 77(7) of The National Treasury Guidelines on Asset and Liability Management in the Public Sector, 2020, which provides that all assets should be tagged upon receipt from suppliers and that the tag numbers be recorded in the asset register. Further, the Party's assets register lacked essential information for both existing and newly acquired assets, such as acquisition dates, responsible persons, asset locations, and asset depreciation and amortization values.

In the circumstances, the existence of effective internal controls over asset 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 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, the 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

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 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, the 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.

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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.

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FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2025

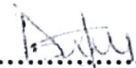

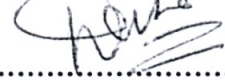
PEOPLE'S EMPOWERMENT PARTY

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

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

| | Notes | 2024/2025 | 2023/2024 |
|---|-------|------------------|------------------|
| | | Kshs | Kshs |
| Revenue | | | |
| Transfers from Political Parties Fund (PPF) | 6 | 809,942 | 458,360 |
| Membership Fees | 7 | 80,000 | 380,000 |
| Public contributions and donations | 8 | 600,000 | 100,000 |
| Total Revenue | | 1,489,942 | 938,360 |
| Expenses | | | |
| Administrative Expenses | 9 | 611,384 | 575,943 |
| Special Interest Groups expenses | 10 | 840,000 | 420,000 |
| Advocacy and Electoral expenses | 11 | 62,000 | 50,000 |
| Finance Costs | | - | - |
| Total expenses | | 1,513,384 | 1,045,943 |
| Other gains/(losses) | | | |
| Surplus/Deficit | | (23,442) | (57,583) |

The notes set out on pages 7 to 33 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the NEC by:

| | | |
|--|--|---|
|  Name: Hon. Joyce Mumbi Secretary General Date: 28th June 2025 |  Name: ROBERT WAFUTA Head of Finance ICPAK M/No: Date: 28th June 2025 |  Name: WATSON SIMIYU Chairman of the Party Date: 28th June 2025 |
|--|--|---|

PEOPLE'S EMPOWERMENT PARTY

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

15 Statement of Financial Position as at 30 June 2025

| | Notes | 2024/2025 | 2023/2024 |
|---------------------------------------|-------|---------------|----------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash equivalents | 12 | 8,159 | 4,018 |
| Receivables and advances | 13 | - | 113,414 |
| Total Current Assets | | 8,159 | 117,432 |
| Non-Current Assets | | | |
| Property Plant and Equipment | 14 | 31,251 | 58,834 |
| Total Non- Current Assets | | 31,251 | 58,834 |
| Total Assets (A) | | 39,410 | 176,266 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | | | |
| Total Current Liabilities | | - | - |
| Non-Current Liabilities | | | |
| Total Non- Current Liabilities | | - | - |
| Total Liabilities (B) | | - | - |
| Net Assets (A-B) | | 39,410 | 62,266 |
| Represented by: | | | |
| Accumulated Surplus/deficits | | 39,410 | 176,266 |
| Net Assets | | 39,410 | 176,266 |

The financial statements set out on pages 1 to 6 were signed on behalf of the NEC by:

| | | |
|---|---|---|
| Name: HON JOYCE Mwanuzingo Secretary General | Name: ROBERT WANJA Head of Finance | Name: WATSON SMITH Chairman of the Party |
| Date 28th JUNE 2025 | Date 28th JUNE 2025 | Date 28th JUNE 2025 |

PEOPLE'S EMPOWERMENT PARTY**Annual Report and Financial Statements for the year ended June 30, 2025.**

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

| Description | Revaluation reserve | Accumulated Surplus | Total |
|--|---------------------|---------------------|-----------|
| | Kshs | Kshs | Kshs |
| As at July 1, 2023 | - | 178,130 | 178,130 |
| Revaluation gain | | - | - |
| Transfer of excess depreciation on revaluation | | | - |
| Surplus/ deficit for the year | | (1,864) | (1,864) |
| As at June 30, 2024 | - | 176,266 | 176,266 |
| | | | - |
| As at July 1, 2024 | - | 176,266 | 176,266 |
| Prior year Adjustment (Reduction in receivables) | | (113,414) | (113,414) |
| | | 62,852 | 62,852 |
| Transfer of excess depreciation on revaluation | | | - |
| Surplus/ (deficit) for the year | | (23,442) | (23,442) |
| As at June 30, 2025 | - | 39,410 | 39,410 |

PEOPLE'S EMPOWERMENT PARTY
Annual Report and Financial Statements for the year ended June 30, 2025.

