

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



*Paper laid by
Leader of Majority
on 13/09/2017
Cumbi*

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
ORANGE DEMOCRATIC MOVEMENT (ODM)**

**FOR THE YEAR ENDED
30 JUNE 2016**



1. Introduction

2. Methodology

3. Results





TUKO TAYARI

ORANGE DEMOCRATIC MOVEMENT



REGULATORY AND OTHER NON-COMMERCIAL ENTITIES
(ORANGE DEMOCRATIC MOVEMENT)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

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

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ORANGE DEMOCRATIC MOVEMENT

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Orange Democratic Movement was formed in 2007 as a political party after meeting the registration requirements under the newly established Registrar of Political Parties office. The National Executive Committee is responsible for the general policy and strategic direction of the Party.

(b) Principal Activities

The organization's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

(c) Key Management

The *Orange Democratic Movement* day-to-day management is under the following key organs:

- Secretary General ;
- Executive Director
- Finance & Administration Director
- Other Managers
- Accountant

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairman	Hon. John Mbadi
2.	Ag. Secretary General	Hon. Sen. Agnes Zani
3.	Organizing secretary	Hon. Abdikadir Aden
4.	Executive Director	Mr. Oduor Ong'wen
5.	National Treasurer	Hon. Timothy Bosire

(e) Fiduciary Oversight Arrangements

Audit Committee

The audit committee helps the National Executive Committee with corporate governance. It is a creation of the National Executive Committee of the party. Its membership is comprised of the Treasurer and two deputies, the chairperson of the Finance & Resource Mobilization and the chairperson of the Strategic Planning Committee. The primary role of the audit committee is to assist the National Executive Committee with its corporate governance oversight responsibilities in ensuring that:

- o **External Auditing** processes are carried out independently without interference so as to guarantee the integrity of the party's financial statements,
- o **Regulatory and Legal** requirements of the government inclusive of the Orange Democratic Movement code of conduct are in total compliance at all levels of the government.
- o **Risk management** to assure that the allocation of the party's resources are optimized and conforms to the party's goals and objectives.



ORANGE DEMOCRATIC MOVEMENT

However from time to time, the audit committee may be called upon to address specific issues that fall outside of its primary role by the National Executive Committee.

Risk Management Policy

Effective risk management begins with the understanding, by everyone in the organization, that the effort is important, and that everyone is expected to uphold that effort. Orange Democratic Movement is subject to certain risks that affect our ability to operate, serve our clients, and protect assets. These include risks to employees and volunteers, liability to others, and risks to property.

Controlling these risks through a formal program is necessary for the well-being of the organization and everyone in it. The jobs and services the party provides the safety of the workplace and other benefits all depend to an extent on our ability to control risks. Management has the ultimate responsibility to control risks. Control includes making decisions regarding which risks are acceptable and how to address those that are not. Those decisions can be made only with the participation of the entire workforce, because each of us understands the risks of his or her own tasks better than anyone else in the organization. Each is responsible for reporting any unsafe conditions they see. Also, each is encouraged to suggest ways in which we can operate more safely.

We are committed to the careful consideration of everyone's suggestions, and to taking appropriate action to address risks. Accidents and other situations involving loss or near-loss will be investigated as part of the effort to manage risks. Every employee's and volunteer's performance is evaluated, in part, according to how he or she complies with this policy.

Purpose

The purpose of this policy is to ensure that risks to Orange Democratic Movement are identified, analyzed, and managed so that they are maintained at acceptable levels. Risks to the confidentiality, integrity, and availability of both party information and assets are considered.



ORANGE DEMOCRATIC MOVEMENT

ODM Risk Management Mission Statement

The Orange Democratic Movement has a moral and legal duty to its membership, employees, and to party assets. We continue to meet our duty by ensuring that risk management plays an integral part in sound governance at both a strategic and operational level.

The National Executive Committee of the party will support the risk management efforts through setting policy and providing broad guidance on goals and objectives. However, risk management is an active process that requires cooperation by all directors, employees, and—where appropriate—the larger party membership. To that end, the National Executive Committee accepts that it must take a leadership role in seeing that appropriate measures are undertaken.

