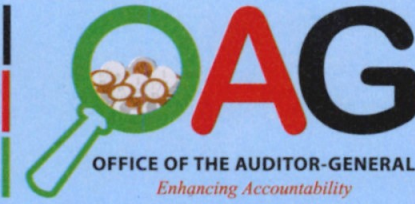
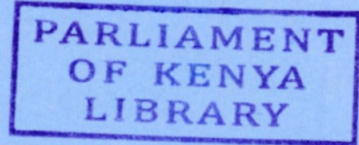


REPUBLIC OF KENYA



REPORT



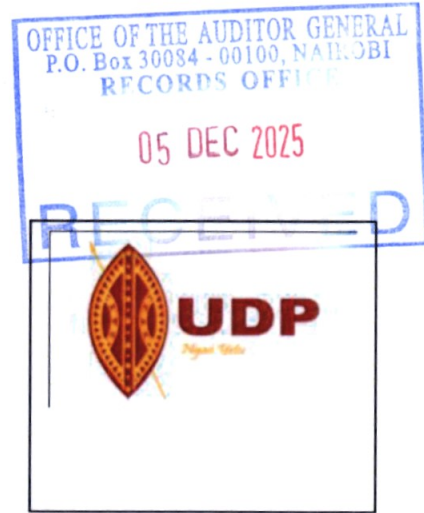
OF

THE AUDITOR-GENERAL

 THE NATIONAL ASSEMBLY PAPERS LAID	
ON DATE:	04 MAR 2025
	DAY. WED
TABLED BY:	DEPUTY LEADER OF THE MAJORITY PARTY
CLERK-AT THE TABLE:	V. WAMBUI

UNITED DEMOCRATIC PARTY

FOR THE YEAR ENDED
30 JUNE, 2025



UNITED DEMOCRATIC 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)

UNITED DEMOCRATIC PARTY
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for the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

A: Acronyms

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

B: Definition of Key Terms

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.

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2. Key Political Party Information and Management

(a) Background information

United Democratic Party was fully registered under the Political Parties Act 2011, CAP. 7D on 5th of May 2015. The Party is domiciled in Kenya and has 12 branches.

(b) Principal Activities.

To have a citizenry whose potential is fully unleashed and that enjoys utmost dignity with a prosperous Kenya that is truly democratic and that espouses the rule of law, justice, equity and freedom for all. Therefore the ideology of the Party is to have a Liberal Democracy, inter alia, and recognize devolution as an effective system of governance.

Hence the Party wishes to form government that unites all people from Kenya and liberate it from all forms of discrimination and oppression, transforming it to a true republic which respects rule of law, good governance and embraces technology to promote economic development for the benefit of all. To achieve this then the party participates 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.

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(c) Key Management

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

No.	Designation	Responsibility
1.	NDC/NGC.	NDC sits once in every five years to ratify and approve decisions taken by the party, NGC helps to organise and manage operations of NDC.
2.	NEC	NEC is the executive organ who carries out the decisions of the NGC and the NDC while Supervising the National Secretariat and take such measure as it deems necessary to enforce the decisions and programmes of the Party as laid down by the NGC and NDC.
3.	National Chairperson	Chair the National Executive Committee meetings and receives all reports prepared on behalf and for the National Executive Committee. Also acts as a signatory together with the SG and others of important documents of the party as described in the constitution.
4.	SG	The SG is the accounting officer of the party and therefore is primarily responsible for the efficient organization and administration of the Party as well as all Party affairs in the National Secretariat.
5.	Executive Director	Heads the National Secretariat and is responsible for overall coordination of party activities.
6.	National Organisation Secretary	NOS supervises meetings, programmes and activities of the Party.
7.	Treasurer	The National Treasurer shall be in charge of Party finances and shall supervise all financial transactions at all Party levels under the direction of the National Executive Committee.

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(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	Bernard Wafukho
2.	Executive Director	Laura Nyangasi
3.	Director of youth Affairs	Job Omondi
4.	Director of Women Affairs	Getrude chepkemoi
5.	Director of PWD	Janet Wawira
6.	Head of Finance	Joan Kituyi
7.	Head of Procurement	James Kiriaanki

(e) Fiduciary Oversight Arrangements

- Registrar of Political Parties

ORPP is the registration body of all political parties which ensures compliance under all requirements prescribed in the relevant laws and regulation governing political parties.

- Governing Body/NEC

NEC is the executive organ who carries out the decisions of the NGC and the NDC while Supervising the National Secretariat and take such measure as it deems necessary to enforce the decisions and programmes of the Party as laid down by the NDC through the NGC.

- Standing committee of the party

The Standing Committee of the Party (SCP) is mandated to provide counsel and advice to the Party Leader and/or Party presidential candidate. Also originate, help to formulate, and shape Party policy within the Party structures while contributing to development of the Party campaign strategy and advice on coalition, alliance building and national integration.

- Advisory Council of the party.

It oversee high standards of morality in all the activities of the Party by acting as the conscience of the Party, with power to invite any officer of the Party whose conduct falls below the norm for a remedial meeting with the Council.

- Party County assembly groups.

The County assembly Groups espouses, advance and defend Party policies and programmes within County assembly and shall, at all times, whether jointly or severally exercise due diligence in the discharge of their duties.

- Board of trustee

Vested with the mandate to safeguard and serve as custodians of the Party assets. Also superintend and sees to prudent management, use and application of Party finances therefore validates treasurer's report before its presentation to the members of the Party.

- National Finance committee –NFC.

The committee is appointed by NEC who determine the composition and its powers. It reports to NEC at least twice a year on the finances and budget of the party. Helps the National Executive committee with corporate governance and oversight responsibilities.

UNITED DEMOCRATIC PARTY
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(f) Party Headquarters

P.O. Box 73179-00200
3rd Floor Suite 301
1012 Riverside drive
Westlands, Nairobi, KENYA

(g) Party Contacts

Telephone: (254) 731 888 811
E-mail: info@udpkenya.org
Website: uniteddemocraticparty.co.ke

(h) Party Bankers

Consolidated Bank of Kenya limited
Koinange Branch
P.O. Box 51133 -00200
Nairobi, Kenya.

