

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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THE AUDITOR-GENERAL

ON

MAENDELEO CHAP CHAP PARTY

FOR THE YEAR ENDED

30 JUNE, 2024

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 03 MAR 2025

TABLED
BY:

Hon. Naomi Waga
Deputy Majority Party Whip

CLERK-AT
THE-TABLE:

A. Shibusko



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
30 DEC 2024
RECEIVED

MAENDELEO CHAP CHAP PARTY
P. O. BOX 10790 - 00100, NAIROBI



MAENDELEO CHAP CHAP PARTY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

Maendeleo Chap Chap (MCC)
Annual Report and Financial Statements
For the year ended June 30, 2024.

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1. Acronyms and Glossary of Terms

A: Acronyms

CEO	Chief Executive Officer
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
NEC	National Executive Council

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period

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2. Key Party Information and Management

(a) Background information

Maendeleo Chap (MCC) is a political party in accordance with Political Parties Act, 2011 with registration number 067.

(b) Principal Activities

MCC is a political party actively engaged in political campaigns across the country, regions, conducting rallies, town hall meetings, and door-to-door outreach to connect with the electorate.

Key Management

The *MCC Party* day-to-day management is under the following key organs:

No.	Designation	Name
1.	Secretary General	Wilfred Nyamu Mati
2.	Political Affairs	Kevin Njagi Munene
3.	National Treasurer	Jane Kendi Laichena

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Secretary General	Wilfred Nyamu Mati
2.	National Treasurer	Jane Kendi Laichena

Key Party Information and Management (continued)

(d) Fiduciary Oversight Arrangements

Audit Committee

The Audit Committee helps the National Executive Committee with corporate governance. It's a creation of the NEC of the party, with its membership consisting of the National Treasurer and two deputies, the administration and finance officer and Head of political Affairs. The primary role of the audit committee is to assist the NEC with its corporate governance oversight responsible in ensuring that;

- External Auditing processes are carried out independently without interferences as to guarantee the integrity of the party's financial statements.
 - Regulatory and legal requirements of the government inclusive of the Maendeleo Chap Chap Party code of conduct are in total compliance at all levels of the government.
 - Risk Management to assure that the allocation of the party's resources is optimized and conforms to the party's goals and objectives.
- 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 Council.

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. Maendeleo Chap Chap 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 risk to property.

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.

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 are evaluated, in part, according to how he or she complies with this policy.

MCC Risk Management Goals Statement

With the authority of the NEC, a risk management committee of FIVE (5) members, consisting of the National Treasurer, two NEC members, a member trained on public works management and a member trained on fire and emergency. This committee will be chaired by the National Treasurer and its responsibilities shall be:

**Maendeleo Chap Chap (MCC)
Annual Report and Financial Statements
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- Identifying and assessing risks
- Selecting and implementing risk control and financing measures
- Periodically reviewing risk management efforts and reporting to the National Executive Council

These activities shall be undertaken in the service of the risk management mission statement and that end risk management practices and undertaken to reduce the cost of risk to Maendeleo Chap Chap Party and to maximize benefits of opportunities that the memberships may encounter.

MCC 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 risk to property.

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 organisation. Each is responsible for reporting any unsafe condition they see.

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 policy.

This Risk Policy document has received the following review and approvals from MCC management.

(e) Party Headquarters

Riara Road Hse, Kilimani
P.O BOX 10790-00100
Nairobi

(f) Party Contacts

Telephone: (254)723-537-955, (254)717-828-137

E-mail: info@maendeleochapchapparty.co.ke

Website: www.maendeleochapchapparty.co.ke

**Maendeleo Chap Chap (MCC)
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(g) Party Bankers

Cooperative Bank Kenya Limited
Lavington Branch,
Nairobi

(h) Independent Auditor

Auditor- General
Office of the Auditor General
Anniversary Towers, University
Way
P. O Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

Nyamu and Nyamu Advocates
Mayfair Centre
P.O. Box 66032- 00800
Ralph Bunche Road
Nairobi, Kenya

Maendeleo Chap Chap (MCC)
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For the year ended June 30, 2024.

3. Board of Management / National Executive Committee (NEC)

	Management	Details
1.	MAHAT MOHAMED RASHID	DEPUTY CHAIPERSON
2.	WILFRED NYAMU MATI	SECRETARY GENERAL
3.	ANGELA NDUNGU	DEPUTY SECRETARY GENERAL
4.	JANE KENDI LAICHENA	NATIONAL TREASURER
5.	JOY ATIENO LUTTSON	DEPUTY NATIONAL TREASURER
6.	SITATO MAGELO	NATIONAL WOMEN CONGRESS CHAIRLADY
7.	STEPHANIE OJIAMBO	DEPUTY WOMEN CONGRESS CHAIRLADY
8.	KEVIN NJAGI MUNENE	NATIONAL YOUTH CHAIRPERSON
9.	SAMSON NGANGA	DEPUTY YOUTH CHAIRPERSON
10.	EMMANUEL KIMEU	DEPUTY CHAIRMAN ELECTIONS BOARD
11.	ALI MOHAMMED ABDULLAHI	DEPUTY ORGANIZING SECRETARY