ODM Risk Management Goals Statement

The National Executive Committee authorizes the establishment of a Risk Management Committee, which shall consist of Five members, the party treasurer, a member trained on fire and emergency, a member trained on public works management, and two NEC Members (to be selected by the National Executive Committee for five-year terms). The Committee shall be chaired by the party treasurer, and its responsibilities shall be:

- Identifying and assessing risks
- Selecting and implementing risk control and financing measures
- Periodically reviewing risk management efforts and reporting to the National Executive Committee

These activities shall be undertaken in the service of the risk management mission statement, and to that end risk management practices are undertaken to reduce the cost of risk to Orange Democratic Movement and to maximize benefits of opportunities that the membership may encounter.

Effective risk management begins with the understanding, by everyone in the organization, that the effort is important, and that everyone is expected to uphold that effort.

Orange Democratic Movement is subject to certain risks that affect our ability to operate, serve our clients, and protect assets. These include risks to employees and volunteers, liability to others, and risks to property.

Controlling these risks through a formal program is necessary for the well-being of the organization and everyone in it. The jobs and services the party provides the safety of the workplace and other benefits all depend to an extent on our ability to control risks.

Management has the ultimate responsibility to control risks. Control includes making decisions regarding which risks are acceptable and how to address those that are not. Those decisions can be made only with the participation of the entire workforce, because each of us



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Accidents and other situations involving loss or near-loss will be investigated as part of the effort to manage risks. Every employee's and volunteer's performance will be evaluated, in part, according to how he or she complies with this policy.

This Risk Policy document has received the following review and approvals from ODM Management:

(f) Entity Headquarters

Orange House
Menelik Road
P.O. Box 42422 - 00100
Nairobi

(g) Entity Contacts

Telephone: (254) 020-2053481
E-mail: info@odm.co.ke
Website: www.odm.co.ke

(h) Entity Bankers

Co-operative Bank
Parliament Road Branch
Nairobi.

(i) Independent Auditors

Auditor General
Office Of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(j) Principal Legal Adviser

J.M. Rioba & Rioba Co. Advocates
Nellion Place, Block B 1stFloor Suite 2
Rhapta Road, Westlands Nairobi
P.O. Box 45053
City Square 00100
Nairobi, Kenya



ORANGE DEMOCRATIC MOVEMENT

II. NATIONAL EXECUTIVE COMMITTEE MEMBERS

1.	Rt. Hon. Raila Amolo Odinga	Party Leader
2.	Hon. John Mbadi	Chairman
3.	Hon. Sen. Agnes Zani	Ag. Secretary General
4.	Hon. Abdikadir Aden	National Organizing Secretary
5.	Hon. Timothy Bosire	National Treasurer
6.	Mr. Oduor Ongw'en	Executive Director

III. MANAGEMENT TEAM

1.	Hon. Sen. Agnes Zani	Ag. Secretary General
2.	Mr. Oduor Ongw'en	Executive Director
3.	Joshua Kawino	Director, Finance & Administration
4.	Charles Memba	Financial Accountant
5.	Anthony Muturi	Parliamentary Liaison & Legal Affairs Officer
6.	Rosemary Kariuki	Director, Membership & Recruitment
7.	Wafula Buke	Director, Policy & Strategy



IV. CHAIRMAN'S STATEMENT

This being our second report since we were elected into office please; allow me to thank the members of the National Executive Committee for the timely preparation of the Financial Statements for the year ended 30th June 2016. In accordance with Section 81 of the Public Finance Management Act, 2012, Public Audit requirements and Section 31 of the Political Parties Act 2011 we are required to prepare our financial statements and to present the same to the Registrar and the Office of the Auditor General before 30th September of every year.

We are mandated to prepare financial statements in respect of Orange Democratic Movement, which statement is expected to give a true and fair view of the state of affairs of our party inclusive of the operating results at the end of every financial year. The committee is further required to ensure that the party keeps proper accounting records whilst disclosing with reasonable accuracy the financial position of the Party. The committee is finally responsible for safeguarding the assets of the party.

In pursuit of the same the national Executive Committee developed the work plan and budgets with reference to the party's strategic plan for the current financial year. We have submitted the report and accounts for the year ended 30th June 2016 to the Auditor General. We also published in the local Newspapers the relevant income section of the accounts for the year under review in accordance with section 29. (1) of the Political Parties Act 2011.