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

| | Notes | 2024/2025 | 2023/2024 |
|---|-------|------------------|------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from Political Parties Fund (PPF) | | 809,942 | 458,360 |
| Membership Fees | | 80,000 | 480,000 |
| Public contributions and donations | | 600,000 | 100,000 |
| Total receipts | | 1,489,942 | 1,038,360 |
| | | | |
| Payments | | | |
| Administrative Expenses | | 578,311 | 473,377 |
| Special Interest Groups expenses | | 840,000 | 420,000 |
| Advocacy and Electoral expenses | | 62,000 | 50,000 |
| Finance Costs | | 5,490 | |
| Total payments | | 1,485,801 | 943,377 |
| Net cash flows from/(used in) operating activities | 15 | 4,141 | (5,017) |
| | | | |
| Cash flows from investing activities | | | |
| Proceeds from sale of PPE | | | |
| Net cash flows from/(used in) investing activities | | - | - |
| | | | |
| Cash flows from financing activities | | | |
| Repayment of borrowings | | | |
| Net cash flows from financing Activities | | - | - |
| | | | |
| Net increase/(decrease) in cash & Cash equivalents | | 4,141 | (5,017) |
| Cash and cash equivalents at 1 July | 12 | 4,018 | 9,035 |
| Cash and cash equivalents at 30 June | 12 | 8,159 | 4,018 |

PEOPLE'S EMPOWERMENT PARTY
Annual Report and Financial Statements for the year ended June 30, 2025.

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 20xx

| | 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 |
| Carry Overs from the Previous Period | | 113,414 | 113,414 | 113,414 | - | 100% |
| Receipts | | | - | - | - | |
| Transfers from Political Parties Fund (PPF) | 696,528 | - | 696,528 | 696,528 | - | 100% |
| Membership Fees | 80,000 | - | 80,000 | 80,000 | - | 100% |
| Public contributions and donations | 600,000 | - | 600,000 | 600,000 | - | 100% |
| Total | 1,376,528 | 113,414 | 1,489,942 | 1,489,942 | - | 100% |
| Payments | | | | | | |
| Administrative Expenses | 668,945 | - | 668,945 | 583,801 | 85,144 | 87% |
| Special Interest Groups expenses | 840,000 | - | 840,000 | 840,000 | - | 100% |
| Advocacy and Electoral expenses | 62,000 | - | 62,000 | 62,000 | - | 100% |
| Total Expenditure | 1,570,945 | - | 1,570,945 | 1,485,801 | 85,144 | 95% |
| Surplus for the period | (194,417) | 113,414 | (81,003) | 4,141 | (85,144) | -5% |

PEOPLE'S EMPOWERMENT PARTY
Annual Report and Financial Statements for the year ended June 30, 2025.

Budget notes

Budget Reconciliation

| No. | Description | Kshs |
|-----|---|-------|
| | Actual Surplus Amounts as per the statement of Budget | 4,141 |
| 1 | Cash and Cash equivalent brought down | 4,018 |
| | Closing Cash and Cash Equivalent as per the statement of Cash flows | 8,159 |

19. Notes to the Financial Statements

1. General Information

People's Empowerment Party is established by and derives its authority and accountability from Section 31 of the Political Parties Act, 2011. People's Empowerment Party is regulated and funded by the Government of Kenya and is domiciled in Kenya. People's Empowerment Party principal activity is leadership and governance through active participation in democracy.

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 People's Empowerment Party 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 People's Empowerment Party. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Political Parties Act, 2011, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

PEOPLE'S EMPOWERMENT PARTY
Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

- 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 | <i>Applicable 1st January 2025</i> 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 People's Empowerment Party. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <i>Applicable 1st January 2025</i> The Standard requires, 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: 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. |
| IPSAS 45: Property Plant and Equipment | <i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. |

PEOPLE'S EMPOWERMENT PARTY

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

| Standard | Effective date and impact: |
|----------------------------------|---|
| | <p>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> |
| <p>IPSAS 46: Measurement</p> | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <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 People's Empowerment Party 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</p> |

PEOPLE'S EMPOWERMENT PARTY

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

| Standard | Effective date and impact: |
|--|---|
| | transactions. |
| <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> |
| <p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p> | <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 People's Empowerment Party '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. |

PEOPLE'S EMPOWERMENT PARTY
Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

- 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 | <i>Applicable 1st January 2025</i> 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 People's Empowerment Party. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <i>Applicable 1st January 2025</i> The Standard requires, 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: 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. |
| IPSAS 45: Property Plant and Equipment | <i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. |

19. Notes to the Financial Statements

1. General Information

People's Empowerment Party is established by and derives its authority and accountability from Section 31 of the Political Parties Act, 2011. People's Empowerment Party is regulated and funded by the Government of Kenya and is domiciled in Kenya. People's Empowerment Party principal activity is leadership and governance through active participation in democracy.