(i) Independent Auditor

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

(j) Principal Legal Adviser

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








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3. The National Executive Council/Committee.




Ref	Officials	Details
1.	 Antony Chitavi	Position: National chairperson Gender: Male Date of Office assumption: 24/02/2022 Professional Engineer
2.	 Bernard Wafukho	Position: Secretary General Gender: Male Date of Office assumption: 24/02/2022 Bachelors Arts University of Nairobi
3.	 Erick Machanja	Position: National Organising Secretary Gender: Male Date of Office assumption: 24/02/2022 Professional Engineer
4.	 Pascilisa Miso	Position: National Treasurer Gender: Female Date of Office assumption: 24/02/2022 Accountant
5.	 Laura Nyangasi	Position: Executive Director Gender: Female Date of Office assumption: 24/02/2022 Human Resource
6.	 Job Omondi	Position: Secretary Youth Affairs Gender: Male Date of Office assumption: 24/02/2022 Professional Engineer
7.	 Gertrude Chepkemoi	Position: Secretary Women Affairs Gender: Female Date of Office assumption: 24/02/2022 Community health

UNITED DEMOCRATIC PARTY
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4. Key Management/Secretariat Team

Ref	Officials	Details	Responsibility
1.	 Antony Chitavi	Position: National chairperson Professional Engineer	Chairs NDC, NGC, and NEC meetings. Signatory to all annual reports and any other document required under the political parties Act.
2.	 Bernard Wafukho	Position: Secretary General B Arts University of Nairobi	Accounting Officer/ Secretary to the NEC
3.	 Erick Machanja	Position: National Organising Secretary Professional Engineer	Supervise the organization of meetings and programmes and activities of the party at all levels. Ensure activities at grass root level and management of branch offices.
4.	 Pascilisa Miso	Position: National Treasurer Accountant	Shall be in charge of Party finances and supervise all financial transactions at all Party levels under the direction of the NEC. Also heads National Finance Committee.
5.	 Laura Nyangasi	Position: Executive Director Human Resource	Head of Secretariat
6.	 Job Omondi	Position: Secretary Youth Affairs Professional Engineer	Heads Youth Affair
7.	 Gertrude Chepkemai	Position: Secretary Women Affairs Community health	Heads Women Affair
8.	 Janet Wawira	Position: Secretary PWD Affairs Business woman.	Heads PWD Affairs

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9.	 Miriam Wanyaga	Position: Party Administrator Bsc Pharmacy Jomo Kenyatta University	Managing office operations to ensure smooth work flow in the party and also provide clerical support.
10.	 James Kiriaanki	Position: Head of procurement. Certificate in Education - Muranga TTC	Heads Party operations and procurement.
11.	 Joan Kituyi	Position: Head of finance B.Com University of Nairobi	Heads Finance & Accounts.

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
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5. Chairman's Statement



I am delighted to present the financial report for **UNITED DEMOCRATIC PARTY** for the year ended 30 June 2025. I would like to congratulate members of **UNITED DEMOCRATIC PARTY** without whom it would not have been possible for us to achieve the results for the year under view.

As the Chairman, I appreciate the support accorded to me by my fellow party officials and I thank them for their invaluable advice and support. In the year under review we managed to hold several meetings which helped us to run the party efficiently and effectively.

We continue to be in Coalition under the Azimio la Umoja on which we have aggressively been involved to fight for the rights of citizenry due to high cost of living. The current regime however continue to be insensitive to the plight of Kenyans amidst economic and market volatility raging over the country.

I would also like to take this opportunity to thank the Government of Kenya, specifically the Registrar of Political Parties for their invaluable support in ensuring that Political Parties operate in a level playing field that guarantees fairness for all electorates.

As a party we continue to consult widely on putting together our strategic plan as well as other party documents which we would require extensive training on as we progress to enable us write them to serve the purpose.

Going forward, we have embarked on very aggressive membership recruitment drive to increase our numbers across the Country. Our aim is to make inroads in areas where we do not have a presence, as we maintain a strong grip on our strongholds. Currently, UDP-KENYA is compliant in 12 Counties across the Country.

.....*Antony Chitavi*.....

MR. ANTONY CHITAVI
CHAIRMAN

DATE.....*5/2/2025*.....

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
for the year ended June 30, 2025

6. Report of the Secretary-General



We are delighted to present the financial report for **UNITED DEMOCRATIC PARTY** for the year ended 30 June 2025.

Collective responsibility has made it possible for us to achieve the results posted for the Financial Year under review and I appreciate the support accorded to me by my fellow party members and thank them for their invaluable support.

We would also like to thank the Government and ORPP for their support, however the biggest challenge that we still face as a party is lack of enough funds to run our operations. Therefore we appeal that they should allocate enough resources from the Political Parties Fund (PPF) to enable Political Parties manage their affairs better.

The most challenging effect of the above is that hiring of experienced staff to enable handle our operations effectively became impossible and ended up relying on volunteers most of the times.

Delays in transferring Political parties fund in our banks became inevitable which caused delays in planned activities making it impossible to do our quarterly activities as appropriate.

We experienced slight decrease in Revenue and a considerable reduction in Expenditure because there was a major PPF budget cut during the year which made us review our activities accordingly. Our first budget in expenditure was Ksh 5,202,110 visa vie the current one of ksh 4,473,677

We continue to experience major reduction in membership collections due to hard economic time's experiences in the country and throughout the world. However we continue to put in resources to recruit members as much as possible as we sensitize them on the importance of voting responsible leaders.


.....

BERNARD WAFUKHO
SECRETARY GENERAL.
DATE 5/12/2025

UNITED DEMOCRATIC PARTY
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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 2022 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 which shows extracts of NEC approved work plans and budget.