The year ending June 2016 has been an extremely active period with the OKOA Kenya initiative that the Dark forces at the IEBC stifled. We overwhelmingly won the Malindi by-election that was occasioned by imprudent and narrow political interest by the current government. During the year our party continued to champion the implementation of her new party constitution. The Party's grassroots elections have just ended. The party has currently been celebrating its 10th anniversary since its founding in 2005.

The party's 3 year strategic plan has been completed and is just awaiting the National Governing Council ratification. The basic strategic objective of this strategic plan is to deliver victory comes August 2017 elections. We are currently broadening our financial base in consonant with Article 5.3 of the ODM Party Constitution that requires among other things: that the Party faithful to obey lawful decisions made by Party organs; Be liable to pay such fees as shall be prescribed by the Party; Support the Party financially and materially when called upon to do so for a good cause, using our Mobicash and Mpesa Membership Pay bill voluntary contributions; Donations, bequests for various cadre of party membership and receiving grants from any other legal sources, not being a foreign government, inter-governmental or non-governmental organization and the proceeds of any investment, project or undertaking like the Kenyan Newspaper that the Party owns.

I have no doubt that our slogan forward together will drive us to democratic power come 2017. I promise to be loyal to the party vision and to do everything in my position to support your efforts.

Hon. John Mbadi National Chairman

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

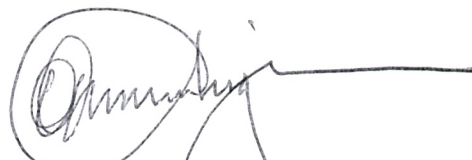
We wish to present the financial report for the year ended June 30th 2016 in accordance with the International Public Sector Accounting Standards. During the year our key responsibilities included

1. Developing strategies for and realizing financial resource mobilization for the Party
2. Ensuring that the books of the Party are audited.
3. Participation in the preparation of the NEC/PG and NGS of the Party
4. Continuing to develop principles of stewardship, financial discipline, ethics and best practices to guide the Party in matters of Fiscal Planning and management.

In accordance with Section 35 of Public Audit Act 2015 requirements and the Political Parties Act 2011, we managed to accomplish the following in time:

- Developed a work-plan and budgets with reference to the Party's strategic Plan for the current financial year. ..\..\Work plan for 2016_2017.doc.doc,..,4 Year Strategic Plan for the party – Report and accounts for the year ended 30th June 2016.doc
- Ensured that the books of Accounts for the year ended June 30th 2016 are prepared in time and presented to the Auditor General and that relevant income section of the same extracted and published in the local Newspapers - see The Standard Newspapers of 26th September 2016 and the Kenyan Newspaper of 26th September 2016) in accordance to section 29. (1) which states that “A political party shall, within three months of its financial year, publish the sources of its funds stating –
 - (a) The amount of money received from the Political Parties Fund;
 - (b) the amount of money received from its members and supporters, and
 - (c) the amounts and sources of the donations given to the party.
- We further inform that the accounts were forwarded on 30th September 2016 to the Office of the Auditor General in IPSAS reporting format

The Key Income Drivers remained more or less similar to the previous year as they included Government funding, contribution from ODM Members of Parliament, Life membership fee collections, receipts from by-election applicants and further donations and receipts from members.


Oduor Ong'wen
EXECUTIVE DIRECTOR



ORANGE DEMOCRATIC MOVEMENT

VI. CORPORATE GOVERNANCE STATEMENT

Orange Democratic Movement is committed to operating in accordance with best practice in political integrity and ethics and maintaining the highest standards of financial reporting and corporate governance. The National Executive Committee is delighted to report that the party has, throughout the year, complied with the provisions set out in the Code on Corporate Governance and equally applied the main principles of the Code.

Corporate governance for the Orange Democratic Movement has gone a long way to define how the party conducts its affairs in line with the objects for which it was founded. It has given the party its structure, which contains all set of rules that governs the ethical operating procedures and processes of the party by ensuring that we conform to the Kenyan Statutory requirements and the best practices in line the Political Parties Act 2011 in all political activities. Likewise it has ensured the best interests of the public and party members are jealously protected. Responsibility for corporate governance is vested with the National Executive Committee of the Orange Democratic Movement.

