

KENYA NATIONAL AUDIT OFFICE

REPORT



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
THE NATIONAL ALLIANCE**

**FOR THE YEAR ENDED
30 JUNE 2014**



THE NATIONAL ALLIANCE
ANNUAL FINANCIAL STATEMENTS
For the year ended 30th June 2014

ORWA & COMPANY ASSOCIATES
Certified Public Accountants
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THE NATIONAL ALLIANCE
FINANCIAL STATEMENTS
For the year ended 30th June 2014

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**THE NATIONAL ALLIANCE
REPORT OF EXECUTIVE MEMBERS
For the year ended 30th June 2014**

The Executive Members of The National Alliance present their report together with the audited financial statements for the year ended 30 June 2014, which disclose the state of affairs of The National Alliance.

Activities

The National Alliance-TNA is a political Party registered in Kenya

Results

The Surplus/ (Deficit) for the year was Kshs 21,251,137/= and has been transferred to Reserves.

Management

The following were the Executive Members of the Party during the year:

Hon. Sakaja Johnson	- Chairman
Mr. George Onyango Oloo	- Secretary General
MS.Wambui Gichuru	- National Treasurer
Other Members	- Appendix I

Auditors

Messrs.' Orwa & Company Associates were appointed auditors during the year and have indicated their willingness to continue in office in accordance with the political party's Act.

By Order of the Board

Secretary

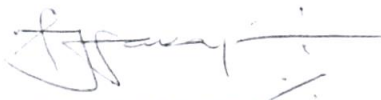
THE NATIONAL ALLIANCE
STATEMENT OF EXECUTIVE MEMBERS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

The Executive Members are 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 the results of its operations for the year then ended. In preparing those financial statements the Executive Members are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare financial statements on the going concern basis unless it is inappropriate to presume that the Party will continue in operation.

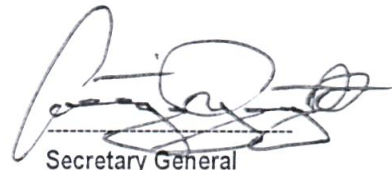
The Executive Members are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Party and enable them to ensure that the financial statements comply with International Financial Reporting Standards and the Political Party's Act. It is responsible for safeguarding the assets of the Party and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Members accept responsibility for the annual financial statements set out on pages 5 to 15 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 comply with the political party's Act.



Chairman

Date: 21-01-2015



Secretary General

Date: 21/1/2015



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL ALLIANCE FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of The National Alliance set out on pages 5 to 15, which comprise statement of financial position as at 30 June 2014, and the statement of financial performance, 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 and Section 31(3) of Political Parties Act, 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

Management 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 the management determine 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 31(2) of the Political Parties Act, 2011.

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 31(3) of Political Parties Act, 2011 and submit the audit report in compliance with Article 229 (7) of the Constitution of Kenya. 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 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 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.

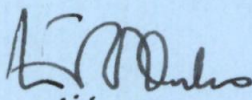
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The National Alliance as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards and comply with the Political Parties Act, 2011.

Other Matters

It was noted that one (1) of the twelve (12) suppliers who have not been paid for over ninety (90) days had taken the Party to court for a credit of Kshs.4,255,750. No disclosure was made in the Notes to the Accounts in respect of this legal contingent liability.

My opinion is not qualified in respect of this matter.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

01 October 2015

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 for the year ended 30 June 2014

Statement of Financial Performance

	Note	Jun-14 shs	Jun-13 shs
Income			
Membership Fee	8	124,000	59,938,748
Contributions From Members	8	7,389,000	20,031,000
Nomination Fees	8	2,537,000	114,207,500
Donations from Well - Wishers	8	1,194,000	151,368,945
Political Parties Fund	8	77,168,603	
Other Miscellaneous Incomes	8	1,033,300	
Gross Income		89,445,903	345,546,193
Recurrent expenditure			
Administrative costs	9	6,229,948	14,480,631
Operating Cost	10	37,724,257	279,990,983
Finance Cost	11	167,005	3,621,716
Staff costs	12	19,803,384	60,035,829
Depreciation	4	4,270,172	6,270,359
Total Expenditure		68,194,766	364,399,518
Surplus/Deficit		21,251,137	(18,853,325)
Net Surplus/Deficit		21,251,137	(18,853,325)

The notes on pages 9 to 15 form an integral part of these financial statements.

