REPUBLIC OF KENYA

KENYA NATIONAL AUDIT OFFICE

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REPORT OF THE AUDITOR-GENERAL

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ON

THE FINANCIAL STATEMENTS OF ORANGE DEMOCRATIC MOVEMENT FOR THE YEAR ENDED 30 JUNE 2012

ORANGE DEMOCRATIC MOVEMENT

ORANGE HOUSE
MENELIK ROAD
KILIMANI AREA
NAIROBI

P.O.BOX 2478-00202
NAIROBI
Tel: 020-20253481
Fax: 020 217 7703

3rd July, 2013

The Auditor General
The Kenya National Audit Office
P.O Box 30084 00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE
P. O. Box 30084 - 00100, NAIROBI.
11 JUL 2013
8098
RECEIVED

Dear Sir,

RE: AUDIT OF THE FINANCIAL STATEMENT OF THE ORANGE DEMOCRATIC MOVEMENT FOR THE PERIOD ENDED 30TH JUNE, 2012

Please receive the following documents to enable you conduct the audit for our party

1. Party Constitution
2. Trial Balance
3. Signed 2011/2012 Financial Statements

Kindly indicate other documents required to enable you proceed with the audit work as required under law.

Yours faithfully,

Prof. Peter Anyang' Nyong'o
SECRETARY GENERAL

ORANGE DEMOCRATIC MOVEMENT

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2012

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STATEMENT OF THE NATIONAL EXECUTIVE COMMITTEE RESPONSIBILITIES.

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.

National Chairman.....

National Secretary.....

Date.....31/8/2012.....

REPORT OF THE NATIONAL EXECUTIVE COMMITTEE FOR THE YEAR ENDING 30TH JUNE 2012

PRINCIPAL ACTIVITIES

The organization's principal activity is 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 for the year ended 30th June 2012 are set on pages 3 to 12

EXECUTIVE OFFICIALS

The executive officials during the year were as follows;

Hon. Henry Kosgey	-National Chairman
Hon. Prof. Peter Anyang' Nyong'o	-Secretary General
Hon. Hassan Ali Joho	-National organizing secretary
Hon. Dalmas Otieno Anyango	- Deputy Treasurer – R/ Mobilization
M/S Janet Ong'era	-Executive Director

REGISTERED OFFICE

Orange House
Menelik Road
Nairobi

BANKERS

Co-operative Bank
Parliament Road Branch
Nairobi.

AUDITORS

AUDITOR GENERAL

By order of the Executive

Signed.....Date. 31/8/2012
Secretary General

REPUBLIC OF KENYA

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NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON ORANGE DEMOCRATIC MOVEMENT FOR THE YEAR ENDED 30 JUNE 2012

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Orange Democratic Movement set out on pages 5 to 12, which comprise the statement of financial position as at 30 June 2012, 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 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 Orange Democratic Movement 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 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 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 judgment, 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 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 audit opinion.

Opinion

In my opinion the financial statements present fairly, in all material respects, the financial position of the Orange Democratic Movement as at 30 June 2012 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Political Parties Act, 2007 (Revised 2011) and Political Parties (Funding) Regulations, 2009.

Edward R. O. Ouko, CBS
AUDITOR–GENERAL

Nairobi

25 March 2014

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2012

INCOME	NOTES	2012 KSHS	2011 KSHS
Government Political Party Fund		73,591,800	59,071,725
SMS Services		11,550	13,914
Branch Application Forms		487,600	827,400
Life Membership Fees		4,478,000	2,040,000
MPs Contribution		24,779,900	21,089,000
Nomination Fees-Civic		155,000	438,000
Nomination Fees-Parliamentary		200,000	275,000
Nomination Rules			
Ordinary Membership Cards		7,219,396	2,940,930
Donation from Well-wishers		4,999,999	1,100,000
TOTAL INCOME		**115,923,244**	**87,795,969**
EXPENDITURE			
Cost of Membership Cards		5,094,799	1,199,965
Administrative Expenses	3	30,555,220	27,513,184
Financial Costs	4	167,862	249,719
Branch Training, Coordination & Support	5	2,767,435	8,155,000
Campaign Expenses	6	32,113,967	27,072,630
Civic Education Expenses	7	5,388,450	9,478,304
Regional Conferences	8	35,659,264	9,109,298
Party Policy and Advocacy	9	4,091,769	4,820,407
TOTAL EXPENDITURE		**115,838,766**	**87,598,507**
NET INCOME		**84,478**	**197,462**