Much of the details are contained in the attached party Constitution which contains the following

- Identity, Vision and Mission
 - Membership, Rights and Duties
 - Party Organs
 - Stewardship
 - Coalitions, Dispute Settlement and Amendment
 - General Provisions
- Aims, objectives and Values
National Officials
Committees
Dissolutions

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Our ambition is to gradually but visibly, establishes a prosperous, industrized and modern nation in which citizens enjoy social, economic and democratic rights, and live in dignity. We envisage that our people will exploit their full potential. The sporting concerts and events will ensure that there is a continuous link between the people and the party organs – This program arises from a desire to ensure our contribution to society goes beyond purely political campaigns. Citizens have a duty to interact in a responsible way from a social and environmental perspective. In this context, one of the questions ODM aims to answer is: how do our activities improve living standards in our communities?

In addition, it makes political sense in the long-term. When managed well this social responsibility can also facilitate achievement of strategically important goals for the party:

- Involvement in project work that tackles real challenges in our communities is a way through which we can increase **staff engagement**, member's loyalty and **pride**.
- Through collaboration in projects we can improve the **dynamism of relationships** with our members and competitors
- As a consequence of positive outcomes from our Corporate social activity, we can enhance ODM's **reputation** among key stakeholders nationally

VIII. REPORT OF THE NATIONAL EXECUTIVE COMMITTEE

The National Executive Committee is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Party as at the end of the financial year and of the operating results of the Party for the year. They are also responsible for ensuring the Party keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Party and for safeguarding the assets of the Party.

The National Executive Committee accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Reporting Standards and in the manner required by the Political party's Act.

The National Executive Committee is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Party and of its operating results. The National Executive Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the National Executive Committee to indicate that the Party will be insolvent in the next twelve months from the date of this statement.

Principal activities

The organization's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

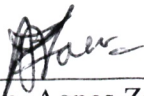
Results

The results of the entity for the year ended June 30, 2016 are set out on page 1-17

Directors

The National Executive Committee Members who served during the year are shown on page (vi)

By Order of National Executive Committee



Hon. Sen. Agnes Zani MP
Ag. Secretary General
Nairobi
Date: 28-09-2016

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ORANGE DEMOCRATIC MOVEMENT

IX. STATEMENT OF THE NATIONAL EXECUTIVE COMMITTEE'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 requires the National Executive Committee to prepare financial statements in respect of Orange Democratic Movement showing how the money has been spent. We are therefore expected give a true and fair view of the state of affairs and the operating results of the Party at the end of every financial year. The National Executive Committee is thus required to ensure that the Orange Democratic Movement keeps proper accounting records disclosing with reasonable accuracy the financial position of the Party. The National Executive Committee is also responsible for safeguarding the assets of the Orange Democratic Movement.


We are 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 Orange Democratic Movement for and as at the end of the financial year (period) ended on June 30, 2016. 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 entity; (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 *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

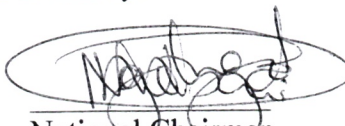
The National Executive Committee accepts responsibility for the *party's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS). The National Executive Committee is of the opinion that the *party's* financial statements give a true and fair view of the state of *party's* transactions during the financial year ended June 30, 2016, and of the *party's* financial position as at that date. The Committee further confirm the completeness of the accounting records maintained for the Orange Democratic Movement, 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.

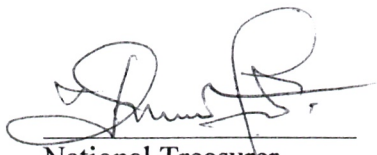
Nothing has come to the attention of the National Executive Committee to indicate that the Orange Democratic Movement will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Orange Democratic Movement's financial statements were approved by the National Executive Committee on 28-09-2016 and signed on its behalf by:


Ag. Secretary General


National Chairman


National Treasurer

REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke
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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON ORANGE DEMOCRATIC MOVEMENT FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Orange Democratic Movement set out on pages 1 to 17, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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 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 47 of the Public Audit Act, 2015.