**Maendeleo Chap Chap (MCC)
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4. Key Management Team

MCC day to day management is under the following key organs

Ref	Name	Details
1.	Wilfred Nyamu Mati	Secretary General
2.	Jane Kendi Laichena	National Treasurer
3.	Harrison Moturi Ombongi	Administration and Finance
4.	Elvis Kipkirui Leitich	Procurement
5.	Kevin Njagi Munene	Political Affairs

**Maendeleo Chap Chap (MCC)
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5. Report of the Deputy – Chairperson

Subject: Annual audit report and organizational overview

I am pleased to present the Annual Audit Report and Organizational Overview for MCC Party for the fiscal year ending 30th June 2024. This report aims to provide a detailed account of key activities, successes, challenges, and the future outlook of the organization based on the recent audit exercise.

I. Executive Summary:

The audit exercise covered various aspects of MCC Party's operations, finances, and compliance with regulatory requirements. The findings and insights derived from the audit process will serve as a valuable tool for organizational improvement and strategic planning.

II. Key activities During the Year:

a. Political Campaigns and Outreach:

MCC Party actively engaged in political campaigns across various regions, conducting rallies, town hall meetings, and door-to-door outreach to connect with the electorate.

b. Membership Drive:

The organization successfully executed a comprehensive membership drive, resulting in a notable increase in registered party members.

c. Policy Development:

MCC Party invested in the formulation and refinement of policies, addressing critical issues and outlining the party's vision for the future.

III. Successes Consolidated:

a. Increased Membership Base:

The successful membership drive led to a significant expansion of the party's support base.

b. Effective Campaign Strategies:

MCC Party implemented effective campaign strategies, garnering increased public attention and support.

c. Policy Advocacy:

The organization made strides in advocating for policies aligned with its core principles, contributing to a positive perception among potential voters.

IV. Challenges Being Faced:

a. Financial Constraints:

The party faced financial challenges due to increased campaign expenses, economic uncertainties and the budget cuts administered by the government.

b. Regulatory Compliance:

Ensuring compliance with evolving regulatory requirements presented challenges, necessitating ongoing attention to legal and governance frameworks.

c. Internal Coordination:

Coordinating activities and communication among various party units posed challenges, impacting operational efficiency.

V. Future Outlook and Way Forward:

a. Financial Sustainability:

Implementing measures to enhance financial sustainability through diversified fundraising and cost optimization.

b. Enhanced Compliance Protocols:

Strengthening internal controls and compliance protocols to ensure adherence to regulatory requirements.

c. Capacity Building:

Investing in capacity-building initiatives for party members and leadership to improve coordination and efficiency.

d. Strategic Partnerships:

Exploring strategic partnerships with like-minded organizations to leverage resources and expertise for mutual benefit.

e. Innovation and Adaptation:

Embracing innovative approaches and adapting to changing political landscapes to stay relevant and impactful.

In conclusion, the audit exercise provided valuable insights into MCC Party's performance and areas for improvement. By addressing challenges and building on successes, the organization can position itself for sustained growth and influence in the political arena.

Thank you for your attention to this report, and I remain at your disposal for any further clarification or discussion.

Sincerely,


.....
Mahat Hassan Rashid
Deputy Chairperson

6. Report of the Secretary General

Subject: Brief Annual Overview and Future Outlook

I am delighted to present a succinct overview of MCC Party's accomplishments, challenges, and prospective initiatives. Positioned as a Tier Two political Party, our noteworthy achievements are particularly commendable, given the inherent challenges faced by a recently established party. Our primary focus centred on securing votes for our nominated leaders, we acknowledge that there may have been some shortcomings in establishing our organizational framework to the requisite standards.

Financial constraints emerged as a formidable impediment, particularly during and after the election period. The heightened expectations for financial support from our leaders, coupled with the simultaneous need to sustain day-to-day party operations, presented a considerable challenge for the secretariat. However, with resilience and strategic acumen, we successfully navigated these obstacles.

Looking ahead, MCC Party is unwavering in its commitment to implementing comprehensive financial sustainability measures. This entails engaging in diverse fundraising strategies and optimizing budgetary allocations. Concurrently, we are dedicated to fortifying internal controls, ensuring transparency through robust compliance protocols. Moreover, the party is poised to enhance coordination and communication through carefully crafted capacity-building initiatives, while actively seeking mutually beneficial partnerships in strategic collaborations.

In conclusion, our challenges are viewed as catalysts for growth. With a concerted and collaborative effort, MCC Party is positioned for a future characterized by success and positive impact.

Thank you for your commitment and support.