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2012

	NOTES	2012 KSHS	2011 KSHS
NON CURRENT ASSETS			
Property, Plant & Equipment	2	15,776,625	12,481,595
CURRENT ASSETS			
Cash and Bank Balances	10	2,510,535	2,754,928
Other Current Assets	11	3,550,322	6,267,504
		6,060,857	9,022,432
CURRENT LIABILITIES			
Creditors & Accruals	12	8,093,331	7,844,353
		8,093,331	7,844,353
NET CURRENT ASSETS		(2,032,474)	1,178,079
NET ASSETS		13,744,151	13,659,673
REPRESENTED BY:			
ACCUMULATED FUND	13	13,744,151	13,659,673

Notes attached hereto form part of these accounts
These accounts were approved on the 31/8/2012
on behalf of the Party by:

National Chairman _____

Secretary General _____

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2012

	2012 Kshs.	2011 Kshs.
Cash flows from Operating Activities		
Net Surplus/ (Loss)	84,478	197,462
Adjustments for:		
Depreciation	2,654,220	3,417,056
Operating profit before changes in working capital	**2,738,698**	**3,614,518**
Analysis of changes in working capital		
Increase/ (Decrease) in creditors & accruals	248,978	(4,082,927)
(Increase)/ Decrease in other current assets	2,717,182	(49,988)
Net Changes in Working Capital	2,966,160	(4,132,915)
Net cash flows from operating activities	**5,704,858**	**(518,397)**
Cash Flows from Investing Activities		
Purchase of Assets	(5,949,250)	(178,410)
Net Cash flow from Investing activities	**(5,949,250)**	**(178,410)**
Net change in cash and cash equivalent	(244,392)	(696,808)
Cash & Cash equivalents as at 1st july,2011	2,754,927	3,451,735
Cash & Cash equivalents as at 30th,june 2012	**2,510,535**	**2,754,928**

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 30TH JUNE2012

	Reserves Kshs	Accummulated Fund Kshs	Net Surplus/(Deficit) Kshs	Total Kshs
As at 01/7/2011	2,356,176	(3,638,482)	14,941,980	13,659,674
Net Surplus/(Deficit) for the yr			84,478	84,478
Year Ended 30/6/2012	2,356,176	(3,638,482)	15,026,458	13,744,151

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2012

NOTE 1 (a) SIGNIFICANT ACCOUNTING POLICIES

The principal 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.

(ii) Depreciation

Depreciation is provided for on fixed assets using the reducing balance method.

The following are the rates used :

- Lease Hold Structure 10%
- Office Furniture and Fittings 12.5%
- Office Equipment 12.5%
- Computers and Printers 30%
- Motor Vehicles 25%

NOTE 2

	Leasehold Structure Kshs.	Computer and Printers Kshs.	Motor Vehicles Kshs.	Office Furniture Kshs.	Office Equipment Kshs.	TOTAL Kshs.
Cost at 01.07 2011	1,379,506	1,267,248	11,425,690	3,574,005	770,620	18,417,069
Additions	-	1,460,000	-	1,560,000	2,929,250	5,949,250
At 30.06.2012	1,379,506	2,727,248	11,425,690	5,134,005	3,699,870	24,366,319
Accum. Depr	393,961	804,528	3,213,475	1,181,177	342,333	5,935,474
Charge for the yr	98,555	138,816	2,053,054	299,103	64,692	2,654,220
At 30.06.2012	492,516	943,344	5,266,529	1,480,280	407.025	8,589,694
Net Book Value						
At 30.06.2012	886,690	1,783,904	6,159,161	3,653,725	3,292,845	15,776,626
At 30:06:2011	985,545	462,720	8,212,215	2,392,828	428,287	12,481,595

NOTE 3

ADMINISTRATIVE EXPENSES	2012 KSHS.	2011 KSHS.
Salary & Wages	19,528,205	18,619,504
Cleaning Services	9,130	35,100
Communication and Internet	1,091,536	870,014
Office Stationary	452,283	68,543
Transportation and Motor Expenses	2,202,926	1,569,141
Postage and Delivery	86,938	45,875
Newspapers and Publications	79,415	35,390
Subscriptions - CMD	50,000	60,000
Donations		167,000
Depreciation Expense	2,654,220	3,417,056
Professional Fee	1,100,000	60,000
Rent and Premise Maintenance	2,112,710	2,064,000
Repairs and Maintenance	168,140	119,910
Telephone and Airtime	113,700	56,895
Utilities	707,865	149,557
Audit Fees	60,800	121,600
Printing and Reproduction	137,352	175,200
TOTAL	**30,555,220**	**27,513,184**