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 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain 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. In making those risk assessments, the auditor considers internal control relevant to the entity's

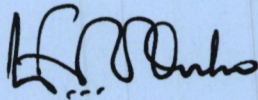
Report of the Auditor-General on the Financial Statements of Orange Democratic Movement (ODM) for the year ended 30 June 2016

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 audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Orange Democratic Movement as at 30 June 2016, 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.



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

Nairobi

06 April 2017



TUKO TAYARI

ORANGE DEMOCRATIC MOVEMENT

X. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2016

	Note	2015-2016 Kshs	2014-2015 Kshs
Revenue from non-exchange transactions			
Public contributions and donations	3	206,362,390	27,032,000
Transfers from other governments – gifts and services-in-kind	4	139,647,018	136,982,623
		346,009,408	164,014,623
Revenue from exchange transactions			
Other income	5	7,446,000	4,280,000
		7,446,000	4,280,000
Total revenue		353,455,408	168,284,623
Expenses			
Employee costs	6	45,677,618	36,083,264
Depreciation and amortization expense	7	2,586,052	2,323,856
Repairs and maintenance	8	606,950	1,007,375
General expenses	9	161,255,251	91,236,222
Rent Paid		1,680,000	1,694,500
Financial Cost	10	367,051	261,248
Grants & Subsidies Paid		24,400,000	31,515,849
		236,572,922	164,122,314
Total expenses			
Surplus before tax		116,882,485	4,172,309
Surplus for the period		116,882,485	4,172,309
Attributable to:			
Surplus/(deficit) attributable to minority interest			-
Surplus attributable to owners of the controlling entity			-
Surplus /(Deficit) for the period		116,882,485	4,172,309

The notes set out on this page upto page 17 form an integral part of the Financial Statements



TUKO TAYARI


ORANGE DEMOCRATIC MOVEMENT

XI. STATEMENT OF FINANCIAL POSITION


As at 30 June 2016

	Note	2015-2016 Kshs	2014-2015 Kshs
Assets			
Current assets			
Cash and cash equivalents	11	211,246	1,087,845
Receivables from non-exchange transactions	12	144,211,731	3,461,439
Inventories	13	-	13,955,935
		144,422,978	18,505,220
Non-current assets			
Property, plant and equipment	14	8,277,555	9,773,207
		8,277,555	9,773,207
Total assets		152,700,533	28,278,427
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	15	14,049,904	8,574,069
Taxation		-	-
		14,049,904	8,574,069
Non-current liabilities			
Deferred tax liabilities		-	-
		14,049,904	8,574,069
Total liabilities		14,049,904	8,574,069
Net assets			
Reserves		2,356,176	2,356,176
Accumulated surplus		138,441,518	21,559,033
Total Membership Funds		279,448,323	21,768,143

The Financial Statements set out on these pages were signed on behalf of the National Executive Committee by:



 National Chairman



 Ag. Secretary General

Date: 28-09-2016

Date: 28-09-2016



ORANGE DEMOCRATIC MOVEMENT

XII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2016

	Attributable to the owners of the controlling entity						
	Self insurance reserve	Reserves			Accumulated surplus	Net Surplus/ Deficit	Total
		Capital replacement development reserve	Housing reserve				
Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Balance as at 30 JUNE 2012	-	2,356,176	-	(3,638,482)	15,026,458	13,744,152	
Surplus/(deficit) for the period	-	-	-	-	(5,008,049)	(5,008,049)	
Transfers to/from accumulated surplus	-	-	-	-	-	-	
Balance as at 30 JUNE 2013	-	2,356,176	-	(3,638,482)	10,018,409	8,736,103	
Surplus for the period	-	-	-	-	8,029,290	8,029,290	
Transfers to/from accumulated surplus	-	-	-	-	-	-	
Balance as at 30 JUNE 2014	-	2,356,176	-	(3,638,482)	18,047,699	16,765,393	
Surplus for the period	-	-	-	-	4,172,309	4,172,309	
Transfers to/from accumulated surplus	-	-	-	-	830,442	830,442	
Balance as at 30 JUNE 2015	-	2,356,176	-	(3,638,482)	23,050,450	21,768,144	
Surplus for the period	-	-	-	-	116,882,485	116,882,485	
Transfers to/from accumulated surplus	-	-	-	-	-	-	
Balance as at 30 JUNE 2016	-	2,356,176	-	(3,638,482)	139,932,935	138,650,629	