Sincerely,



.....
WILFRED NYAMU MATI
SECRETARY GENERAL

**Maendeleo Chap Chap (MCC)
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For the year ended June 30, 2024.**

7. Statement of Performance against Predetermined Objectives for FY 2023/2024

The management of MCC is pleased to present this statement evaluates performance against predetermined financial objectives for the fiscal year ended 30th June 2024.

The purpose of the performance statement is to provide a clear and concise assessment of how well the party has achieved its predetermined financial objectives within a specific period. This statement is relevant to the financial statement as it offers stakeholders valuable insights into the Mcc party's strategic goals, operational effectiveness, and financial health. It highlights areas of success and identifies challenges, thereby guiding future decision-making and ensuring transparency and accountability in financial reporting.

Income sources:

- MCC primary sources of income included political parties fund (PPF), Membership dues and contributions from supporters

Expenditures:

Expenditures were primary allocated to supporting SIGs, broadcasting activities, promoting active participation in citizens, party operations and administrative costs.

Challenges and Mitigation:

Financial constraints:

- The party was greatly affected by budget cuts by the exchequer affecting activities and administration costs.

Mitigation;

- Secretariats to ensure all elected and nominated leaders make their monthly contributions to be able to meet its needs.
- Despite financial constraints, mcc successful managed its resources to support both election activities and day to day operations

Conclusion:

Despite challenges, MCC's commitment to its principles, coupled with strategic planning and effective management, positions the party for sustained growth and impact. The management remains dedicated to transparency, accountability, and serving the best interests the best interests of its members and communities it represents.

This management discussion and analysis reflects our commitment to open communication and accountability. We look forward to continued support and collaboration as we work towards a future marked by success and positive change

**Maendeleo Chap Chap (MCC)
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8. Corporate Governance Statement

This Corporate Governance Framework serves as a guide to ensure MCC Party operates with transparency, accountability, and integrity. Regular reviews and updates will be conducted to align with evolving governance best practices and legal requirements.

Decision-Making Organ: National Executive Council (NEC) is the main Decision-making organ that is in charge of the overall direction of the party, its decision is ratified through the National Governing Council and National Delegates Council.

(a) Frequency of Meetings:

The NEC shall meet at least once in every three months except for emergency meetings which may be convened by the National Chairperson according to exigencies of time in consultation with the Secretary General or by a written request made by 25% of the members thereof.

(b) Attendance Records:

Attendance records for each NEC meeting shall be diligently maintained, documenting the presence or absence of members. Members failing to attend more than two consecutive meetings without valid reasons may be subject to review and appropriate action.

(c) Succession Plan:

A comprehensive succession plan has been established to ensure a smooth transition of leadership within the NEC. The plan includes the identification and mentoring of potential successors, preparing them for leadership roles within the party.

(d) Existence of NEC Charter:

A detailed National Executive Council Charter shall be established, outlining the roles, responsibilities, and decision-making processes of the NEC. The charter will be reviewed periodically to ensure its relevance and effectiveness.

(e) Appointment and Removal Process of NEC Members:

Members of the NEC are appointed based on merit, experience, and commitment to the party's values. Removal of NEC members will follow a transparent process, involving a vote by the council and adherence to the party's constitution.

Roles and Functions of the NEC:

- To act as the Executive organ of the National Delegates Convention and to ensure that all decisions made by the said organ are duly carried out.
- To regulate its own procedures in the absence of the Chairperson at any meetings, to nominate one of its members to preside over meetings.
- To supervise the administrative machinery of the party and to take such measures as it may deem fit to enforce the decisions and the programmes of the party.
- To appoint the National Party executive director and other staff members for all departments of the secretariat and the party, approving terms and conditions of their services.

(f) Induction, Training, and Development:

All NEC members shall undergo a comprehensive induction program upon appointment. Regular training and development sessions will be organized to enhance leadership skills, governance knowledge, and understanding of party policies.

(g) Conflict of Interest:

Members of the NEC shall disclose any potential conflict of interest promptly. Conflicts of interest will be managed transparently, with members abstaining from decisions where conflicts exist.

(h) NEC Remuneration:

A transparent remuneration policy has been established, ensuring fair compensation for NEC members based on their roles and responsibilities. The NEC are entitled to a seating allowance and transport reimbursement. Remuneration details will be disclosed in the party's annual reports.

(i) Ethics and Conduct:

NEC members are expected to adhere to a code of conduct that upholds the party's values, integrity, and ethical standards. Violations of the code may result in disciplinary actions, including removal from the NEC.

(j) Governance Audit:

A governance audit will be conducted periodically to assess the effectiveness of governance structures and processes. Recommendations from the audit will inform improvements to strengthen the party's governance framework.

**Maendeleo Chap Chap (MCC)
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9. Management Discussion and Analysis

Overview:

The management of MCC is pleased to present this comprehensive discussion and analysis of the party's performance, operations, and outlook. This report aims to provide stakeholders with a deeper understanding of the party's strategic direction, financial performance, and key initiatives during the reporting period.

