

REPUBLIC OF KENYA



*paper (und)*  
*19/18/2014*

KENYA NATIONAL AUDIT OFFICE



**REPORT**  
**OF**  
**THE AUDITOR-GENERAL**  
**ON**  
**THE FINANCIAL STATEMENTS OF**  
**FORD KENYA**  
**FOR THE YEAR ENDED**  
**30 JUNE 2011**

# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-Mail: [oag@oagkenya.go.ke](mailto:oag@oagkenya.go.ke)  
Website: [www.kenao.go.ke](http://www.kenao.go.ke)



P.O. Box 30084-00100  
NAIROBI

## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON FORD KENYA FOR THE YEAR ENDED 30 JUNE, 2011

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of FORD Kenya set out on pages 3 to 7, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and 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.

#### **Management's Responsibility for the Financial Statements**

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

The National Executive Committee is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 6 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. In making those risk assessments, the auditor considers internal control relevant to the Entity'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 Party as well as evaluating the overall presentation of the financial statements.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for Disclaimer of Opinion**

#### **1. Failure to declare Party income to the Registrar of Political Parties**

The statement of comprehensive income for the year ended 30 June 2011 reflects income of Kshs.3,465,359 which include Kshs.1,958,359 from the Political Parties' Fund and Kshs.1,507,000 from members' contribution. However, the party did not submit to the Registrar of Political Parties a declaration of the sources of its funds during the year contrary to the requirements under Section 10 (1) of the Political Parties Funding (Regulations) 2009.

Further, no documentary evidence was provided to support members' contributions of Kshs.1,507,000. Consequently, the accuracy, validity and completeness of the income received by the party during the year as disclosed in the financial statements could not be confirmed.

#### **2. Rent**

The statement of comprehensive income for the year ended 30 June 2011 reflects administrative expenses of Kshs.1,987,838 which include expenditure on rent of Kshs.910,000. However, available information indicates that only Kshs.150,000 relate to rent paid for 2010/2011 financial year while Kshs.760,000 was paid in respect of deposits and prepayments. Therefore Kshs.760,000 was wrongly disclosed as rent payment instead of being reflected under debtors and prepayments.

#### **3. Salaries and wages**

The statement of comprehensive income also reflects administrative expenses of Kshs.1,987,838 which include expenditure on salaries and wages of Kshs.973,000.

However, no documentary evidence was made available to show the terms and conditions of service of the beneficiaries. Consequently, the propriety of the expenditure of Kshs.973,000 incurred on staff salaries and wages during the year could not be confirmed. In addition, there was no evidence to show that statutory deductions such as Pay as You Earn, National Social Security Fund and National Hospital Insurance Fund were remitted to the relevant institutions thus risking penalties on unremitted statutory deductions.

#### **4. Property Plant and Equipment**

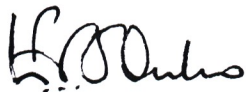
The statement of financial position as at 30 June 2011 reflects Property Plant and Equipment with a net book value Kshs.173,899. However, no evidence was provided to support the cost of property plant and equipment which was brought forward from 1 July 2009. Consequently, accuracy of the property plant and equipment figure of Kshs.173,899 as at 30 June 2011 could not be confirmed.

#### **5. Creditors and accruals**

The statement of financial position also reflects Creditors and Accruals balance of Kshs.150,000 which has not been supported by documentary evidence. The Creditors and Accruals balance of Kshs.150,000 could therefore not be confirmed.

#### **Disclaimer of Opinion**

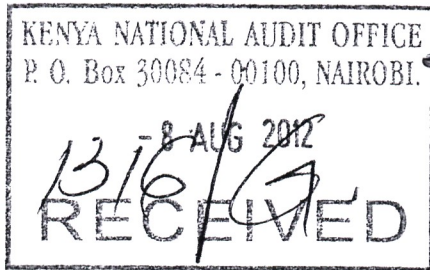
Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



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

**Nairobi**

**10 June 2014**



FORUM FOR RESTORATION OF DEMOCRACY - KENYA

FINANCIAL STATEMENTS FOR

THE YEAR ENDED 30 JUNE 2011

**FORUM FOR RESTORATION OF DEMOCRACY - KENYA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

<b><u>CONTENTS</u></b>	<b>PAGE</b>
PARTY'S INFORMATION	1
STATEMENT OF PARTY OFFICIALS' RESPONSIBILITIES	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF CHANGES IN EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7

**FORUM FOR RESTORATION OF DEMOCRACY - KENYA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**PARTY'S INFORMATION**

**OFFICIALS:**

Hon. Moses Wetangula	Party Leader
Hon. John K. Munyes	Chairman
Hon. (Dr.) David Eseli	Secretary General
Mr. Ali Abdi Baricha	National Treasurer
Mr. Christopher Mandu	Organising Secretary
Mr. Stephen Namsyule	Executive Director

**BANKERS**

Cooperative Bank,  
Parliament Road, Nairobi  
Standard Chartered Bank,  
Harambee, Avenue Branch.