ORANGE DEMOCRATIC MOVEMENT

XIV. STATEMENT OF CASH FLOWS

	Note	2015-2016 Kshs	2014-2015 Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	3	206,362,390	27,032,000
Government grants and subsidies	4	139,647,018	136,982,623
Other income, rentals and agency fees	5	7,446,000	4,280,000
		353,455,408	168,294,623
Payments			
Compensation of employees	6	45,677,618	36,083,264
Depreciation	7	2,586,052	2,323,856
Repairs and maintenance	8	606,950	1,007,375
General Expenses	9	161,255,251	91,236,222
Rent paid		1,680,000	1,694,500
Finance cost	10	3677,051	261,248
Grants and subsidies paid		24,400,000	31,515,849
		236,572,922	164,122,314
Net cash flows from operating activities		116,882,485	4,172,309
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(1,090,400)	(409,000)
Increase in investments		2,586,053	2,323,855
Net cash flows used in investing activities		1,495,653	1,914,855
Cash flows from financing activities			
Proceeds from borrowings		5,475,835	(4,110,527)
Increase in contribution receivable		(124,730,571)	(2,533,785)
Net cash flows used in financing activities		(119,254,736)	(6,644,312)
Net increase/(decrease) in cash and cash equivalents		(876,598)	(557,148)
Cash and cash equivalents at 1 JULY		1,087,844	1,644,992
Cash and cash equivalents at 30 JUNE	11	211,246	1,087,844

ORANGE DEMOCRATIC MOVEMENT

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2015-2016	2015-2016	2015-2016	2015-2016	2015-2016
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Public contributions and donations	62,830,893	-	62,830,893	206,362,390	(143,531,497)
Government grants and subsidies	139,815,964	-	139,815,964	139,647,018	168,946
Other Income	5,000,000	-	5,000,000	7,446,000	(2,446,000)
Total income	207,646,857	-	207,646,857	353,455,408	(145,808,551)
Expenses					
Compensation of employees	40,800,000	-	40,800,000	45,677,618	(4,877,618)
Depreciation	2,586,060	-	2,586,060	2,586,052	8
Finance cost	550,000	-	550,000	387,051	182,949
Rent paid	1,800,000	-	1,800,000	1,680,000	120,000
Repairs	800,000	-	800,000	606,950	193,650
Other payments	109,658,522	-	109,658,522	161,255,251	(51,596,729)
Grants and subsidies paid	51,452,275	-	51,452,275	24,400,000	27,052,275
Total expenditure	207,646,857	-	207,646,857	236,572,922	(28,926,066)
Surplus for the period	-	-	-	116,882,485	(116,882,485)

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from Government

We continue to receive grants from the government however to date we have not recognised in our books the legitimate amount that is outstanding from the government amounting to about 5 billion as stipulated under the Political Parties Act 2011

ii) Membership Fees

The Orange Democratic Movement recognises revenues from the Membership Fees when the amount is due and the Asset recognition criteria are met .Other non-exchange revenues are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the party and the fair value of the asset can be measured reliably.

iii) Transfer from the government

Revenues from non-exchange transactions from government is measured at fair value and recognised on obtaining control of the asset (Cash, goods, service and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably .Dividends –Dividends from the Kenyan Newspaper or similar distributors must be recognised when the shareholder's or the entity's right to receive payments is established.

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. During the year under review the executive committee resolved to recognise the contribution of members mid stream when the budget has already been approved.

c) Taxes – IAS 12

Current income tax

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

d) Investment property – IPSAS 16

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. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

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

e) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases – IPSAS 13

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

g) Financial instruments – IPSAS 29

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

(iii) Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

(iv) Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

i) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

j) Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

IPSAS 29.65

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

k) Inventories – IPSAS 12

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.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions – IPSAS 19

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

m) Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

n) Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

o) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

p) Changes in accounting policies and estimates – IPSAS 3

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

q) Employee benefits – IPSAS 25

Retirement benefit plans

The Entity provides retirement benefits for its employees and councillors. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

r) Borrowing costs – IPSAS 5

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.

s) Related parties – IPSAS 20

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the county coordinating committee, the Governors and elected branch officials

t) Service concession arrangements – IPSAS 32

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) Cash and cash equivalents

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

u) Comparative figures

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

w) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Entity'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.