Strategic Focus:

During the period under review, MCC continued to focus on strengthening its position as a formidable political force committed to the principles of independence, inclusivity, and effective governance. Our strategies centered on expanding membership, engaging communities, and advocating for policies aligned with our core values.

Key Highlights:

Membership Growth:

MCC experienced notable success in expanding its membership base, reaching to electorate and Successful Campaigns.

Dynamic political campaigns were conducted, engaging communities and contributing to increased public awareness and support for MCC.

Financial Management:

Despite financial constraints, MCC successfully managed its resources to support both election activities and day-to-day operations.

Financial Performance:

Income Sources:

MCC's primary sources of income included Political Parties Fund (PPF), membership dues and contributions from supporters.

Expenditure:

Expenditures were primarily allocated to supporting SIGs, broadcasting activities, promoting active participation in citizens, party operations, and administrative costs.

Financial Sustainability Measures:

The party is actively exploring diverse fundraising strategies and optimizing budgetary allocations to ensure long-term financial sustainability.

**Maendeleo Chap Chap (MCC)
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Challenges and Mitigation:

Financial Constraints:

The party faced challenges in meeting the financial demands of both election activities and sustaining daily operations.

Mitigation: MCC implemented strategic financial management practices, ensuring prudent use of resources and seeking alternative funding avenues.

Operational Coordination:

Internal coordination challenges impacted operational efficiency.

Mitigation: MCC is investing in capacity-building initiatives to enhance internal communication and coordination.

Future Outlook:

Strategic Collaborations:

MCC is actively pursuing strategic partnerships with like-minded organizations to leverage collective resources and expertise.

Policy Advocacy

The party remains committed to advocating for policies aligned with its core values, addressing the concerns of its constituents.

Innovation and Adaptation.

Embracing innovation and adapting to the changing political landscape are key strategies to remain relevant and impactful.

Conclusion:

Despite challenges, MCC's commitment to its principles, coupled with strategic planning and effective management, positions the party for sustained growth and impact. The management remains dedicated to transparency, accountability, and serving the best interests of its members and the communities it represents.

This Management Discussion and Analysis reflects our commitment to open communication and accountability. We look forward to continued support and collaboration as we work towards a future marked by success and positive change.

10. Environmental and Sustainability Reporting

I. Introduction;

The purpose of this environmental and sustainability report is to provide a comprehensive overview of our political party's commitment to environmental stewardship and sustainable practices. This report highlights our key policies, initiatives, achievements, and future goals in promoting a greener and more sustainable future. By sharing our progress and challenges, we aim to demonstrate transparency, accountability, and our dedication to addressing environmental issues for the benefit of our community and future generations.

The time period covered by this environmental and sustainability report is from 30th July 2023, to 30th July 2024. This timeframe allows us to comprehensively evaluate our initiatives, achievements, and challenges over the course of a full year.

II. Environmental Policies and Initiatives:

Our political party is dedicated to promoting environmental sustainability through comprehensive and forward-thinking policies. These policies are designed to address critical environmental issues, reduce our ecological footprint, and foster a sustainable future for all. Here are the key components of our environmental policy:

a. Commitment to Renewable Energy:

Description: We aim to transition from fossil fuels to renewable energy sources such as solar, wind, and hydropower. This shift is essential for reducing greenhouse gas emissions and combating climate change.

Initiatives:

Solar Energy Program: Installation of solar panels on public buildings and incentives for residential solar energy adoption.

Wind Energy Development: Support for wind farm projects in suitable locations across the country.

b. Waste Management and Reduction:

Description: Our policy focuses on minimizing waste generation and maximizing recycling efforts. We strive to achieve a zero-waste society by implementing effective waste management practices.

Initiatives:

Recycling Campaigns: Nationwide campaigns to educate the public on the importance of recycling and proper waste segregation.

Waste-to-Energy Projects: Implementation of technologies that convert waste into energy, reducing landfill use.

III. Conservation and Biodiversity Protection:

Description: Protecting natural habitats and preserving biodiversity are central to our environmental policy. We are committed to conserving wildlife and promoting biodiversity through various initiatives.

**Maendeleo Chap Chap (MCC)
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11. Report of the Management

The Management submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the *MCC Party* affairs.

i) Principal activities

Maendeleo Chap Chap (MCC) is a political party in accordance with Political Parties Act, 2011 with registration number 067. To acquire and retain power democratically to form a just government so as to implement its ideology, vision, policies and programs.

To provide transformative political leadership to make Kenya a united, stable and prosperous, democratic modern state and society within the framework of Rule of Law, respect for national values and principles of governance, respect for fundamental rights and freedoms, servant leadership, pluralism, recognition and respect for cultural, religious, ethnic and gender diversity.

ii) Results

The results of the Party for the year ended June 30, 2024, are set out on page on the statement of financial performance.

iii) Management

The members of the Board of Management who served during the year are shown above.

iv) Auditors

The Auditor-General is responsible for the statutory audit of the MCC Party in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board,



.....