**REGISTERED OFFICE:**

Kileleshwa, Nyeri Road,  
Jacaranda Crescent, Road.

**AUDITORS:**

Auditor General,  
P.O.Box 30084-00100,  
NAIROBI

**FORUM FOR RESTORATION OF DEMOCRACY - KENYA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**STATEMENT OF THE PARTY OFFICIALS' RESPONSIBILITIES**

The Political Parties Act, 2011 requires the Party 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.

It also requires the party officials to ensure that the party keeps proper accounting 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 annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Political Parties Act, 2011.

The officials are 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 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 June 2011.

Nothing has come to the attention of the party 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.

Secretary General.....

Date.....23.7.2012.....


**FORUM FOR THE RESTORATION OF DEMOCRACY - KENYA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	<u>NOTES</u>	<u>2011</u> <u>KSH</u>	<u>2010</u> <u>KSH</u>
<b><u>INCOME:</u></b>			
Political Parties Fund		1,958,359	1,272,218
Members Contributions		<u>1,507,000</u>	<u>9,354,197</u>
		<b>3,465,359</b>	<b>10,626,415</b>
<b><u>LESS EXPENDITURE:</u></b>			
Administrative expenses	3	1,987,838	2,411,911
Workshops and Conferences		1,653,640	4,847,013
Party Election Expenses		250,000	2,265,000
Advertising and Printing		<u>50,152</u>	<u>878,789</u>
<b>Total Expenditure</b>		<b><u>3,941,630</u></b>	<b><u>10,402,713</u></b>
<b>SURPLUS (Deficit)</b>		<b><u>(476,271)</u></b>	<b><u>223,702</u></b>

**FORUM FOR THE RESTORATION OF DEMOCRACY - KENYA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2011**

	NOTE	2011 KSHS	2010 KSHS
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	2	173,899	232,307
<b>CURRENT ASSETS</b>			
Cash and bank balances		169,109	586,972
<b>CURRENT LIABILITIES</b>			
Creditors and Accruals		150,000	150,000
<b>NET CURRENT ASSETS</b>		19,109	436,972
 Total Assets		<u>193,008</u>	<u>669,279</u>
<b>REPRESENTED BY</b>			
Accumulated Fund		<u>193,008</u>	<u>669,279</u>

These Financial Statements were approved by NEC and signed on its behalf by:

	<b>Secretary General</b>	<b>Treasurer</b>
<b>Signature</b>	 .....	
<b>Date</b>	23.7.2012 .....	

**FORUM FOR THE RESTORATION OF DEMOCRACY - KENYA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2011**

---

	<b>2011</b>	<b>2010</b>
	<b>KSHS</b>	<b>KSHS</b>
Balance as at 1 July	<u>669,279</u>	<u>445,577</u>
Surplus (Deficit) for the Year	<u>(476,271)</u>	<u>223,702</u>
Balance as at 30 June	<u><u>193,008</u></u>	<u><u>669,279</u></u>

**FORUM FOR THE RESTORATION OF DEMOCRACY - KENYA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE, 2011**

	<b>2011</b>	<b>2010</b>
	<b>KSHS</b>	<b>KSHS</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus (Deficit) for the year	(476,271)	223,702
Adjustment for Non-cash Movements		
Add: Depreciation	58,408	81,142
	(417,863)	304,844
Increase in Creditors and Accruals	-	150,000
Net cash flows from operating activities	(417,863)	454,844
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	(417,863)	454,844
Cash and Cash Equivalents at 1 July	586,972	132,128
Cash and Cash Equivalents at 30 June	169,109	586,972

**FORUM FOR THE RESTORATION OF DEMOCRACY - KENYA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

---

**1. a) ACCOUNTING POLICIES**

The financial statements are prepared in accordance with International Financial Reporting Standards.

**b) Basis of Accounting**

Ford Kenya prepares its financial statements on accrual basis using Historical Cost convention

**c). Depreciation of Fixed Assets**

The Party's Policy is to provide no depreciation in the year of acquisition and full depreciation in the year of disposal at the following rates;

Computers and Accessories	30%
Furniture & Fittings	12.5%

**2. PROPERTY, PLANT & EQUIPMENT**

	COMPUTER & ACCESSORIES	FURNITURE & FITTINGS	TOTAL
COST			
AS AT 01.07.2010	167,827	64,480	232,307
ADDITIONS	-	-	-
TOTAL	167,827	64,480	232,307
DEPRECIATION	50,348	8,060	58,408
NBV as at 30.06.2010	117,479	56,420	173,899

	2011 Kshs	2010 KShs
<b>3. Administrative Expenses</b>		
Rent	910,000	600,000
Airtime	-	13,950
Office Stationery	10,000	69,380
Electricity	-	7,000
Staff Salaries	973,000	1,585,000
Depreciation	58,408	81,142
Bank Charges	36,430	55,439
	<u>1,987,838</u>	<u>2,411,911</u>