

REPUBLIC OF KENYA

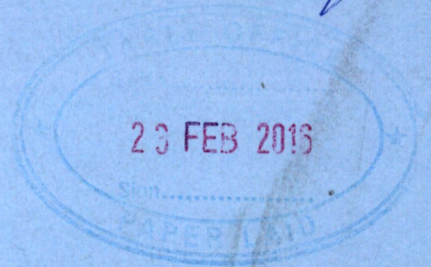


OFFICE OF THE AUDITOR-GENERAL

*Report 2011*  
*By the majority*  
*chief - Prof*  
*Hon. Okafor*  
*et al*  
*Mehta*



*on Tuesday*  
*23/2/16*  
*[Signature]*



**REPORT**

**OF**

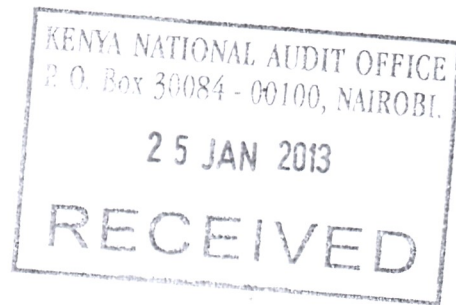
**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
GRAND NATIONAL UNION**

**FOR THE YEAR ENDED  
30 JUNE 2011**

# GRAND NATIONAL UNION



## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

**GRAND NATIONAL UNION.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2011.**

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## **PARTY INFORMATION**

- Principal Activity.

This is a registered political party and principal activities are promotion of democracy and rule of law.

- Registered Office.

P.O. BOX 54702-00200 Lavington Nairobi, Kenya.

- Officials.

Party Leader	Hon. Mwangi Kiunjuri
National Chairperson	Mr. Joseph Kalapata
National Secretary General	Hon. Nderitu Gachagua
National Organising Secretary	Mr. Japheth Saroni
Treasurer	Ms. Aysher Mohammed
Party Trustee	Mr. Waruru Gikandi

## **BANKERS**

The Party has one bank Account.

A/C Name: The Grand National Union of Kenya

A/C No : 0180294630004

Branch : Community Branch

## **AUDITORS**

AUDITOR GENERAL,

KENYA NATIONAL AUDIT OFFICE

Anniversary Towers, University Way

P.O BOX 30084-00100, NAIROBI.

By order of the party: CHAIRMAN:

DATE:

TREASURER:

DATE:

**GRAND NATIONAL UNION PARTY OF KENYA**

**FINANCIAL REPORT 30th JUNE 2011**

**PARTY OFFICIALS RESPONSIBILITY.**

The Political Parties Act requires officials to prepare financial statements for each financial year, which gives a true and fair view of the state of affairs of the party, as at the end of the financial year and other operating financial activities of the party for that year.



Its also requires the officials to ensure that the party keeps proper account records which disclose with reasonable accuracy at any time the financial position of the party. They are also responsible for safeguarding the assets of the party.

The party officials accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in consistence with International Financial Reporting Standards(IFRS) and in the manner required by the Political Parties Act 2007.

The officials are of the opinion that the Financial Statements give a true and fair view of the financial affairs of the party and of its operating results. The officials further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control, during the year ended 30.06.2011.

Nothing has come to the attention of the officials to indicate that the party and its activities will not remain a going concern for at least the next twelve months from the date of this statement.

Chairman.....  ..... Date. 31/7/2011 .....

 Treasurer.....  ..... Date. 31/7/2011 .....

# REPUBLIC OF KENYA

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## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON GRAND NATIONAL UNION FOR THE YEAR ENDED 30 JUNE 2011

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Grand National Union set out on pages 5 to 11, which comprise the statement of financial position as at June 2011, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows 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, Section 8 of the Public Audit Act, 2003 and Section 34 (1) of the Political Parties Act, 2007 (Revised 2011). 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.