UNITED DEMOCRATIC PARTY REVISED WORKPLAN A FOR 12 MONTHS BEGINNING JULY 2024 - JUNE 2025		OUTPUT	BUDGETARY ESTIMATES	CUTRY TIME FRAME JULY 24-JUNE 25				PERFORMANCE INDICATORS	MEANS OF VERIFICATION
STRATEGIC OBJECTIVE	ACTIVITIES			Q1	Q2	Q3	Q4		
1. Not more than 30% of the political party funding to cover administration cost of the party. 1,342,103	1. HQ & Administration Expenses	NOTE 1						1. Effective and responsive human resource policy in place. 2. Effective and responsive finance policies in place 3. Effective asset management policy in place	1. Branch/registrar records 2. Compliance with the law 3. Effective running of the party and safety of party assets 4. Auditor general and Kra
	Office Supplies								
	Security expenses								
	Electricity and water								
	Internet and telephone								
	Postage and delivery								
	Printing and stationery								
	Rent & rates & deposits		61,000	✓	✓	✓	✓		
	Financial Cost & banking expenses		1,254,000	✓	✓	✓	✓		
	Cleaning & sanitation		27,100	✓	✓	✓	✓		
	Staff welfare & medical cover		-						
	Wages & salaries		-						
	Newspapers & Publications		-						
	Repairs & maintenance		-						
	Clubs & Memberships		-						
Staff Developments		-							
Travel & accommodation		-							
Admits legal and professional fees		-							
Capital Expenditure/Assets		-							
Depreciation & Amortisation		-							
Purchase of assets		-							
TOTAL Administration expenses		1,342,100							
1. ensure continuous link between the people and party organs. 2. To grow membership base to achieve credible party membership	2. Promoting Active Participation by citizen in political life	NOTE 2						1. Increased community understanding of electoral processes and party officials understanding of the requirement of political party Act	1. Branch records/Registrar records 2. Compliance with the law 3. Available party membership records
	I. Membership Recruitment & Branch Coordination and support								
	Branch support & Disbursements		-						
	Branch audits & coordination		-						
	Membership recruitment & retention		300,000	✓	✓	✓	✓		
	General membership expenses		-						
	Resource mobilization expenses		-						
	Total Branch coordination & Support Expenses		300,000						
	II. Conferences and meetings	NOTE 2							
	CM/NEC - Quarterly meetings		200,000	✓	✓	✓	✓		
National officials meetings & forum		50,000	✓	✓	✓	✓			
NGC Meeting		-							
Party conferences		-							
Party leaders meetings		-							
County and Branch forums		-							
International conferences		171,577	✓	✓	✓	✓			

WORKPLAN

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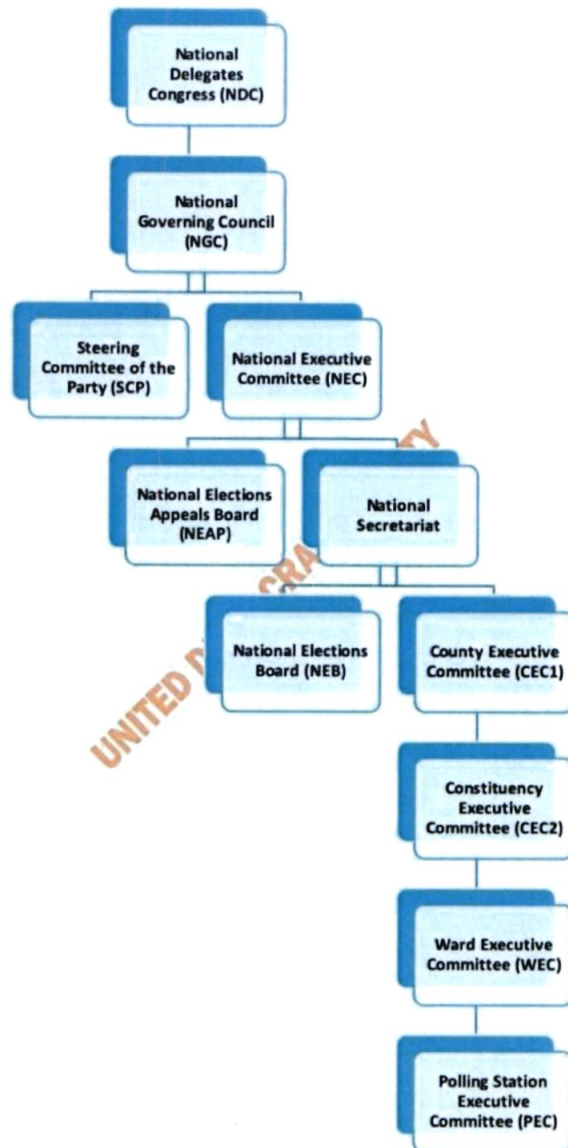
UNITED DEMOCRATIC PARTY REVISED WORKPLAN A FOR 12 MONTHS BEGINNING JULY 2024 - JUNE 2025									
STRATEGIC OBJECTIVE	ACTIVITIES	OUTPUT	BUDGETARY ESTIMATES	QUARTLY TIME FRAME JULY 24-JUNE 25				PERFORMANCE INDICATORS	MEANS OF VERIFICATION
				Q1	Q2	Q3	Q4		
1. Bringing our party to bear on the shaping public opinion on election matters	Ad hoc & standing committees		-						
	PG Meetings		-						
	Party secretariat meetings		50,000	V	V	V			
	Party NDC Meeting		-						
	Party special NDC Meeting		-						
	TOTAL Conferences & Meetings		50,000						
	III. Civic Education	NOTE 2							
	Seminar & Workshops		-						
	Civic Education & Retreats		-						
	Voters sensitization forums		300,000	V	V	V		1. Mainly covering the party legislative agenda and the development government, ToTS, Youth, PWDs and Women leagues	1. Branch records/Registrar records 2. Compliance with the law 3. Available party membership records
	Party to party co operation		-						
	Other secretariat/ Governance forums		-						
	TOTAL Civic education expenses		300,000						
	3. To Promote representation of SIGs	NOTE 3							
1. Not less than 30% to promote activities of Special Interest Groups, included but not limited to meetings and conferences	PWD league conferences & meetings.		400,000	V	V	V		1. To cover extensively activities of SIGs	1. Branch Records/ Registrars Records
	Marginalised group meetings and conferences		400,000	V	V	V		2. To Promote representation of special interest groups, including PWD, youth & women Leagues and marginalised groups	2. Compliance with the law
	Women & youth league conferences & meetings.		900,000	V	V	V			3. Available party membership records
	Total SIGs expenses		1,700,000						
	4. Party policies and advocacy	NOTES 4							
1. Bringing our party to bear on the shaping public opinion	Advocacy articles		-					1. Mainly covering the party legislative agenda and the development government, ToTS, Youth, PWDs and Women leagues and the party members as a whole	1. Branch records/Registrar records
2. Partys strategic plan development	Intelligence & media monitoring		-						2. Compliance with the law
3. Broadcasting party policies	Radio, tv & newspaper - publicity & advertising		40,000	V	V	V			3. Available party membership records
	General advocacy - truck hire & publicity		-						
	Campaigns/Smedia/Website		20,000	V	V	V			
	General advocacy - printing, branding & adverts		300,000	V	V	V			
	Policy dialogue/Manifesto development		-						
	TOTAL Party policy & advocacy expenses		360,000						
	5. Electoral Expenses.	NOTE 5							
1. Covering election & nomination expenses of the party.	Opinion polls, research & strategy		-					1. Increase community understanding of electoral processes and party officials	1. HQ and branch records/Registrar records
2. Campaigning and broadcasting of party policies.	Personal expenses - Ros, Pos, Agents		-					2. Understanding of the requirement of the political & elections parties ACT.	2. Compliance with the law- IIBC
3. Achieve credible party nominations via an informed party electoral process.	Election materials - Ballot boxes and papers		-					3. Successful party elections and nomination exercise	3. Effective running of the party
4. Conducting by elections of the party where needful.	Campaign promotional materials		-					4. Membership growth and service delivery	4. Party manifesto and strategic plan
5. Covering grassroot party officials elections	All media notices and advertisements		-						
	Transportation and logistics		-						
	Vetting expenses		-						
	Rally & security expenses		-						
	Campaign Launch		-						
	Legal fees		-						
	Grassroot expenses		-						
	TOTAL Electoral expenses		-						
	TOTAL AMOUNTS		4,473,677						