**WILFRED NYAMU MATI
SECRETARY GENERAL**

**Maendeleo Chap Chap (MCC)
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12. Statement of Management Responsibilities

Section 81 of the Public Finance Management Act, 2012, require the Management to prepare financial statements in respect of that Party, which give a true and fair view of the state of affairs of the Party at the end of the financial year/period and the operating results of the Party for that year/period. The Management are also required to ensure that the Party keeps proper accounting records which disclose with reasonable accuracy the financial position of the Party. The Management are also responsible for safeguarding the assets of the Party.

The Management are responsible for the preparation and presentation of the MCC Party financial statements, which give a true and fair view of the state of affairs of the Party for and as at the end of the financial year (period) ended on June 30, 2024. 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 Party; (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 Party; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Management accept responsibility for the MCC Party 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), and in the manner required by the PFM Act, 2012. The Management are of the opinion that the MCC Party financial statements give a true and fair view of the state of MCC Party transactions during the financial year ended June 30, 2024, and of the MCC Party financial position as at that date. The Management further confirms the completeness of the accounting records maintained for the Party, which have been relied upon in the preparation of the MCC Party financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Management have assessed the MCC Party ability to continue as a going concern.

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

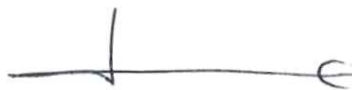
**Maendeleo Chap Chap (MCC)
Annual Report and Financial Statements
for the year ended June 30, 2024.**

Approval of the financial statements

The MCC Party financial statements were approved by the Board on 2nd day of December, 2024 and signed on its behalf by:



.....
Wilfred Nyamu Mati
Secretary General



.....
Mahat Hassan Rashid
Deputy - Chairperson

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON MAENDELEO CHAP CHAP PARTY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Maendeleo Chap Chap Party set out on pages 1 to 25, which comprise of the statement of financial position as at 30

June, 2024, and the statement of financial performance, statement of changes in net assets, 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.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Maendeleo Chap Chap Party as at 30 June, 2024 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 (Revised 2022) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Receivables from Non-Exchange Transactions

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.1,499,597 as disclosed in Note 14 to the financial statements. The receivables include outstanding debts amounting to Kshs.1,399,597 from the members which was not supported by a schedule of member contributions. In addition, there was no policy in place on collection of the members' contributions.

In the circumstances, the accuracy and completeness of receipts of Kshs.1,399,597 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Maendeleo Chap Chap Party Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no other matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

Audit issues raised in the previous year had not been resolved as at 30 June, 2024. Management did not give any explanation for failure to resolve the issues or for the failure to adhere to the provisions of the Public Sector Accounting Standards Board reporting templates.

Other Information

Management is responsible for the other information set out on page iv to xxi which comprise of Key Party Information and Management, Report of the Deputy-Chairperson, Report of the Secretary General, Statement of Performance Against Pre-determined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Management and Statement of the Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Party's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of a Procurement Plan

During the year under review, the Party spent an amount of bKshs.5,538,232 on various goods and services as detailed in Note 9 to the financial statements. However, the Party did not have an annual procurement plan Regulation 40 (1) of the Public Procurement and Asset Disposal Regulations, 2020 states that a procuring entity shall prepare a

procurement plan for each financial year as part of the annual budget preparation process.

In the circumstances, Management was in breach of the law

2. Failure to Establish Party Offices in at Least 24 Counties

As reported in the previous year, a nationwide survey of 38 Counties found that the Party has a limited presence in Nairobi party headquarters and only three (3) County offices. This was contrary to Section 7(f)(iii) of the Political Parties Act, 2011, which states that a political party shall be qualified to be fully registered if it has submitted to the Registrar of Political Parties the locations and addresses of the branch offices of the political parties, in more than half of the Counties.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Incomplete Fixed Assets Register

As disclosed in Note 15 to the financial statements, the Party has property, plant and equipment valued at Kshs.1,076,620. However, the Party's fixed asset register did not have essential details such as the description of each asset, the acquisition date or when the asset was put into use, the purchase or original cost, the revalued amount and the fair value or supplier details among other important details. This was contrary to Regulation 143 (1) of the Public Finance Management (National Government)

Regulations, 2015, which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession. Further, the assets were not tagged or serialized for ease of identification.

In the circumstances, the existence and effectiveness of controls on assets management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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 maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Party's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Party's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

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14. Statement of Financial Performance for the year ended 30 June 2024.