#### **Management's Responsibility for the financial statements**

The National Executive Committee of Grand National Union is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 7 of the Public Audit Act, 2003.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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*Grand National Union – Financial Statements for the year ended 30 June 2011*

In making those risk assessments, the auditor considers internal control relevant to the party's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the party's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis for Qualified Opinion**

#### **1. Undeclared Income**

The statement of comprehensive income for the year ended 30 June 2011 reflects a total income of Kshs.3,909,295 which includes Kshs.639,295 received from the Political Parties Fund and Donations of 3,270,000. However, the Party did not declare the full particulars of the income from donations to the Registrar of Political Parties as required by Article 31 (2) of the Political Parties Act 2007. As a result, the Party was in breach of the Law.

#### **2. Unsupported Expenditure**

The statement of comprehensive income also reflects total expenditure of Kshs.3,752,880.00 comprising of Kshs.1,918,660 and 1,834,220 relating to Administrative Expenses and Conference and Meetings respectively. However, no supporting documents were availed for audit verification.

In the circumstances, the accuracy and propriety of the expenditure could therefore not be confirmed as at 30 June 2011.

#### **3. Current Assets**

The statement of financial position as at 30 June 2011 reflects current assets of Kshs.1,320,910 comprising of cash and bank balance of Kshs.39,295 and Inventory of Kshs.1,281,615. However, no documents were availed for audit review to support these balances. Consequently, the accuracy of the current assets balance of Kshs.1,320,910 as at 30 June 2011 could not be confirmed.

#### **4. Current Liabilities**

The statement of financial position also reflects current liabilities balance of Kshs.620,000 which comprises of Wages and Salaries payables Kshs.320,000 Short Term loan Kshs.300,000. The Party has not provided any supporting document in relation to the current liabilities. Consequently the authenticity and accuracy of the current liabilities balance of Kshs.620,000 could not be confirmed as at 30 June 2011.

## **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Grand National Union as at 30 June 2011 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with Political Parties Act, 2007.



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

**Nairobi**

**29 December 2015**

**GRAND NATIONAL UNION.**

**STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30TH JUNE 2011.**

	<b>Notes</b>	<b>2011</b>	<b>2010</b>
		<b>Kshs</b>	<b>Ksh</b>
<b><u>INCOME</u></b>			
Political parties Fund		639,295.00	639,295.00
Donations	4	3,270,000.00	7,999,000.00
<b>Total Income</b>		<b><u>3,909,295.00</u></b>	<b><u>8,638,295.00</u></b>
<b><u>EXPENDITURE</u></b>			
Administrative expenses	5	1,918,660.00	2,983,375.00
Conference and Meetings	6	1,834,220.00	5,617,860.00
<b>Total expenses</b>		<b><u>3,752,880.00</u></b>	<b><u>8,601,235.00</u></b>
Surplus / Deficit		<b>156,415.00</b>	<b>37,060.00</b>

**GRAND NATIONAL UNION.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2011.**

NON-CURRENT ASSETS	Notes	2011 Ksh.	2010 Ksh.
Property, Plant and Equipment	2	<u>382,320.00</u>	<u>367,500.00</u>
<b>CURRENT ASSETS</b>			
Cash and Balance Bank.	3	39,295.00	37,060.00
Inventory		1,281,615.00	1,516,255.00
Total Current Assets		<u>1,320,910.00</u>	<u>1,553,315.00</u>
Current Liabilities	7	(620,000.00)	(994,000.00)
Net Current Assets		700,910.00	559,315.00
<b>NET ASSETS</b>		<b><u>1,083,230.00</u></b>	<b><u>926,815.00</u></b>
<b><u>FINANCED BY:</u></b>			
Accumulated Fund	8	<b><u>1,083,230.00</u></b>	<b><u>926,815.00</u></b>

Notes attached hereto form part of these accounts.

These accounts were approved on the.....

On behalf of the party by:

National Chairman.....  


Secretary General.....