NOTE 4

FINANCIAL EXPENSES		
Bank Charges	167,862	128,119
TOTAL	**167,862**	**128,119**

NOTE 5

BRANCH EXPENSES		
Regional Coordination	425,000	40,000
Branch Office Establishment	1,195,905	5,110,000
Branch Training Costs	1,146,530	3,005,000
TOTAL	**2,767,435**	**8,155,000**

NOTE 6

CAMPAIGN EXPENSES		
Election & Personnel Expenses	13,978,006	8,168,837
Post-Election Expenses(by-elections)	107,315	40,000
Transportation & Logistics	3,897,830	2,815,293
Campaign and Rally Expenses	8,265,470	8,464,300
Coordinators Expenses	2,620,000	200,000
Promotional Items	3,245,346	7,384,200
TOTAL	**32,113,967**	**27,072,630**

NOTE 7		
	2012	2011
CIVIC EDUCATION EXPENSES	KSHS.	KSHS.
Branch Civic Education	2,920,450	3,838,597
Training of Trainers		
Party to Party Co-operation		248,615
Conferences & Bookings	1,000,000	1,919,850
Retreat, Workshops & Meetings	1,133,000	3,471,242
Standing Committee Meetings	335,000	
	5,388,450	**9,478,304**

NOTE 8		
REGIONAL CONFERENCES		
NEC /PG Meetings Expenses	1,034,759	520,178
Travel and Entertainment	92,000	784,386
Ad hoc Committee Meetings	647,780	206,920
Venue Branding & Booking Costs	679,384	2,679,384
National Leaders /Regional Meetings	23,469,241	1,831,200
International Meetings	5,506,100	
OYDL/OWDL Meetings	4,230,000	3,087,230
TOTAL	**35,659,264**	**9,109,298**

NOTE 9		
PARTY POLICY AND ADV.		
Media and Public Relations	324,908	924,528
Strategy & Policy	712,500	729,000
Publicity and Advertisement	3,014,361	2,032,379
Opinion Poll survey	40,000	1,134,500
TOTAL	**4,091,769**	**4,820,407**

NOTE 10		
CASH AND BANK		
COOP BANK MAIN ACCOUNT	1,517,151	189,419
COOP BANK- FUNDRAISING	339,673	2,093,797
COOP BANK-DOLLAR ACCOUNT	11,840	16,200
COOP BANK OF KENYA - PFA	(15,342)	455,021
Cash in Hand	657,214	490
TOTAL	**2,510,535**	**2,754,927**

NOTE 11		
OTHER CURRENT ASSETS		
Prepaid Insurance	-	529,312
VAT Receivable	2,773,595	2,766,666
Stocks	776,727	2,971,526
TOTAL	**3,550,322**	**6,267,504**

NOTE 12

CREDITORS & ACCRUALS	2012 KSHS.	2011 KSHS.
7th Sense Communication	950,000	
Accounts Payable		6,606,500
Amiken Ltd	1,680,000	-
Auditor General	60,800	121,600
Born Designs	526,129	130,693
Executive Africa Travel & Tours		34,540
Gilly's Security	40,000	
KCB – Training Center	604,450	-
Lamarene Enterprises		91,590
Media One Ltd		393,290
Membership Loans Payable	4,067,773	-
N.H.I.F	13,760	10,880
N.S.S.F	102,000	19,200
Nairobi Water Company	8,419	15,000
Onecell Tracking		23,800
Questek Ltd		120,000
Regitronics Data System		92,000
Skigate Investments	40,000	
Spur Security Ltd		32,500
Tangarine Ltd		20,880
Veteran General Merchants		131,880
TOTAL	8,093,331	7,844,353

NOTE 13

ACCUMULATED FUND

	2012 KSHS.	2011 KSHS.
Reserves	2,356,176	2,356,176
Accumulated Fund	11,303,498	11,106,035
Surplus/(Deficit)	84,478	197,462
TOTAL	13,744,151	13,659,673