WORKPLAN

UNITED DEMOCRATIC PARTY
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8. Governance Statement.

The Party structure is presented in the diagram below:



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The governance arrangement of the party is as explained below:

- National Delegate Congress is the supreme organ of the party which meets once in every five years to consider all decisions made by the party which requires its attention for ratification.
- National Governing Council is the standing committee of the National delegate congress and it reviews and formulate policies of the party for approval by NDC.
- National Executive Committee is elected by the National delegate congress except the executive director. It's the executing organ and carries out decision of the NGC and NDC. It has mandated to form several committees including Disciplinary committee, National finance committee among others.
- National Secretariat is the administrative organ of the party and governs the party affairs on a day to day basis.
- National Elections appeals board is responsible to receive elections and nomination appeals. It should work independently of other party organs except as provided in the constitution.
- County Executive Committee is elected by members of all the constituencies' executive committee in the county once every five years. It reviews the party work in the county and makes appropriate recommendations to the National council through the executive committee.
- Constituency Executive Committee is elected by members of all ward executive committee in the county once every five years. It's responsible for the general administration of the party operations at the constituency level.
- Ward Executive Committee is elected by members of all polling station executive committee in the ward once in every five years. It's responsible to oversee the implementation of the party programmes within the ward.
- Polling Station Committee is elected in every five years and is responsible for the general mobilisation of the party membership at the grass root registration of voters in the polling area.
- National Election Board is responsible to plan, organise, direct and coordinate the party internal and general elections.
- Party leagues which includes youth, women and pwd assembly.

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9. Management Discussion and Analysis.

As a party, our ambition is to establish a Country where its citizens enjoy Social, Economic and Democratic rights as envisioned in our Vision and Mission.

One aspect we want to focus on is to ensure that our activities as a Political Party impact positively on the livelihoods of Kenyans where social responsibility if well managed can be used to improve living standards in our communities.

United Democratic Party has performed very well and we have never received an adverse audit queries, and we have endeavoured to improve our control measures as advised, further we have worked hard towards implementation of all recommendations put forward by both OAG and ORPP to enable us work smoothly towards our Party goals and ambitions.

Below are some of the highlights:

INCOME ANALYSIS.

- ***Membership and member's subscription.***

Due to the hard economic times in the country and beyond we have waived for our member's contribution subscriptions, which has resulted in a reduction in funds generated from members. Also when representatives are elected there become reluctant to pay party dues making it harder for the party. However we have continued to invest in members' recruitment and civic education to prepare the party for the next general elections.

- ***Budget per year.***

We have presented our budget for approvals from the year ending June 2023 to the year ending June 2025. Where in the year **2023** we presented a budget of Ksh 3,220,967 and in the year **2024** we presented a budget of Ksh 2,943,965 and finally for this financial year of **2025** we presented a budget of Ksh 4,473,677.

- ***Revenue from Political Parties Fund (Funded Parties)***

During the year the party was allocated ksh 4,473,677 which was after a budget cut from Ksh 5,202,110 which was first allocated. The party also received Ksh 728,433 related to last financial year during this year.

- ***Number of elected representatives, including SIGs.***

UDP has 5 elected representatives including SIGs and nominated members.

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- No of Party Branches

During this year ORPP, compliance department carried out an inspection of our offices and we got a clean bill however we promised to work together to help us more on all compliance challenges faced on the ground mostly caused by lack of enough finances to sustain the offices. Currently we have 12 party branches operating in different counties.

EXPENDITURE NOTES.

The following provide brief expenses explanations

- ***HQ & Administration Expenses.***

During the year the party utilized admin expense of Ksh 815,420. However the budgeted amount was Ksh 1,342,100 where Ksh 535,071 was allocated towards accrued rent for Davard investment limited, and ksh 8,391 was depreciation for the year.

- ***Promoting Active Participation by citizen.***

Members' recruitment and Branch Coordination and support.