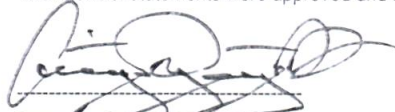
THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 for the year ended 30 June 2014

Statements of Financial Position

	Notes	Jun-14 shs	Jun-13 shs
ASSETS			
Non-current assets			
Property, plant and equipment	4	16,238,912	21,329,716
Current assets			
Receivables	4	1,963,869	348,500
Cash and bank balances	6	29,754,823	71,148
		31,718,692	419,648
Total assets		47,957,603	21,749,364
CAPITAL EMPLOYED			
Capital and Reserves			
Accumulated Fund	7	2,397,812	(18,853,325)
		2,397,812	(18,853,325)
Current liabilities			
Payables	5	45,559,791	40,602,689
Non Current Liabilities			
		45,559,791	40,602,689
Total reserves and liabilities		47,957,603	21,749,364

The notes on pages 9 to 15 form an integral part of these financial statements.

The financial statements were approved and signed on 21-07-2015


 Secretary General


 National Treasurer

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 for the year ended 30 June 2014

Statement of changes in Equity

	Note		Accumulated Fund shs	Total shs
Balance at 01-06-2012				-
Surplus/Deficit	Inc	-	(18,853,325)	(18,853,325)
Addition During The Year			-	-
Balance at 30-06-2013		-	(18,853,325)	(18,853,325)
Balance at 01-06-2013		-	(18,853,325)	(18,853,325)
Surplus/Deficit	Inc	-	21,251,137	21,251,137
Addition During The Year		-	-	-
Balance at 30-06-2014		-	2,397,812	2,397,812

The notes on pages 9 to 15 form an integral part of the financial statements.

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 for the year ended 30 June 2014

Cash flow statement

	Note	Jun-14 shs	Jun-13 shs
Cash generated from operating activities			
Surplus before capital expenditure		21,251,137	(18,853,325)
Add Back Depreciations	3	4,270,172	6,270,359
Loses on Burglary		820,632	
Adjusted Profit before changes in working capital		<u>26,341,941</u>	<u>(12,582,966)</u>
Changes in Working Capital Items			
Increase/Decrease in Account Receivables		(1,615,369)	(348,500)
Increase/Decrease in Account payables		4,957,102	40,602,689
Net cash from operating activities		<u>29,683,674</u>	<u>27,671,223</u>
Investing activities			
Acquisition of capital assets	3	-	(27,600,075)
Disposal of Capital Assets			
Net cash used in investing activities		<u>-</u>	<u>(27,600,075)</u>
Financing activities			
Net Cash Used in Financing Activity		<u>-</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents		29,683,674	71,148
Balance at 01-06-2013		71,148	
Balance at 30-06-2014		<u>29,754,823</u>	<u>71,148</u>

The notes on pages 9 to 15. form part of the integral part of the financial statements.



THE NATIONAL ALLIANCE
FINANCIAL STATEMENTS
For the year ended 30th June 2014

Notes forming part of the financial statements

1. Party Information

The National Alliance is a Political party registered in Kenya

2. Principal accounting policies

a) Basis of preparation

The financial statements have been prepared on the historical cost basis of accounting.

b) Statement of compliance

The financial statements have been prepared in accordance with the policies and guidelines of The National Alliance.

c) Receipt recognition

Receipts are recognized in the period of receipt by reference to completion of the specific transaction involved.

d) Expenditure

Expenditure is recognized and recorded on an accruals basis and analyzed according to budget lines.

e) Property and equipment

Property and equipment used within the organization and purchased from receipts for those specific purposes are capitalized on acquisition as fixed asset expense. The question of ownership of such assets is subject to various agreements between the members of the organization.

All other property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is attributable to the acquisition of the items. Depreciation is calculated on the reducing balance basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:

Motor vehicle	25%	per annum
Computers	30%	per annum
Equipment	12.5%	per annum
Furniture and Fittings	12.5%	per annum

Depreciation is charged in the year of acquisition in full.



THE NATIONAL ALLIANCE
FINANCIAL STATEMENTS
For the year ended 30th June 2014

Notes forming part of the financial statements

f) **Inventories**

Inventories of stationaries are expensed to the income statement when incurred.

g) **Taxation**

Taxation has been provided for based on the current tax legislation.

h) **Cash and cash equivalents.**

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash at hand and bank.

i) **Equity**

The capital reserve represents funds committed in non-current assets.