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 People's Empowerment Party 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 People's Empowerment Party. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Political Parties Act, 2011, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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| Standard | Effective date and impact: |
|--|---|
| <p>IPSAS 43: Leases</p> | <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 People's Empowerment Party .</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| <p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p> | <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> |
| <p>IPSAS 45: Property Plant and Equipment</p> | <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> |

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| | |
| <p>IPSAS 46: Measurement</p> | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> ii. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. iii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iv. 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 People's Empowerment Party 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</p> |

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| | statements that should be presented by a retirement benefit plan. |
| 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">iv. Limited improvements to existing accounting practices for exploration and evaluation expenditures.v. 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.vi. Disclosures that identify and explain the amounts in the People’s Empowerment Party’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. |

iii. Early adoption of standards

The People’s Empowerment Party did not early – adopt any new or amended standards in the financial year or the People’s Empowerment Party adopted the following standards early.

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

Revenues 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 People's Empowerment Party 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.

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Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the 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 People's Empowerment Party'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 2024/2025 financial year was approved by the National Assembly on April 2024. 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 People's Empowerment Party upon receiving the respective approvals in order to conclude the final budget. Accordingly, the People's Empowerment Party recorded additional appropriations of Kshs. *680,000* on the 2024/25 budget following the governing body's approval.

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Budget information (continued)

The People's Empowerment Party 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. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

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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 People's Empowerment Party 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.

The assets are recognized and depreciated on reducing balance basis as follows:

| Item | Rate |
|---------------------------------|-------------|
| Furniture and fittings | 12.50% |
| Computers and related Equipment | 33% |
| Office Equipment | 20% |

e) 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.

f) Research and development costs

The People's Empowerment Party expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the People's Empowerment Party 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.

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- 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.

g) 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 People's Empowerment Party does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (Amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one People's Empowerment Party and a financial liability or equity instrument of another People's Empowerment Party. At initial recognition, the People's Empowerment Party 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 People's Empowerment Party 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 People's Empowerment Party'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

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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 People's Empowerment Party has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the People's Empowerment Party classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An

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estimate is made of doubtful receivables based on a review of all outstanding amounts at the year 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 People's Empowerment Party 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.

b) Financial liabilities

Classification

The People's Empowerment Party classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

a) 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 People's Empowerment Party.

b) Provisions

Provisions are recognized when the People's Empowerment Party 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 People's Empowerment Party 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.

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c) Contingent liabilities

The People's Empowerment Party 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.

d) Contingent assets

The People's Empowerment Party 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 People's Empowerment Party 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.

e) Nature and purpose of reserves

The People's Empowerment Party creates and maintains reserves in terms of specific requirements.

f) Changes in accounting policies and estimates

The People's Empowerment Party recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

g) Employee benefits

Retirement benefit plans

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

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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 proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

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.

h) 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.

i) Related parties

The People's Empowerment Party regards a related party as a person or a People's Empowerment Party with the ability to exert control individually or jointly, or to exercise significant influence over the People's Empowerment Party, 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.

j) 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

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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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Comparative figures

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

l) 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.

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the People's Empowerment Party's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The People's Empowerment 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 People's Empowerment 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 People's Empowerment 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

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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 | 2024/2025 | 2023/2024 |
|-------------------|----------------|----------------|
| | Kshs | Kshs |
| Operational Grant | 809,942 | 458,360 |
| Other Grants | - | - |
| Total | 809,942 | 458,360 |

7. Membership Fees

| Description | 2024/2025 | 2023/2024 |
|---------------------|---------------|----------------|
| | Kshs | Kshs |
| Nomination fees | 80,000 | 380,000 |
| Subscription fees | | |
| Penalties and fines | | |
| Others (specify) | | |
| Total | 80,000 | 380,000 |

8. Public Contributions and Donations

| Description | 2024/2025 | 2023/2024 |
|-------------------------------|----------------|----------------|
| | Kshs | Kshs |
| Party Fundraising events | - | - |
| Founder Members contributions | 600,000 | 100,000 |
| Total | 600,000 | 100,000 |