**GRAND NATIONAL UNION.**  
**STATEMENT OF CHANGES IN EQUITY.**  
**FOR THE YEAR ENDED 30TH JUNE 2011.**

Accumulated as at 01.07.2010	926,815.00
Surplus (Deficit) for the Year	156,415.00
Accumulated fund as at 30.06.2011	1,083,230.00

**GRAND NATIONAL UNION.**  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2011.**

2011

KSH

**Cash flow from operating activities**

Surplus for the year	156,415.00
<u>Adjustments for non-cash movements</u>	
Add: Depreciation	42,480.00
Increase in Current Assets	217,585.00
Increase in Current Liabilities	(374,000.00)

**Net cash from operating activities**

**Cashflow from Investing Activities**

Disposals	3,000.00
Purchase of fixed assets	(21,320.00)

**Net cashflow from investing activities**

Net increase in cash	(2,235.00)
Cash and Bank balance at 01.07.2010	37,060.00
Cash and Bank balance at 30.06.2011	39,295.00

## GRAND NATIONAL UNION.

### NOTES TO THE FINANCIAL STATEMENTS.

#### 1. (a) SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with international financial reporting standards.

##### i. Basis of preparation

The financial statements have been prepared on the historical costs basis of accounting. The accounting principles and policies adopted remain unchanged from the previous year.

##### ii. Depreciation

Depreciation is provided for on fixed assets using the straight line method. The following rates are used:

- Furniture and Fittings 12.5%.
- Office Equipment 12.5%
- Computers 30.0%.

The assets residual values and useful lives are reviewed and adjusted if deemed appropriate, at end of each year.

Furniture and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts have changed. The furniture and equipment are disclosed at lower of net book or market realizable value.

Gains and losses on disposal of furniture and equipment are determined by reference to their carrying amount and are taken into account in determined surplus.

#### NOTE 2: Non-Current Assets

	Computers and Printers Kshs.	Office Furniture Kshs.	Office Equipment Kshs.	TOTALS Kshs.
Cost at 1 <sup>st</sup> July 2010	84,000.00	283,500.00	-	367,500.00
Additions	-	21,320.00		21,320.00
Disposals	3,000.00			
Cost at 30 <sup>th</sup> June 2011.	<u>81,000.00</u>	<u>301,320.00</u>	-	<u>382,320.00</u>

Accumulated Depreciation	36,000.00	40,500.00	76,000.00	-
Charge for the year				42,480.00

**NOTE 3: CASH AND BANK BALANCE**

Cash at Bank.				34,240.00
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**NOTE 4: DONATIONS**

	<b>2011</b>	<b>2010</b>
	<b>KSHS</b>	<b>KSHS</b>
Membership contribution	3,200,000.00	7,709,000.00
Membership Cards	70,000.00	290,000.00
<b>TOTAL</b>	<b><u>3,270,000.00</u></b>	<b><u>7,999,000.00</u></b>

**NOTE 5: ADMINSTRATIVE EXPENSES.**

Salaries	370,000.00	560,000.00
Office Rent	960,000.00	960,000.00
Secretariat Transport and Airtime	88,130.00	106,920.00
Stationery	29,560.00	303,000.00
Party project-website and sms service	178,000.00	-
Newspaper advertisement	50,112.00	-
Depreciation	42,480.00	47,200.00
Electricity and Water	200,378.00	-
<b>TOTAL</b>	<b><u>1,918,660.00</u></b>	<b><u>2,2706,875.00</u></b>

**NOTE 6: CONFERENCES AND MEETINGS.**

	<b>KSHS</b>	
Party Materials (Membership cards,tshirts and caps)	697,200.00	1,100,000.00
Workshop and Seminars	742,600.00	2,881,320.00
Branch Support	394,420.00	1,402,800.00
<b>TOTAL</b>	<b><u>1,834,220.00</u></b>	<b><u>5,384,120.00</u></b>

**NOTE 7:CURRENT LIABILITIES****2011****2010****KSH****KSH**

Wages &amp; Salaries Payable

320,000.00

260,000.00

Short Term Loan

300,000.00

350,000.00

Accounts Payable

-

384,000.00

**TOTAL****620,000.00****994,000.00****NOTE 8: ACCUMULATED FUND****KSH****KSH**

Accumulated Fund as at 1.07.2010

926,815.00

889,755.00

Surplus for the year

156,415.00

37,060.00

Accumulated fund as at 30.06.2011

**1,083,230.00****926,814.00**