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 Entity 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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 Entity
The nature of the asset, its susceptibility and adaptability to changes in technology and processes. Some of our part assets were stolen when thugs broke in to our offices in November 2015. They have been written off and issued a certificate for the loss of the computers and generator .They since been replaced they arrested one person who is under policy custody.

Provisions

We have provided for bad debts considering that some of our elected members have shown interest in other parties and that the amount under receivables may not be realised .Two Governors, One Deputy Governor and host of MPs have moved to other parties .ODM is taking action against them with regards to their membership.

u) Subsequent events – IPSAS 14

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, 2016.The management has resolved to write off the cost of the obsolete Party Membership cards, Rules and Party Constitution Booklets and further adopted to use the straight line method to depreciate the conference structure in a period of 10 years from January 2008.

The principle accounting policies adopted in the preparation of these accounts are set below:

(i)Basis of preparation

The final statements of the party have been prepared in accordance and comply with the standards issued by the International Financial Standards (IFRS) under the Historical cost convention and the Kenyan Government IPSAs.

(ii) Depreciation

Depreciation is provided for on fixed assets using the reducing balance method except for the Leasehold Structure that is to be written off over 10 year period.

The following are the rates used

- Leasehold Structure –to be written off over 10 years
- Office Furniture and Fittings 12.5%
- Office equipment 12.5%
- Computers and printers 30%
- Motor Vehicles 25%

Notes to the Accounts

3. Public contributions and donations

	2016	2015
	Shs	Shs
Governors Contribution	25,700,000	-
Deputy Governors Contribution	15,840,000	-
MPs & Senators Contribution	36,229,192	18,750,000
Members Contribution	30,481,198	7,620,000
MCA Contributions	98,112,000	662,000
Total transfers and sponsorships	206,362,390	27,032,000

4. Transfers from other governments – gifts and services-in-kind

	2016	2015
	Shs	Shs
Unconditional grants		
Government Political Fund	139,647,018	136,982,623
Total government grants and subsidies	139,647,018	136,982,623

5. Other income

	2016	2015
	Shs	Shs
Life membership Fees	6,782,000	1,660,000
Nomination Fees	660,000	2,592,000
Nomination Rules	-	8,000
Tender Purchase	4,000	20,000
Total other income	7,446,000	4,280,000

6. Employee costs

	2016	2015
	Shs	Shs
Employee related costs - salaries and wages	45,677,618	36,083,264
Employee costs	45,677,618	32,083,264

7. Property, plant and equipment

	2016	2015
	Shs	Shs
Property, plant and equipment	2,586,052	2,323,856
Total depreciation and amortization	2,586,052	2,323,856

8. Repairs and maintenance

	2016	2015
	Shs	Shs
Equipment	457,920	73,205
Leasehold Repairs	149,030	934,170
Total repairs and maintenance	606,950	1,007,375

9. The following are included in general expenses:

	2016	2015
	Shs	Shs
Advertising	627,448	1,245,128
Legal & Professional fees	680,000	680,000
Audit Fees	120,000	00
(Electricity) Utilities	120,885	99,768
Insurance- staff medical	2,398,275	369,071
Cost of Membership Cards	13,955,936	-
Communication and Internet	433,782	511,923
Branch Training ,co ordination and support	1,539,451	1,377,489
Campaign expenses	40,032,070	36,199,556
Civic Education Expenses	3,713,106	180,300
Regional Conferences	8,047,079	13,735,793
Party policy and Advocacy	41,271,377	31,075,014
Legal expenses	3,888,418	-
NSSF -Employer liability	54,400	62,160
Staff Welfare	197,814	77,733
Postage & Delivery	59,257	23,198
Office stationery	300,046	71,951
Printing and reproduction	214,507	131,048
Newspapers and Publications	140,470	87,120
Bad Debts	34,625,500	-
Travel and accommodation	3,347,880	2,019,822
Security costs	769,200	995,280
Transportation and Motor Expenses	4,378,751	2,177,185
Cleaning and Janitorial	-	36,683
Clubs & Memberships (CMD subs)	339,600	80,000
Total general expenses	161,255,251	91,236,222