During the year the party utilised Ksh 300,000 towards this activity. The party invested the amount towards recruiting more party members.

Conferences and meetings.

During the year the party utilised Ksh 454,210 towards this activity, where various meetings and conferences we held to deliberate on party issues. However National officials meeting and Party secretariat meeting increased with Ksh 70,000, making the budget move from Ksh 471,577 to Ksh 541,577. This was amounts reallocated from previous years audit provision which was in the balance brought forward of ksh 729,453.

Civic Education.

During the year the party utilised Ksh 300,000 towards the activity. The party held voters sensitization forums to educate members on the current affairs of the country.

- ***Party Promotion and advocacy.***

During the year the party utilised ksh 419,453 to promote the party and its policies to the general citizens of the country. The amount budgeted for the year was Ksh 360,000 and last year's brought forward of Ksh 59,453 totalling to the above.

- ***Promote Representation of SIGs.***

During the year the party allocated Ksh 1,700,000 towards the special groups. The party utilised Ksh 2,350,000 since Ksh 650,000 was brought forward from previous year.

10. Environmental and Sustainability Reporting

United Democratic Party is committed to reduce environmental impact in its operations. The party is cognizant of adverse environmental effects on sustainability practices where sustainability is the ability to maintain or continue offering services to the country's citizens over the long term. It is using resources in a way that allows them to replenish and continue supporting life both now and in the future.

i. Sustainability strategy and profile.

To ensure the sustainability, party funds the following key thematic areas/programmes as part of its sustainable priorities.

- a. **Training and advocacy:** The party focus on political education for party members through conducting sensitization forums and customized training. The intention is to empower the party members such that in years to come, they will be informed with party ideologies and therefore creating loyalty to the party, who will contribute positively to democracy and strengthening of the party. This strategy also takes care of marginalized groups, women, youth and people living with disabilities.
- b. **Representation and Participation:** Among its key pillars, the party aims to achieve representation at County and National Assembly of Special Interest Groups (SIGs) as a priority area with the intention to enhance their participation in political discourse. This is aimed at increasing the number of SIGs both at County and National Assembly electoral processes. The Party directly engages stakeholders in decision-making and fully considers members.
- c. **Climate change and mitigation:** The party acknowledges that all its operation has an impact on the environment. Cognizant of the Sustainable development goals, and aspires to comply with all the requirements thereon.

ii. Environmental performance.

The party is cognizant of environmental management and coordination Act Cap 387 and aspires to comply with the requirements of a public United Democratic party. The party focuses on the following key areas in environmental performance.

- a. **Lights** – The party has put in place measures to use clean energy in the office where it uses energy savings bulbs and ensures that lights are switched off when not in use.
- b. **Recycling** – The party segregates waste for recycling purposes.

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- c. Transportation – The party aspires to use low carbon emission modes of transport; pool transport is used during party activities.
- d. Digital documentation – Through digital transformation the party has reduced the use of papers in printing.

iii. Market place practices.

United Democratic Party is committed to fair and ethical market practices. The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors to lift them economically. Our ethical market practices ensure the party gets value for money on all goods and services procured. We are also committed to healthy relations with our suppliers and are dedicated to honouring all contracts and settling payments promptly.

iv. Community Engagements-

The Party has endeavoured to sustain community as well as appreciating our existence through engaging local suppliers when necessary. We have also engaged the community on the party mandate through civic education, public barazas, women leagues, youth leagues and PWDs leagues.



.....
Name: Bernard Wafukho
Secretary General.

UNITED DEMOCRATIC PARTY
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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 *Party's* affairs.

i) Principal activities

The principal activities of the Party are reported on page iii.

ii) Results

The results of the Entity for the year ended June 30, 2025, are set out on page 1 to 6.

iii) Committee Members

The members of the Governing body/NEC who served during the year are shown on page vii. During the year no members retired/ resigned and neither was any appointed.

iv) Auditors

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

By Order of the Council/Committee



.....
Name: Bernard Wafukho

Secretary General

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12. Statement of the National Executive Committee Responsibilities

Section 31 of the Political Parties Act 2011 Cap D requires 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 United Democratic 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 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, 20xx, and of the Party's financial position as at that date. The NEC further confirms the completeness of 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. Nothing has come to the attention of the Directors to indicate that *the UDP* will not remain a going concern for at least the next twelve months from the date of this statement.

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
for the year ended June 30, 2025

Approval of the financial statements

The Party's financial statements were approved by the Board on 30th June 2025 and signed on its behalf by:



.....
Name: Anthony Chitavi
Chairperson



.....
Name: Bernard Wafukho
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 UNITED DEMOCRATIC 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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of United Democratic Party set out on pages 1 to 33, which comprises of the statement of the financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all

the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of United Democratic 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 Opinion

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, three (3) issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance, respectively. These include lack of procurement plan, lack of strategic plan and failure to establish Party offices in at least 24 Counties. Review of the status during the audit of the Party in 2024/2025 revealed that the matters remained unresolved.

Other Information

Management is responsible for the Other Information set out on pages iii to xxii which comprise of Key Political Party Information and Management, The National Executive Council, Key Management 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 National Executive Council and the Statement of the 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. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance 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 Law on Establishment of Party Offices

As previously reported, the Party operated only one (1) Office in Nairobi, which serves as its headquarters. No evidence was provided to verify that the Party had established offices in at least twenty-four Counties. This was contrary to Section 7(2)(f)(iii) of the Political Parties Act, 2011, which states that a provisionally registered Political Party shall be qualified to be fully registered if it has submitted to the Registrar the location and addresses of the branch offices of the Political Party, which shall be in more than half of the Counties.

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

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

During the year under review, the Party Management did not prepare monthly bank reconciliation statements and quarterly reports as required by Regulations 90(1) and 65 of the Public Finance Management (National Government) Regulations, 2015. The regulations require Accounting Officers to prepare monthly bank reconciliation statements by the 10th of the subsequent month and quarterly reports by the 15th day of each quarter and submit a copy to The National Treasury, with a copy to the Auditor-General.