9. Administrative Expenses

| Description | Note | 2024/2025 | 2023/2024 |
|---------------------------|------|-----------|-----------|
| | | Kshs | Kshs |
| Office Rent | | 240,000 | 240,000 |
| Stationaries & printing | | 172,742 | - |
| Media & publications | | 65,570 | 10,852 |
| Travel and accommodations | | - | - |

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| Description | Note | 2024/2025 | 2023/2024 |
|---|------|----------------|----------------|
| | | Kshs | Kshs |
| Communication Charges | | 20,000 | - |
| Administrative (Logistics) | | 80,000 | 217,508 |
| Depreciation | | 27,583 | 27,583 |
| Bank charges | | 5,490 | - |
| Accounting services and election expenses | | - | 80,000 |
| Total Administrative Expenses | | 611,385 | 575,943 |

10. Special Interest Groups

| Description | 2024/2025 | 2023/2024 |
|-------------------------|----------------|----------------|
| | Kshs | Kshs |
| Transport | 24,000 | 20,000 |
| Conference Facility | 300,000 | 220,000 |
| Food and Refreshment | 162,000 | 72,000 |
| Venue Hire | 14,000 | 8,000 |
| Participants Allowances | 340,000 | 100,000 |
| Total | 840,000 | 420,000 |

11. Advocacy and Electoral Expenses

| Description | 2024/2025 | 2023/2024 |
|---------------------|---------------|---------------|
| | Kshs | Kshs |
| Media and Publicity | 62,000 | 50,000 |
| Total | 62,000 | 50,000 |

12. Cash and Cash Equivalents

| Description | 2024/2025 | 2023/2024 |
|--|--------------|--------------|
| | Kshs | Kshs |
| Current Account | (130) | 2,518 |
| Cash In Hand | 8,289 | 1,500 |
| Total Cash and Cash Equivalents | 8,159 | 4,018 |

PEOPLE'S EMPOWERMENT PARTY**Annual Report and Financial Statements for the year ended June 30, 2025.****Detailed Analysis of the Cash and Cash Equivalents**

| Financial Institution | Account number | 2024/2025 | 2023/2024 |
|------------------------------|----------------|--------------|--------------|
| | | Kshs | Kshs |
| a) a) Current Account | | | |
| Equity Bank | 0020171919401 | (130) | 2,518 |
| Sub- Total | | (130) | 2,518 |
| d) Others | | | |
| b) Cash In Hand | | 8,289 | 1,500 |
| Sub- Total | | 8,289 | 1,500 |
| Grand Total | | 8,159 | 4,018 |

13. Receivables and advances

| Description | 2024/2025 | 2023/2024 |
|----------------------------------|-----------|----------------|
| | Kshs | Kshs |
| Receivables | | |
| Balance brought down | 113,414 | 113,414 |
| Prior year adjustment | (113,414) | - |
| Total Current Receivables | - | 113,414 |

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14. Property, Plant and Equipment

| Cost | Furniture and fittings | Computers | Total |
|----------------------------------|------------------------|-----------|---------|
| | 12.5% | 33% | |
| Depreciation Rate | Kshs | Kshs | Kshs |
| As At 1 July 2024 | 50,000 | 64,000 | 114,000 |
| Additions | - | - | - |
| Disposals | - | - | - |
| Transfers/Adjustments | - | - | - |
| As at 30 th June 2025 | 50,000 | 64,000 | 114,000 |
| Depreciation and Impairment | | | |
| At 1 July 2024 | 12,500 | 42,667 | 55,167 |
| Depreciation | 6,250 | 21,333 | 27,583 |
| Impairment | - | - | - |
| Transfers/ Adjustments | - | - | - |
| As at 30 th June 2025 | 18,750 | 64,000 | 82,750 |
| Net Book Values | | | |
| As at 30 th June 2024 | 37,500 | 21,333 | 58,833 |
| As at 30 th June 2025 | 31,250 | - | 31,250 |

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Valuation**14 (b) 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:

| Description | Cost | Accumulated Depreciation | NBV |
|---|----------------|--------------------------|---------------|
| | Kshs | Kshs | Kshs |
| Computers and Related Equipment | 64,000 | 64,000 | - |
| Office Equipment, Furniture, And Fittings | 50,000 | 18,750 | 31,250 |
| Total | 114,000 | 82,750 | 31,250 |