10. Finance costs

	2016	2015
	Shs	Shs
Bank charges	367,051	181,248
Audit Fees	00	80,000
Total finance costs	367,051	261,248

11. Cash and cash equivalents	2016	2015
	Shs	Shs
Bank	134,624	1,088,670
Cash-on-hand and in transit	76,622	(825)
Total cash and cash equivalents	211,246	1,087,845
12. Receivables from non-exchange contracts	2016	2015
Current receivables	Shs	Shs
Other debtors (VAT- Receivable)	3,461,439	3,461,439
Outstanding Members Contributions	123,560,692	-
Newspaper Investment	14,425,000	-
Prepaid Staff Medical Insurance	2,764,600	-
Total current receivables	144,211,731	3,461,439
13. Inventories	2016	2015
	Shs	Shs
Consumable stores	-	13,955,935
Total inventories at the lower of cost and net realizable value	-	13,955,935

14. Property, plant and equipment

	Leasehold Structure	Computers & Printers	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
<i>Cost or Valuation:</i>	Shs	Shs	Shs	Shs	Shs	Shs
As at 1st July, 2012	1,379,506	2,727,248	3,699,870	5,134,005	11,425,690	24,366,319
Additions during the year	-	1,806,690	365,000	64,995	-	2,236,685
As at 30th June 2013	1,379,506	4,533,938	4,064,870	5,199,000	11,425,690	26,603,004
Additions during the year	-	140,000	-	-	-	140,000
As at 30th June 2014	1,379,506	4,673,938	4,064,870	5,199,000	11,425,690	26,743,004
Additions during the year	-	409,000	-	-	-	409,000
As at 30th June 2015	1,379,506	5,082,938	4,064,870	5,199,000	11,425,690	27,152,004
Additions during the year	-	1,090,400	-	-	-	1,090,400
Disposals	-	(718,200)	(40,000)	-	-	(758,200)
As at 30th June 2016	1,379,506	5,455,138	4,024,870	5,199,000	11,425,690	27,484,204
Depreciation and impairment						
At 1 July 2012	492,516	943,344	407,025	1,480,280	5,266,529	8,589,694
Depreciation	88,699	1,077,178	457,231	464,840	1,539,790	3,627,738
At 30 June 2013	581,215	2,020,522	864,256	1,945,120	6,806,319	12,217,432
Depreciation	79,829	796,025	400,077	406,735	1,154,843	2,837,509
At 30 June 2014	661,044	2,816,547	1,264,333	2,351,855	7,961,162	15,054,941
Depreciation	71,846	679,917	350,067	355,893	866,132	2,323,855
At 30 June 2015	732,890	3,496,464	1,614,400	2,707,748	8,827,294	17,378,796
Depreciation	508,666	815,062	301,309	311,417	649,599	2,586,053
Disposals	-	(718,200)	(40,000)	-	-	(758,200)
At 30 June 2016	1,241,556	3,593,326	1,875,709	3,019,165	9,476,893	19,206,649
Net book values						
At 30 June 2016	137,950	1,861,812	2,149,161	2,179,835	1,948,797	8,277,555
At 30 June 2015	646,616	1,586,474	2,450,470	2,491,252	2,598,396	9,773,208
At 30 June 2014	718,462	1,857,391	2,800,537	2,847,145	3,464,528	11,688,063
At 30 June 2013	798,291	2,513,416	3,200,614	3,253,880	4,619,371	14,385,572

15. Trade and other payables from exchange transactions

	2016	2015
	Shs	Shs
Trade payables	14,049,904	8,574,069
Total trade and other payables	14,049,904	8,574,069

16. Cash generated from operations

	2016	2015
	Shs	Shs
Surplus for the year before tax	116,882,485	4,172,308
Adjusted for:		
Depreciation	2,586,052	2,323,855
Working capital adjustments:		
Increase in inventory	(124,730,571)	(4,110,527)
Increase in payables	5,475,835	(2,533,785)
Increase in payments received in advance		-
Net cash flows from operating activities	213,801	(148,149)

17. Transfer to Coalition partners

	2016	2015
	Kshs	Kshs
Wiper Democratic Movement	16,600,000	18,057,165
IFORD –Kenya	7,800,000	13,458,684
Totals	24,400,000	31,515,849