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

3. Lack of an Annual Procurement Plan

During the year under review, the Party spent Kshs. 1,473,663 on advocacy and electoral expenses for the procurement of goods and services. However, the expenditure was not supported by an approved annual procurement plan and other tender documents. This was contrary to Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020, which states that a procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

4. Non-Compliance with Climate Change Financing Requirements

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

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

5. Lack of Strategic Plan and Disaster Recovery Plan

During the year under review, the Party did not have a Strategic Plan or Disaster Recovery Plan. As a result, the basis for budget preparation and the Party's activities, together with its long-term objectives, could not be confirmed. This was contrary to Regulation 32(5) of the Public Finance Management (National Government) Regulations, 2015, which requires that all budget proposals be 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 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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

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

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

2. Failure to Collect Public Contributions and Donations

As disclosed in the statement of financial performance, the Party did not collect any revenue from membership contributions, donations, or other internally generated revenue, indicating weaknesses in its own source revenue base and dependence on Government funding.

In the circumstances, the Party's failure to plan for and generate its own revenue exposes it to the risk of being unable to sustain services should allocations from the Political Parties Fund be reduced or delayed.

3. Lack of an Organization Structure

Review of the internal controls and governance revealed that the Party had not developed a functional organizational structure, such as Human Resource, Finance, Administration, ICT, and Procurement functions, as required by both its Constitution and other statutory frameworks.

In the circumstances, the Party's ability to execute its mandate effectively and maintain clear lines of accountability could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Party's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Party's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

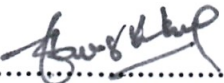
15 December, 2025

UNITED DEMOCRATIC PARTY
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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	4,473,677	3,477,750
Total Revenue		4,473,677	3,477,750
Expenses			
Administrative Expenses	7	815,420	750,248
Special Interest Groups expenses	8	2,350,000	950,000
Advocacy and Electoral expenses	9	1,473,663	1,047,089
Total expenses		4,639,083	2,747,337
Surplus/Deficit		(165,406)	730,413

The notes set out on pages 7 to 32 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: Bernard Wafukho
Secretary General

Date 

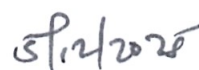


Name: Pascilisa Misoi
National Treasurer

Date 



Name: Anthony Chitavi
Chairman of the Party

Date 

UNITED DEMOCRATIC PARTY
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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	10	87,367	51,020
Receivables and advances	12	120,000	120,000
Accrued Receivable from Government	12	-	728,433
Total Current Assets		207,367	899,453
Non-Current Assets			
Property Plant and Equipment	13	19,579	27,970
Total Non- Current Assets		19,579	27,970
Total Assets (A)		226,946	927,423
Liabilities			
Current Liabilities			
Trade and Other Payables	14	-	535,071
Total Current Liabilities		-	535,071
Non-Current Liabilities			
Non-Current Provisions	-	-	-
Total Non- Current Liabilities		-	-
Total Liabilities (B)		-	535,071
Net Assets (A-B)		226,946	392,352
Represented by:			
Reserves		392,352	(338,061)
Accumulated Surplus/deficits		(165,406)	730,413
Net Assets		226,946	392,352

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



Name: Bernard Wafukho

Secretary General

Date 5/12/2025



Name: Pascilisa Misoi

National Treasurer

Date 5/12/2025



Name: Anthony Chitavi

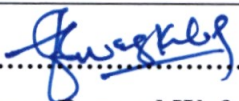
Chairman of the Party

Date 5/12/2025


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


Description	Reserve	Accumulated Surplus	Total
	Kshs	Kshs	Kshs
As at July 1 2023	-	(338,061)	(338,061)
Revaluation gain	-	-	-
Transfer of excess depreciation on revaluation	-	-	-
Surplus/ deficit for the year	-	730,413	730,413
As at June 30, 2024	-	392,352	392,352
As at July 1, 2024	-	392,352	392,352
Revaluation gain	-	-	-
Transfer of excess depreciation on revaluation	-	-	-
Surplus/ (deficit) for the year	-	(165,406)	(165,406)
As at June 30, (Current FY)	-	226,946	226,946



Name: Bernard Wafukho
Secretary General
Date 5/12/2025



Name: Pascilisa Misoi
National Treasurer
Date 5/12/2025



Name: Anthony Chitavi
Chairman of the Party
Date 5/12/2025

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

		2024-2025	2023-2024
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from Political Parties Fund (PPF)	6	4,473,677	3,477,750
Total receipts		4,473,677	3,477,750
Payments			
Administrative Expenses	7	815,420	750,248
Special Interest Groups expenses	8	2,350,000	950,000
Advocacy and Electoral expenses	9	1,473,663	1,047,089
Total payments		4,639,083	2,747,337
Surplus for the year		(165,406)	730,413
Adjusted for:			
Depreciation		8,391	11,987
Working capital adjustments			
Increase/Decrease in receivables		728,433	(728,433)
Increase/Decrease in payables		(535,071)	(182,011)
Net cash flows from/ (used in) operating activities	15	36,347	(168,044)
Cash flows from investing activities			
Proceeds from sale of PPE		-	-
Purchase of investments		-	-
Sale of investments		-	-
Net cash flows from/(used in) investing activities		-	-
Cash flows from financing activities			
Increase/(Decrease) in Payables		-	-
Increase/Decrease) in Receivables		-	-
Net cash flows from financing Activities		-	-
Net increase/(decrease) in cash & Cash equivalents		36,347	(168,044)
Cash and cash equivalents at 1 July 2024		51,020	219,064
Cash and cash equivalents at 30 June 2025	10	87,367	51,020

UNITED DEMOCRATIC PARTY
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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original budget	Adjustment s	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	B	c=(a+b)	D	e=(c-d)	f=d/c*100
Carry Overs from the Previous Period		728,433	728,433	728,433	-	100%
Receipts						
Transfers from Political Parties Fund (PPF)	5,202,110	(728,433)	4,473,677	4,473,677	-	100%
Total	5,202,110	(728,433)	4,473,677	4,473,677	-	100%
Payments						
Administrative Expenses	1,560,633	(218,533)	1,342,100	807,029	535,071	60%
Special Interest Groups expenses	2,000,000	(300,000)	1,700,000	2,350,000	(650,000)	138%
Advocacy and Electoral expenses	1,641,477	(209,900)	1,431,577	1,473,663	(42,086)	103%
Finance Costs	-	-	-	-	-	-
Capital Development	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-
Others specify	-	-	-	-	-	-
Total Expenditure	5,202,110	(728,433)	4,473,677	4,630,692	(157,015)	104%
Surplus for the period	-	-	-	(157,015)	157,015	

UNITED DEMOCRATIC PARTY
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Budget notes

1. There was underutilization in Administration as is above is 60%. The difference is due to an amount of Ksh 535,071 which was spent to pay Davard investment ltd which was accrued rent. Also an amount of ksh 8,391 is depreciation for the year.