Property, plant and Equipment includes the following assets that are fully depreciated:

| Description | Cost or valuation | Normal annual depreciation charge |
|---------------------------------|-------------------|-----------------------------------|
| Computers and Related Equipment | 64,000 | 21,333 |
| Total | 64,000 | 21,333 |

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Notes To the Financial Statements (Continued)

15. Cash Generated from Operations

| Description | 2024/2025 | 2023/2024 |
|--|------------------|-----------------|
| | Kshs | Kshs |
| Surplus for the year | (23,442) | (57,583) |
| Adjusted for: | | |
| Depreciation | 27,583 | 27,583 |
| Non-cash grants received | | |
| Contributed assets | | |
| Impairment | | |
| Gains and losses on disposal of assets | | |
| Contribution to provisions | | |
| Contribution to impairment allowance | | |
| Working capital adjustments | (109,273) | (30,000) |
| Increase in inventory | | |
| in receivables | | |
| Increase in deferred income | | |
| Increase in payables | | |
| Increase in payments received in advance | | 24,983 |
| Net cash flow from operating activities | 4,141 | (5,017) |

Financial Risk Management

iv) Capital Risk Management

The objective of the People's Empowerment Party's capital risk management is to safeguard the People's Empowerment Party's ability to continue as a going concern. The People's Empowerment Party capital structure comprises of the following funds:

| Description | 2024/2025 | 2023/2024 |
|------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Revaluation Reserve | - | - |
| Retained Earnings | - | - |
| Total Funds | - | - |
| Total Borrowings | - | - |
| Less: Cash and Bank Balances | (-) | (-) |

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| | | |
|---|---|---|
| Net Debt/(Excess Cash And Cash Equivalents) | - | - |
| Gearing | % | % |

Notes to the Financial Statements (Continued)

16. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the People's Empowerment Party include those parties who 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

| Description | 2024/2025 | 2023/2024 |
|---|----------------|----------------|
| | Kshs | Kshs |
| a) Grants /transfers from the government | | |
| Grants from Political Parties Fund | 809,942 | 458,360 |
| Other grants | - | - |
| Total | 809,942 | 458,360 |

17. Contingent Assets and Contingent Liabilities

There were no Contingent assets or liability held by the Party.

18. Events after the Reporting Period

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

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20. Appendices

Appendix I: 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) |
|---|--|----------------------------|---|---|
| 1. Inaccurate Surplus/(Deficit) for the year - | The Statement of changes in net assets reflects a deficit balance of Kshs. 1,864 for the year. However, the statement of financial performance indicates a deficit of Kshs. 57,583, resulting in an unexplained variance of Kshs.59,447. In the circumstances, the accuracy and completeness of the statement of changes in net assets could not be confirmed. | | Not Resolved | 2025/2026 |
| 2. Unexplained Variance in Administration Expenses | The statement of financial performance reflects administrative expenses of Kshs. 457, 508 while the statement of comparison of budget and actual amounts and Note 7 to the financial statement reflects actual amount of Kshs. 401, 789, resulting in an unexplained variance of Kshs. 55, 719. Further, the statement of cashflows reflects an amount of Kshs. 432, 525 on administration/logistics expenses, which also differed from an amount of Kshs. 401, 789 reflected in the statement of financial performance. The resultant differences have not been explained or reconciled. In the circumstances, the accuracy and completeness of the administrative expenses of Kshs. 457, 508 could not be confirmed. | | Not Resolved | 2025/2026 |

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that Management signs;

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- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your People's Empowerment Party responsible for the implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to the National Treasury.

.....
Secretary General *HON JOYCE MURAMBAWA*
Date: *28th JUNE 2025*

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Appendix II: Transfers from Political Parties Fund

| No | Source of Funds (People's Empowerment Party) | Amount | Date Received | Financial Year the funds relates to |
|--------------|--|---------|---------------|-------------------------------------|
| 1 | <i>Political Parties Fund – balance b/d</i> | 113,414 | 08-Jul-24 | FY 2023/25 |
| 2 | <i>Political Parties Fund</i> | 202,485 | 02-Oct-24 | FY 2024/25 |
| 3 | <i>Political Parties Fund</i> | 202,485 | 06-Nov-24 | FY 2024/25 |
| 4 | <i>Political Parties Fund</i> | 202,485 | 06-Mar-25 | FY 2024/25 |
| 5 | <i>Political Parties Fund</i> | 89,072 | 03-Jun-25 | FY 2024/25 |
| Total | | 809,942 | | |