	Notes	2024	2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from Registrar of Political Party Fund	6	6,482,393	6,333,366
Public contributions and donations	7	-	350,000
Membership Fees and Subscription	8	1,080,501	1,197,240
Total revenue.		7,562,894	7,880,606
Expenses			
Use of goods and services	9	5,538,232	4,426,216
Employee costs	10	1,628,691	1,214,704
Depreciation and amortization expense	11	167,398	202,166
Finance costs	12	24,809	32,530
Total expenses		7,359,130	5,875,616
Surplus/(deficit) for the period/year		203,764	2,004,990

The notes set out on pages 6 to 26 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Management by:



Wilfred Nyamu Mati
Secretary General

Date 30th Dec, 2024



Zachary Odongo
Head of Finance

ICPAK M/No: 12581

Date 30th Dec, 2024



Mahat Hassan Rashid
Deputy- Chairperson

Date 30th Dec, 2024

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15. Statement of Financial Position as at 30 June 2024

	Notes	2024	2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	13	649,559	201,122
Receivables from Exchange Transactions	14	1,499,597	2,081,670
Total Current Assets		2,149,156	2,282,792
Non-Current Assets			
Property, Plant and Equipment	15	1,076,620	1,081,528
Total Non- Current Assets		1,076,620	1,081,528
Total Assets (A)		3,225,776	3,364,320
Liabilities			
Current Liabilities			
Trade and Other Payables	16	155,000	1,257,500
Total Current Liabilities		155,000	1,257,500
Total Liabilities(B)		155,000	1,257,500
Net Assets (A-B)		3,070,776	2,106,820
Represented by:			
Members Funds-Retained Surplus		1,994,157	1,025,292
Capital Fund		1,076,619	1,081,528
Net Assets		3,070,776	2,106,820

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Management by:


.....


Wilfred Nyamu Mati
Secretary General

Date: 30th Dec, 2024


.....

Zachary Odongo
Head of Finance
ICPAK No: 12581

Date: 30th Dec, 2024


.....

Mahat Hassan Rashid
Deputy – Chairperson

Date: 30th Dec, 2024

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16. Statement of Changes in Net Assets for the year ended 30 June 2024.

Description	Members Funds-Retained Surplus	Capital Fund	Revaluation reserve	Total
	Kshs	Kshs	Kshs	Kshs
As at July 1, 2022	(235,303)	1,608,672	-	1,373,369
Surplus/ (deficit) for the year	2,004,990	-	-	2,004,990
Depreciation Adjustments-2022-2023 Cumulative	364,655	(364,655)		-
Prior Adjustment	(1,109,050)	(162,489)	-	(1,271,539)
As of June 30, 2023	1,025,292	1,081,528	-	2,106,820
As at July 1, 2023	1,025,292	1,081,528	-	2,106,820
Surplus/ (deficit) for the year	203,764	-	-	203,764
Depreciation/amortisation to members funds	167,398	(167,398)	-	-
Prior period adjustment	597,703	162,489	-	760,192
As at June 30, 2024	1,994,157	1,076,619	-	3,070,776

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17. Statement of Cash Flows for the year ended 30 June 2024

	Notes	2024	2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	6,482,393	6,333,366
Public contributions and donations	7	-	350,000
Membership Fees and Subscription	8	1,080,501	1,197,240
Total receipts		7,562,894	7,880,606
Payments			
Use of goods and services	9	5,538,232	4,426,216
Employee costs	10	1,628,691	1,214,704
Finance costs	12	24,809	32,530
Total payments		7,191,732	5,673,450
Adjusted for:			
Adjustments during the period			
Decrease/(Increase) in Accounts receivable:		582,072	(311,670)
Increase/(Decrease) in Accounts Payable:		(1,102,500)	(623,000)
Prior Period Adjustments	17	597,703	(1,271,539)
Net cash flows from/(used in) operating activities		448,437	947
Cash flows from investing activities			
Purchase of PPE		-	(246,000)
Net cash flows from/(used in) investing activities		-	(246,000)
Net increase/(decrease) in cash & Cash equivalents		448,437	(245,053)
Cash and cash equivalents at 1 July		201,122	446,175
Cash and cash equivalents at 30 June	13	649,559	201,122

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue			51%			
Transfers from Other Governments entities	12,666,760	(6,184,467)	6,482,293	6,482,293	-	100%
Members Contributions and Donations	1,620,751	(540,250)	1,080,501	1,080,501	-	100%
Total Income	14,287,511	(6,724,717)	7,562,794	7,562,794	-	100%
Expenses						
Use of Goods and Services	12,187,511	(6,324,717)	5,862,794	5,563,041	299,753	97%
Employee costs	2,100,000	(400,000)	1,700,000	1,628,691	71,309	96%
Total Expenditure	14,287,511	(6,724,717)	7,562,794	7,191,732	371,062	96%
Surplus for the period	-	-	-	371,062		

Budget notes

There amount received from PPF was 51% of the budget, the amount requested was not fully given.