The overutilization as above on SIG of 138% was caused by amounts budgeted last financial year not yet spent on women and youth leagues of ksh 650,000. While advocacy and electoral expenses of 103% was caused by amounts budgeted last year not spent of Ksh 59,453 on general advocacy and Ksh 70,000 on audit provisions previously allocated in administration not spent, hence a total of Ksh 129,453 further there was an amount of Ksh 87,367 not spent in the year and was still in the bank. An amount of Ksh 779,453 brought forward from previous year was utilised with the above as explained. **(IPSAS 24.14)**

2. The difference between the original and final budget was due to budget cuts during the year. **(IPSAS 24.29)**

3. Where the total of actual on a comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

Budget Reconciliation

No	Description	Kshs
	Surplus/Deficit Amounts as per the statement of Financial performance.	(165,406)
1	Administration expense- Rent accrued Davard Investment ltd	(535,071)
2	SIGs- Amount accrued from last year's activities	650,000
3	Advocacy and electoral activities brought forward from last year.	129,453
4	Depreciation for the year	8,391
	Closing Cash and Cash Equivalent as per the statement of Cash flows	87,367

UNITED DEMOCRATIC PARTY
Annual Report and Financial Statements
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19. Notes to the Financial Statements

1. General Information

UDP party is established by and derives its authority and accountability from Political Parties Act.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Party's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Party*. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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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 cash flows of the 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. 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.

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Standard	Effective date and impact:
	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.
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <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>
IPSAS 47: Revenue	<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 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>
IPSAS 48: Transfer Expenses	<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>
IPSAS 49: Retirement Benefit Plans	<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>

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Standard	Effective date and impact:
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the 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.
IPSAS 43: Leases	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Party. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, 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>

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<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>
<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 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</p>

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	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.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <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 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.

United Democratic Party has adopted the new standards in the financial year of the year 2025 where applicable.

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 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.

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 Party's right to receive payments is established.

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Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for the Current FY was approved by the National Assembly on 10th September 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The reductions/appropriations are reduced in the original budget by UDP upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *Party* recorded reduction/appropriations of Ksh 728,433 on 25th May 2025 budget following the governing body's approval.

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

Investment property (continued)

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.

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 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.

e) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Party*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *Party* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *Party* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Party*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) Intangible assets

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

g) Research and development costs

The *Party* expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the *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.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The *Party* does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the *Company's* financial statements.

A financial instrument is any contract that gives rise to a financial asset of one *Party* and a financial liability or equity instrument of another *Party*. At initial recognition, the *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

Financial instruments (continued)

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 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 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 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 a 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 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 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 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.

Impairment

The Party assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Party recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are to be set out in a note.

b) Financial liabilities

Classification

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

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of

Inventory (continued)

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 *Party*.

j) Provisions

Provisions are recognized when the *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 *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.

k) Contingent liabilities

The *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.

l) Contingent assets

The *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 *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.

m) Nature and purpose of reserves

The *Party* does not create nor maintain reserves in terms of specific requirements.

Notes to the Financial Statements (Continued)

n) Changes in accounting policies and estimates

The 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.

o) Employee benefits

Retirement benefit plans

The *Party* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which a Party pays fixed contributions into a separate Party fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) Foreign currency transactions

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

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

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Notes to the Financial Statements (Continued)

r) Related parties

The *Party* regards a related party as a person or an *Party* with the ability to exert control individually or jointly, or to exercise significant influence over the *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.

s) Cash and cash equivalents

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

t) Comparative figures

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

u) Subsequent events

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

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *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 Party based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Party. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

The condition of the asset based on the assessment of experts employed by the Party.

- a) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- b) The nature of the processes in which the asset is deployed.
Availability of funding to replace the asset.
Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the Financial Statements (Continued)

6. Transfers from Political Parties Fund (PPF)

Description	2024-2025	2023-2024
	Kshs	Kshs
Government Political Fund	4,473,677	2,215,532
Accrued Transfers owing from Government-2022/2023	-	533,785
Accrued Transfers owing from Government-2023/2024	-	728,433
Total	4,473,677	3,477,750

In the year 2023/2024 there was a correction on, from cash basis to accrual basis.

7. Administrative Expenses

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Office Rent		720,000	720,000
Printing and stationery		73,066	0
Depreciation		8,391	11,987
Bank charges		13,963	18,261
Total Administrative Expenses		815,420	750,248

8. Special Interest Groups

Description	2024-2025	2023-2024
	Kshs	Kshs
Marginalised group	400,000	600,000
PWD League	400,000	350,000
Women League	800,000	-
Youth League	750,000	-
Total	2,350,000	950,000

9. Advocacy and Electoral Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Branches-Coordination & Support	300,000	191,542
Conferences and meetings	454,210	155,000
Civic Education expenses	300,000	400,000
Party Policy and advocacy	419,453	300,547
Electoral and Campaign expenses	-	-
Total	1,473,663	1,047,089

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Notes to the Financial Statements (Continued)

10. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	87,367	1,020
Cash on hand and in Transit	-	50,000
Total Cash and Cash Equivalents	87,367	51,020

11. Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current Account			
Consolidated Bank	10011201000156	87,367	1,020
Sub- Total		87,367	1,020
b) Cash-on-Hand and in Transit			
Cash In hand		-	50,000
Sub- Total		-	-
Grand Total		87,367	51,020

12. Receivables and advances

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Receivables and advances – Rent deposits.	120,000	120,000
Accrued transfers owing from Government	-	728,433
Total Current Receivables	120,000	848,433

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13. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Office Equipment	Computers	Total
Depreciation Rate		2.5%	25%	12.5%	12.5%	30%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July 2023	-	-	-	-	-	57,082	57,082
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
As at 30 th June 2024	-	-	-	-	-	57,082	57,082
1 st July current 2024	-	-	-	-	-	57,082	57,082
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
As at 30 th June 2025	-	-	-	-	-	-	57,082
Depreciation And Impairment							
At 1 July 2023	-	-	-	-	-	17,125	17,125
Depreciation	-	-	-	-	-	11,987	11,987
As At 30 th 2024	-	-	-	-	-	29,112	29,112
1 st July 2024	-	-	-	-	-	29,112	29,112
Depreciation	-	-	-	-	-	8,391	8,391
Disposals	-	-	-	-	-	-	-
As at 30 th June 2025	-	-	-	-	-	37,503	37,503
Net Book Values							
As at 30 th June 2024	-	-	-	-	-	27,970	27,970
As at 30 th June 2025	-	-	-	-	-	19,579	19,579

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13 (a) Valuation

There was no valuation of Property, Plant and Equipment in the year ending June 30th 2025.

13 (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
Land	-	-	-
Buildings	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	57,082	37,503	19,579
Office Equipment, Furniture, And Fittings	-	-	-
Total	57,082	37,503	19,579

14. Trade and Other Payables

Description	2025		2024	
	Kshs		Kshs	
Davard Investment Ltd	-		535,071	
Other Payables	-		-	
Total trade and other payables	-		535,071	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	0%	535,071	100%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total (tie to above total)	-		535,071	

Davard Investment Ltd has been accruing over time and has since been paid in full as at this year ending June 2025.

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Notes to the Financial Statements (Continued)

15. Cash Generated from Operations

Description	2025	2024
	Kshs	Kshs
Surplus for the year	(165,406)	730,413
Adjusted for:		
Depreciation	8,391	11,987
Working capital adjustments		
Increase in inventory	-	-
Increase in receivables	728,433	(728,433)
Increase in deferred income	-	-
Increase in payables	(535,071)	(182,011)
Increase in payments received in advance	-	-
Net cash flow from operating activities	36,347	(168,044)

16. Financial Risk Management

The Party's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Party's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Party does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Party's financial risk management objectives and policies are detailed below:

i) Credit risk

The Party has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Party's management based on prior experience and their assessment of the current economic environment.

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Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Party's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Party has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Party has significant concentration of credit risk on amounts due. The board of directors sets the Party's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Party's directors, who have built an appropriate liquidity risk management framework for the management of the Party's short, medium and long-term funding and liquidity management requirements. The Party manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Party under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Financial Risk Management

iii) Market risk

The *Party* has put in place an internal audit function to assist it in assessing the risk faced by the Party on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Party's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Party's Finance Department is

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Notes to the Financial Statements (Continued)

responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Party's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

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

Financial Risk Management

The carrying amount of the *Party's* foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period should be indicated as of current financial year.

The effect on the *Party's* statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

b) Interest rate risk

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

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

The *Party* analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The

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sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of an amount Current FY. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of an amount in the Current FY.

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Party's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Party* considers relevant and observable market prices in its valuations where possible.

Financial Risk Management

The following would shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy, where there were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at

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Notes to the Financial Statements (Continued)

fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

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

17. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *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

18. Contingent Assets and Contingent Liabilities

There was no any Contingent assets or liability held by the Party during the year.

19. Events after the Reporting Period

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

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20. Appendices

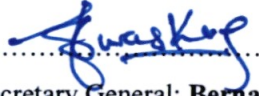
Appendix I: Implementation Status of Auditor-General's Recommendations

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: Date to resolve
	Report on lawfulness and effectiveness in use of public Resources			
1.	Lack of procurement plan.	We are not required by ORPP to submit for approval a procurement plan.	WIP-Not Resolved	
2.	Lack of strategic plan	We are committed to develop Document as advised which is work in progress. However budget limitation is experienced where there is no enough funds to adequately employ experts for the purpose and most of times the party depends on volunteers to help run its affairs. Also resources must be allocated towards the development of these documents as advised thus make the process challenging.	WIP-Not resolved	
3.	Lack of risk management policy	We are committed to develop Document as advised which is work in progress. However budget limitation is experienced where there is no enough funds to adequately employ experts for the purpose and most of times the party depends on volunteers to help run its affairs. Also resources must be allocated towards the development of these documents as advised thus make the process challenging.	WIP-Not resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: Date to resolve
4.	Failure to establish party offices in at least 24 counties.	We are committed to keep our branch offices running as required by law. However budget limitations is experienced where there is no enough funds to sustain Branch expenses and landlords end up closing down the premises while volunteers end up abandoning the course making the need challenging. Political parties have continued to engage the registrar of political parties to find a lasting sustainable solution as they continue to inspect the offices	WIP-Not resolved	
	Report on the effectiveness of internal controls, risk management and governance.			
1.	Lack of internal audit Report.	The party has since constituted a National finance committee as required by the party constitution for this purpose.	Resolved	

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 Secretary General: **Bernard Wafukho**
 Date: 5/12/2025

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Appendix II: Transfers from Political Parties Fund

No	Source of Funds (Party)	Amount Kshs	Date Received	Financial Year the funds relates to
1	Political Parties Fund	728,433	08 July 2024	FY 2023/2024
2	Political Parties Fund	1,300,527.50	02 Oct 2024	FY 2024/2025
3	Political Parties Fund	1,300,527.50	15 Nov 2024	FY 2024/2025
4	Political Parties Fund	1,300,527.50	06 March 2025	FY 2024/2025
5	Political Parties Fund	572,094.50	03 June 2025	FY 2024/2025