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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
CHAMA CHA UZALENDO PARTY**

**FOR THE YEAR ENDED
30 JUNE 2013**



KENYA NATIONAL AUDIT OFFICE
P. O. Box 30084 - 00100, NAIROBI

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CHAMA CHA UZALENDO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

CHAMA CHA UZALENDO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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**CHAMA CHA UZALENDO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

PARTY'S INFORMATION

REGISTERED OFFICE
DANPARK APARTMENT
OFF AIRPORT ROAD, EMBAKASI
P.O BOX 84868-80100
NAIROBI

PARTY OFFICIALS

MAUR BWANAMAKA	:	CHAIRMAN
TITUS KALOKI	:	SECRETARY GENERAL
VERONICA MBITHE	:	TREASURER





BANKERS

COMMERCIAL BANK OF AFRICA
UPPERHILL, NAIROBI.

AUDITORS

AUDITOR GENERAL
ANNIVERSARY TOWERS, UNIVERSITY WAY
P.O. Box 30084-00100
NAIROBI

**CHAMA CHA UZALENDO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

STATEMENT OF PARTY OFFICIALS' RESPONSIBILITIES

The Political Parties Act, 2011 requires the Party officials to prepare financial statements 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 results for that year. The Party officials are also required to ensure that the Party maintains proper accounting records which disclose with reasonable accuracy the financial position of the Party. The Party officials are also responsible for safeguarding the assets of the Party.

The Party officials accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with the internal financial reporting standards.

The Party 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 as at 30 June 2013 and of the operating results for the year then ended. The Party officials further confirms the accuracy and completeness of the accounting records maintained by the Party which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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

Approved by the Party officials and signed on their behalf on 1/12/ 2013



SECRETARY GENERAL



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON CHAMA CHA UZALENDO PARTY FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Chama Cha Uzalendo Party set out on pages 4 to 9, which comprise the statement of financial position as at 30 June 2013, 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 Section 31(3) of the Political Parties Act, 2011.

Management's Responsibility for the Financial Statement

Management of the Chama Cha Uzalendo is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such internal control as management determines are necessary to enable 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 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. The audit was conducted in accordance with the 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 assessments 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 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.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. Unaccounted for Funds

The statement of comprehensive income for the Party reflects a total income of Kshs.3,883,000. However, the records from Political Parties Fund revealed that the Party received Kshs.2,103,623 which has not been reflected as an income in the financial statements hence not accounted for nor explained. According to the client's response, part of the funds totalling Kshs.1,940,000 were fraudulently transferred from the Party's Bank account No.6617930028 at CBA bank Wabera Street, Nairobi on 27 March 2014 to one of the officials bank account and misappropriated contrary to the Party's Constitution and the Political Parties Act, 2011.

2. Unsupported Expenditure

The statement of comprehensive income, reflected a total expenditure of Kshs.3,875,685 which was not supported with documentary evidence on how the expenditure was incurred. The authenticity of the expenses could not be ascertained.

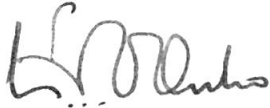
3. Inaccurate Financial Statements

The statement of comprehensive income reflects expenditure under five account items which differed with the supporting documents as shown below

Item Detail	Financial statement Figures (Kshs)	Receipt availed (Kshs)	Differences (Kshs)
Prom & Pub	1,361,184	1,543,499	182,315
Seminar & Meetings Administrative Exp.	196,793	236,198	39,405
Printing & Stationery	100,467	113,705.5	13,238.5
Allowances	336,050	545,045	208,995
Transport & Acc.	499,525	1,024,373	524,848
Total	2,494,019	3,462,820.5	968,801.5

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

29 September 2015

CHAMA CHA UZALENDO
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2013

		2013 Kshs	2012 Kshs
	Notes		
Income			
Members Contributions		3,883,300	144,000
Total Income		<u>3,883,300</u>	<u>144,000</u>
Expenditure			
Promotion and Publicity Expenses		1,361,184	-
Administrative Expenses	4	2,317,705	658,847
Seminars and Meetings Expenses		196,793	-
Total Expenditure		<u>3,875,682</u>	<u>658,847</u>
Surplus (Deficit) for the year		<u><u>7,618</u></u>	<u><u>(514,847)</u></u>

CHAMA CHA UZALENDO
 STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2013

	Note	2013 Kshs	2012 Kshs
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2	<u>360,018</u>	<u>353,311</u>
Current Assets			
Debtors and Prepayments		265,129	265,129
Cash and Bank Balances	3	<u>14,234</u>	<u>10,000</u>
		<u>279,363</u>	<u>275,129</u>
NET ASSETS		<u>639,381</u>	<u>628,440</u>
Represented by:			
Accumulated Fund		<u>639,381</u>	<u>628,440</u>



Secretary General

CHAMA CHA UZALENDO
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Fund	
	2013 Kshs	2012 Kshs
As at 1 July	631,763	1,155,146
Surplus / (Deficit) for the year	7,618	(514,847)
As at 30 June	639,381	640,299.00

CHAMA CHA UZALENDO
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	Kshs.	Kshs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (Deficit) for the year	7,618	(514,847)
Adjustment for Non-Cash Movements		
Add: Depreciation	73,293	58,847
	<u>80,911</u>	<u>(456,000)</u>
(Increase) / Decrease in Debtors and Prepayments	-	
Increase / (Decrease) in Creditors and Accruals	-	435,826
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>80,911</u>	<u>(20,174)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Non Current Assets	<u>(80,000)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	911	(20,174)
CASH AND CASH EQUIVALENTS AS AT 1 JULY	13,323	30,174
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	<u>14,234</u>	<u>10,000</u>

CHAMA CHA UZALENDO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1. a) SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

b) Basis of preparation

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

c) Depreciation

Depreciation is calculated on a reducing balance basis to write off the cost of each asset, to its residual value over its estimated useful life.

The Party's policy is to provide full depreciation in the year of acquisition and no depreciation in the year of disposal using the following rates:

	<u>Rate %</u>
Computers and Accessories	30
Furnitures and Fittings	12.5

2. NON CURRENT ASSETS

	Computers and Accessories Kshs	Furniture and Fittings Kshs	Total Kshs
At 01 July 2012	29,309	324002	353,311
Additions	80,000		
	109,309	324,002	433,311
Depreciation			
Charge for the year	32,793	40,500	73,293
Net book value			
As at 30 June 2013	76,516	283,502	360,018

CHAMA CHA UZALENDO
 NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 Kshs	2012 Kshs
3	<u>Cash and Bank Balances</u>	
	Petty Cash	-
	Cash at Bank	13,323
	<u>14,234</u>	<u>13,323</u>
4	<u>Administrative expenses</u>	
	Bank Charges	26,210
	Advertisement	828,560
	Depreciation	58,847
	Rent and Rates	390,000
	Allowances	78,000
	Printing and Stationery	48,000
	Transport & Accomodation	84,000
	Professional Fees	55,000
	Subscriptions	50,000
	<u>2,317,705</u>	<u>658,847</u>