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 for the year ended 30 June 2014

Notes forming part of the financial statements

	Motor Vehicles	Furniture, Fittings & Equipment	Computer Equipment	Total
	shs	shs	shs	shs
3. Property, plant and equipment				
At 01-06-2012				-
Additions during the year	18,850,000	6,098,075	2,652,000	27,600,075
Disposal during the year				-
Total at 30-06-2013	18,850,000	6,098,075	2,652,000	27,600,075
Depreciation				
At 01-06-2013				-
Charge for the year	4,712,500	762,259	795,600	6,270,359
Depreciation on disposal				-
Total at 30-06-2013	4,712,500	762,259	795,600	6,270,359
Net book value				
At 30-06-2013	14,137,500	5,335,816	1,856,400	21,329,716
At 01-06-2013	18,850,000	6,098,075	2,652,000	27,600,075
Additions during the year	-	-	-	-
lost Computers			(1,627,000)	(1,627,000)
Total at 30-06-2014	18,850,000	6,098,075	1,025,000	25,973,075
Depreciation				
At 01-06-2013	4,712,500	762,259	795,600	6,270,359
Charge for the year	3,534,375	666,977	68,820	4,270,172
Accum. Depreciation on Lost Computers			(806,368)	(806,368)
Total at 30-06-2014	8,246,875	1,429,236	58,052	9,734,163
Net book value				
At 30-06-2014	10,603,125	4,668,839	966,948	16,238,912

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 for the year ended 30 June 2014

Notes forming part of the financial statements

	Jun-14 shs	Jun-13 shs
4. Debtors and Prepayments		
Balances due from		
Deposits Refundables	1,963,869	348,500
	<u>1,963,869</u>	<u>348,500</u>
5 Balances owing to		
Payables	23,585,633	16,617,531
Accruals	21,224,158	23,235,158
Orwa and Company	750,000	750,000
	<u>45,559,791</u>	<u>40,602,689</u>
6. (a) Cash and bank balances		
Co-operative Bank 1	910,947	16,203
Co-operative Bank 2	28,707,449	
Equity Bank	54,945	54,945
Petty Cash	81,481	
	<u>29,754,823</u>	<u>71,148</u>

THE NATIONAL ALLIANCE
FINANCIAL STATEMENTS
for the year ended 30 June 2014

Notes forming part of the financial statements

	Jun-14 shs	Jun-13 shs
7. Accumulated Fund		
Balance at 01-06-2013	(18,853,325)	
Movement	21,251,137	(18,853,325)
		-
Balance at -30-06-2014	<u>2,397,812</u>	<u>(18,853,325)</u>

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 for the year ended 30 June 2014

Notes forming part of the financial statements

Schedule to the income statement

	Actual Jun-13	Actual Jun-13 Shs
8. Income		
Membership Fee	124,000	59,938,748
Contributions From Members	7,389,000	20,031,000
Nomination Fees	2,537,000	114,207,500
Donations from Well - Wishers	1,194,000	151,368,945
Political Parties Fund	89,800,598	
Other Miscellaneous Incomes	1,033,300	
Total Income	102,077,898	345,546,193
Share of Political Parties Fund	12,631,995	
Net Income	89,445,903	345,546,193
9. Administration costs		
Electricity and Water		1,564
Telephone, postage and Internet	89,800	336,860
Security Expenses	1,829,720	2,687,555
Rent and Rates	3,000,000	3,744,476
Audit Fee	750,000	750,000
Accountancy Expenses	250,000	120,000
Office General Expenses	260,428	4,806,856
Motor Vehicle Running Expenses		1,550,701
License and Permits		89,000
Insurance	-	343,619
Subscription	50,000	50,000
	6,229,948	14,480,631

THE NATIONAL ALLIANCE
 FINANCIAL STATEMENTS
 for the year ended 30 June 2014

Notes forming part of the financial statements

Schedules to the income statement

	Actual Jun-14 shs	Actual Jun-13 shs
10. Operating Costs		
Advertisements and Communication Expenses	838,028	11,350,336
Printing and Reproductions	5,227,138	14,659,400
Counties and National Forum Expenses	7,508,546	10,773,270
Traveling and Meeting Expenses	3,227,551	13,438,765
General & By Election Related Expenses	4,732,215	18,225,590
Delegate Conference Expenses	-	4,802,000
Mobilization and Logistics Expenses	1,000,000	2,052,000
Ballot Papers Expenses		53,536,020
Legal Expenses	10,870,500	428,000
Nomination Expenses	-	144,868,268
Repair and Maintenance	1,449,647	770,994
Training Expenses	2,050,000	5,086,340
Loses on Burglary	820,632	
	<u>37,724,257</u>	<u>279,990,983</u>
11. Financial Costs		
Bank Charges and Interests	167,005	3,621,716
	<u>167,005</u>	<u>3,621,716</u>
12. Staff costs		
Salaries , Wages and Allowances	19,650,520	57,451,954
Staff Welfare	152,864	2,583,875
	<u>19,803,384</u>	<u>60,035,829</u>