19. Notes to the Financial Statements

1. General Information

Maendeleo Chap Chap (MCC) is a political party in accordance with Political Parties Act, 2011 with registration number 067.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at revalued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *MCC Party* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Party*. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2024: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an MCC Party future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of

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Standard	Effective date and impact:
	<p>the asset's cash flows and the objective for which the asset is held;</p> <ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an MCC Party risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>None</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2024</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Party provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Party. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the MCC Party financial performance, financial position and cash flows. <p>No Impact</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2024:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

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Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2024</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2024 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2024.

ii. *New and amended standards and interpretations in issue but not yet effective in the yearended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of a Party.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

Notes to the Financial Statements (Continued)

iii. Early adoption of standards

The Party did not early – adopt any new or amended standards in the financial year or *the Party adopted the following standards early (state the standards, reason for early adoption and impact on MCC Party financial statements.)*

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services 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 *Party* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Party recognizes revenue from members' contribution and rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

b) Budget information

The original budget for the Current FY was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Party upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Party recorded additional appropriations on the 2024 budget following the governing body's approval.

Summary of Significant Accounting Policies (Continued)

Budget information

The *MCC Party* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section of these financial statements.

c) Taxes

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 *Party* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible

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temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable organisation and the same taxation authority.

d) Property and equipment

All property 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 Party 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.

e) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Party. 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 Party 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

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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 *Party* 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. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Party*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Party does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the party's financial statements. (Amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one Party and a financial liability or equity instrument of another Party. At initial recognition, the Party measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets Classification of financial assets

The Party classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the MCC Party management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless a Party has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Party classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

b) Financial liabilities

Classification

The Party classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

f) Inventories

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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour 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 *Party*.

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g) Provisions

Provisions are recognized when the *Party* 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 *Party* 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.

h) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The *Party* recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the *Party* will incur in fulfilling the present obligations represented by the liability.

i) Contingent liabilities

The *Party* 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.

j) Contingent assets

The *Party* 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 *Party* 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.

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

The *Party* provides retirement benefits for its employees and Management. Defined contribution plans are post-employment benefit plans under which a *Party* pays fixed contributions into a separate *Party* (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient

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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.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

n) Related parties

The *Party* regards a related party as a person or a Party with the ability to exert control individually or jointly, or to exercise significant influence over the *Party*, or vice versa. Members of key management are regarded as related parties and comprise *the Management, the CEO and senior managers*.

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.

o) Comparative figures

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

p) Subsequent events

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, 2024

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *MCC Party* 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. State all judgements, estimates and assumptions made:

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

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Party.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the Financial Statements (Continued)

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2024 KShs	2023 KShs
Unconditional Grants		
Amount received for PPF	6,482,393	6,333,366
Total Government Grants And Subsidies	6,482,393	6,333,366

7. Public Contributions and Donations

Description	2024 Kshs	2023 Kshs
Other Public Donations	-	350,000
Total Transfers and Sponsorships	-	350,000

8. Members Contributions and Donations

Description	2024 Kshs	2023 Kshs
Members Contributions to the party	1,080,501.00	1,197,240
Total Transfers and Sponsorships	1,080,501.00	1,197,240

9. Use of Goods and Services

Description	2024 Kshs	2023 Kshs
Special Interest Group/Civic Education	2,349,245	1,615,450
Electrol Expenses	1,078,986	-
Rent and Rates	1,320,000	2,149,000
Accounting Fees	90,000	-
Audit Fees	65,000	-
Cleaning and Sanitation	21,036	-
Internet and Telephone	45,072	216,166
Office Expense	235,123	190,520
Printing and Photocopy	12,341	-
Security	90,000	127,500
Electricity and water	80,912	127,580
Repair and maintenance	63,393	-
Staff Refreshment	87,124	-
Total	5,538,232	4,426,216

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Notes to the Financial Statements (Continued)

10. Employee Costs

Description	2024 Kshs	2023 Kshs
Salaries and wages	1,628,691	1,214,704
Employee costs	1,628,691	1,214,704

11. Depreciation and Amortization Expense

Description	2024 Kshs	2023 Kshs
Property, plant and equipment	167,398	202,166
Total depreciation and amortization	167,398	202,166

12. Finance Costs

Description	2024 Kshs	2023 Kshs
Bank charges	24,809	32,530
Total finance costs	24,809	32,530

13. Cash and Cash Equivalents

Description	2024 Kshs	2023 Kshs
Current Account	649,559	201,122
Total Cash And Cash Equivalents	649,559	201,122

Detailed Analysis of the Cash and Cash
Equivalents

Financial Institution	Account number	2024 Kshs	2023 Kshs
a) Current Account			
Cooperative Bank	1192650277600	9,732	-
Cooperative Bank	1120650277600	639,827	201,122
Grand Total		649,559	201,122

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Notes to the Financial Statements (Continued)

14. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2024 Kshs	2023 Kshs
Receivables		
Membership Fees	1,399,597	2,081,670
Prepaid Rent	100,000	-
Total Current Receivables	1,499,597	2,081,670

(b) Receivables from Exchange Transactions (Long-term)

Description	2,024 Kshs	2,023 Kshs
Total receivables		
Membership Fees	1,399,597	2,081,670
Prepaid Rent	100,000	-
Total receivables	1,499,597	2,081,670
Current portion transferred to current receivables	1,499,597	2,081,670
Total non-current receivables	-	-
Total receivables (a+b)	1,499,597	2,081,670

(c) Ageing analysis for Receivables from exchange transactions

Description	2,024		2,023	
	Current FY Kshs	% of the total	Comparative FY Kshs	% of the total
Less than 1 year	1,499,597	100%	2,081,670	100%
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	1,499,597	100%	2,081,670	100%

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Notes to the Financial Statements (Continued)

15. Property and Equipment

Cost	Furniture and fittings	Computers	Total
	Kshs	Kshs	Kshs
As At 1 July 2022	1,302,736	59,936	1,362,672
Additions	195,000	51,000	246,000
As at 30 th June 2023	1,497,736	110,936	1,608,672
Additions	-	-	-
As at 30 th June 2024	1,497,736	110,936	1,608,672
Depreciation And Impairment			-
As At 1 July 2022	148,658	13,831	162,489
Depreciation	173,034	29,132	202,166
As at 30 th June 2023	321,692	42,963	364,655
Depreciation	147,006	20,392	167,397
As at 30 th June 2024	468,698	63,355	532,052
Net Book Values			-
As at 30 th June 2023	1,176,044	67,973	1,244,017
As at 30 th June 2024	1,029,039	47,581	1,076,620

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives using the reducing balance method. The following annual rates are used for the depreciation of property, plant and equipment;

<u>Class</u>	<u>Percentage</u>
Fixtures	12.5%
Computers	30%

16. Trade and Other Payables

Description	2024	2023		
	Kshs	Kshs		
Trade payables	155,000	1,257,500		
Total trade and other payables	155,000	1,257,500		
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	155,000	100%	1,257,500	100%
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	155,000		1,257,500	

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Notes to the Financial Statements (Continued)

17. Prior Year Adjustments

Description of the error	Balance b/f	Adjustments	Adjusted **
	FY 2022/2023 as per audited financial statements	Due to errors in prior periods	Balance b/f
	Kshs	Kshs	Kshs
Bank account Balances	201,122	379,442	(178,320)
Surplus/ (deficit) for the year	733,451	2,004,990	(1,271,539)
Trade and Other Payables	1,257,500	1,840,824	583,324
Receivables from Non-Exchange Transactions	2,081,670	1,812,838	268,832
Total	4,273,743	6,138,094	(597,703)

Financial Risk Management

The MCC Party activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The MCC Party overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Party does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The MCC Party financial risk management objectives and policies are detailed below:

i) Credit risk

The Party has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the Management. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the MCC Party management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the MCC Party maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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Description	Total amount	Fully performing
	Kshs	Kshs
As at 30th June 2024		
Rent deposit	0	0
Bank balances	649,559	649,559
Total	649,559	649,559
As at 30 June 2023		
Rent deposit	0	0
Bank balances	201,122	201,122
Total	201,122	201,122

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Party has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Party has no significant concentration of credit risk on amounts due from rent deposit. The board of Management sets the MCC Party credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the MCC Party Management, who have built an appropriate liquidity risk management framework for the management of the MCC Party short, medium and long-term funding and liquidity management requirements. The Party manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Party under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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Description	Less than 1 month	Total
	Kshs	Kshs
As at 30th June 2024		
Accounting and audit fees	155,000	155,000
Total	155,000	155,000
As at 30th June 2023		
Accounting and audit fees	75,000	75,000
Total	75,000	75,000

Financial Risk Management

iii) Market risk

The *Party* has put in place an internal audit function to assist it in assessing the risk faced by the *Party* on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the MCC *Party* income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The MCC *Party* Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the MCC *Party* exposure to market risks or the way it manages and measures the risk.

18. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

19. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
Noted on the management	1. Inaccuracies in the financial Statements.	The party addressed all the anomalies and inaccuracies stated and prepared a fresh book of accounts that has been submitted to the OAG. A trial balance has been provided to support.	Ongoing	
	2. Non-adherence to fiscal Responsibility Discipline on administrative expenses.	The party has resolved to restrict administrative costs to rent and allowances only, to help cope with budget cuts administered by the exchequer.	Ongoing	
	3. Uncommunicated Office Changes	The party followed the necessary procedures required for an office change and has provided the same to your office. Including publishing the said change on newspaper with nationwide circulation.	Ongoing	
	4. Failure to establish Branch offices	The party noted that OAG used an outdated list when confirming county offices. MCC has since provided OAG with the updated list.	Ongoing	
	5. Failure to	The party has since opened an HR file with complete details of all	Ongoing	

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	Maintain records on Volunteer Staff Allowances 6. Failure to tag assets	volunteers and staff, and their payrolls. The party has tagged all assets at the party's headquarters and is in the process of county office assets.	Ongoing	
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Wilfred Nyamu Mati
 Secretary General

Date: 30th Dec, 2024