

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

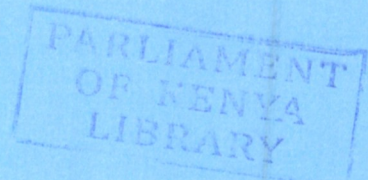
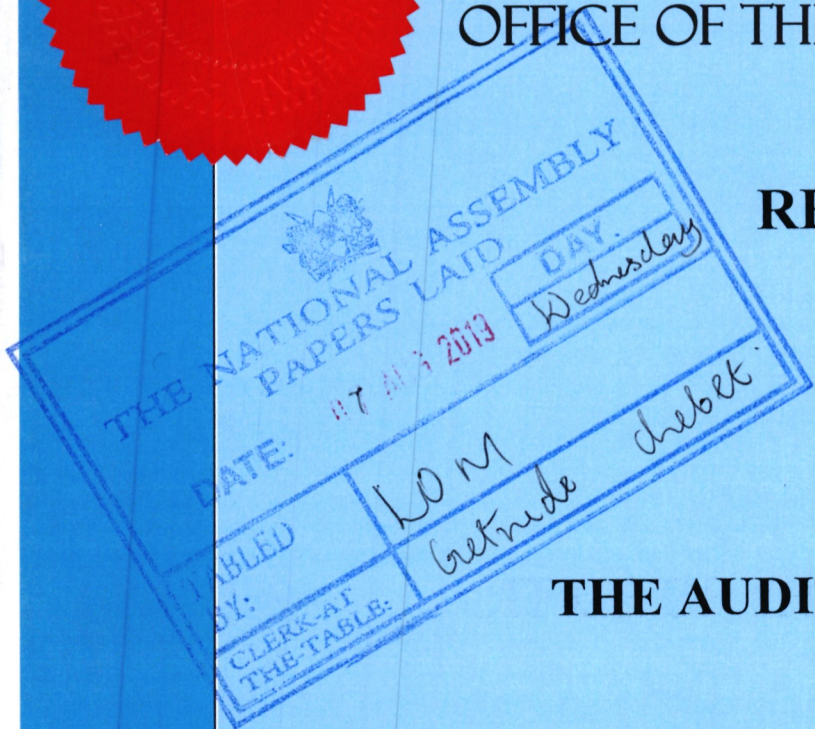
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
AMANI NATIONAL CONGRESS PARTY

FOR THE TWO YEARS PERIOD  
FROM 01 JANUARY 2016  
TO 31 DECEMBER 2017







**International Public Sector Accounting Standards (IPSAS)  
Annual Financial Reporting Template for  
Regulatory and Other Non – Commercial Government Owned Entities**  
(Semi - Autonomous Government Agencies and Public Funds Established by an Act of Parliament  
or a Legal Notice)

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**REGULATORY AND OTHER NON-COMMERCIAL ENTITIES**

**AMANI NATIONAL CONGRESS PARTY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD 1<sup>ST</sup> JANUARY 2016 TO 31<sup>ST</sup> DECEMBER 2017**

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



**Amani National Congress**  
**Annual Reports and Financial Statements**  
**For the period January 1, 2016 to December 31, 2017**

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**KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Amani National Congress was formed in 2015 as a political party after meeting the registration requirements under the newly established Registrar of Political Parties office. The National Executive Committee is responsible for the general policy and strategic direction of the Party.

**(b) Principal Activities**

The organization's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

**(c) Key Management**

The *Amani National Congress* day-to-day management is under the following key organs:

- Secretary General;
- Executive Director
- Finance & Administration Director
- Other Directors and Managers
- Accountant

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 31<sup>st</sup> December 2016 – 31<sup>st</sup> December 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairman	Kelvin Lunani ( 3/4/2015 – to date )
2.	Secretary General	Godfry Osotsi (3/4/2015 to 31 <sup>st</sup> August 2017)
3.	Secretary General	Barrack Muluka (12 <sup>th</sup> October 2017- to date)
4.	Organizing secretary	John K. Ngasura ( 3/4/2015 – to date )
5.	Executive Director	Petronila Were Lokorio (3/4/2015 to 31 <sup>st</sup> August 2017)
6.	Executive Director	Margaret Ndanyi (from 12 <sup>th</sup> October 2017 to date)
7.	National Treasurer	Geoffrey Omito Anyembe ( 3/4/2015 – to date )

**(e) Fiduciary Oversight Arrangements**

- *Audit and finance committee activities*

The audit committee helps the National Executive Committee with corporate governance. It is a creation of the National Executive Committee of the party. Its membership is comprised of the Treasurer and two deputies, the chairperson of the Finance & Resource Mobilization and the chairperson of the Strategic Planning Committee. The primary role of the audit committee is to

**Amani National Congress**  
**Annual Reports and Financial Statements**  
**For the period January 1, 2016 to December 31, 2017**

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assist the National Executive Committee with its corporate governance oversight responsibilities in ensuring that:

- **External Auditing** processes are carried out independently without interference so as to guarantee the integrity of the party's financial statements,
- **Regulatory and Legal** requirements of the government inclusive of the Amani National Congress 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 are 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 Committee.

### **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. Amani National Congress 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 risks to property.

Controlling these risks through a formal program is necessary for the well-being of the organization and everyone in it. The jobs and services the party provide the safety of the workplace and other benefits all depend to an extent on our ability to control risks. 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 organization. Each is responsible for reporting any unsafe conditions they see. Also, each is encouraged to suggest ways in which we can operate more safely.

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

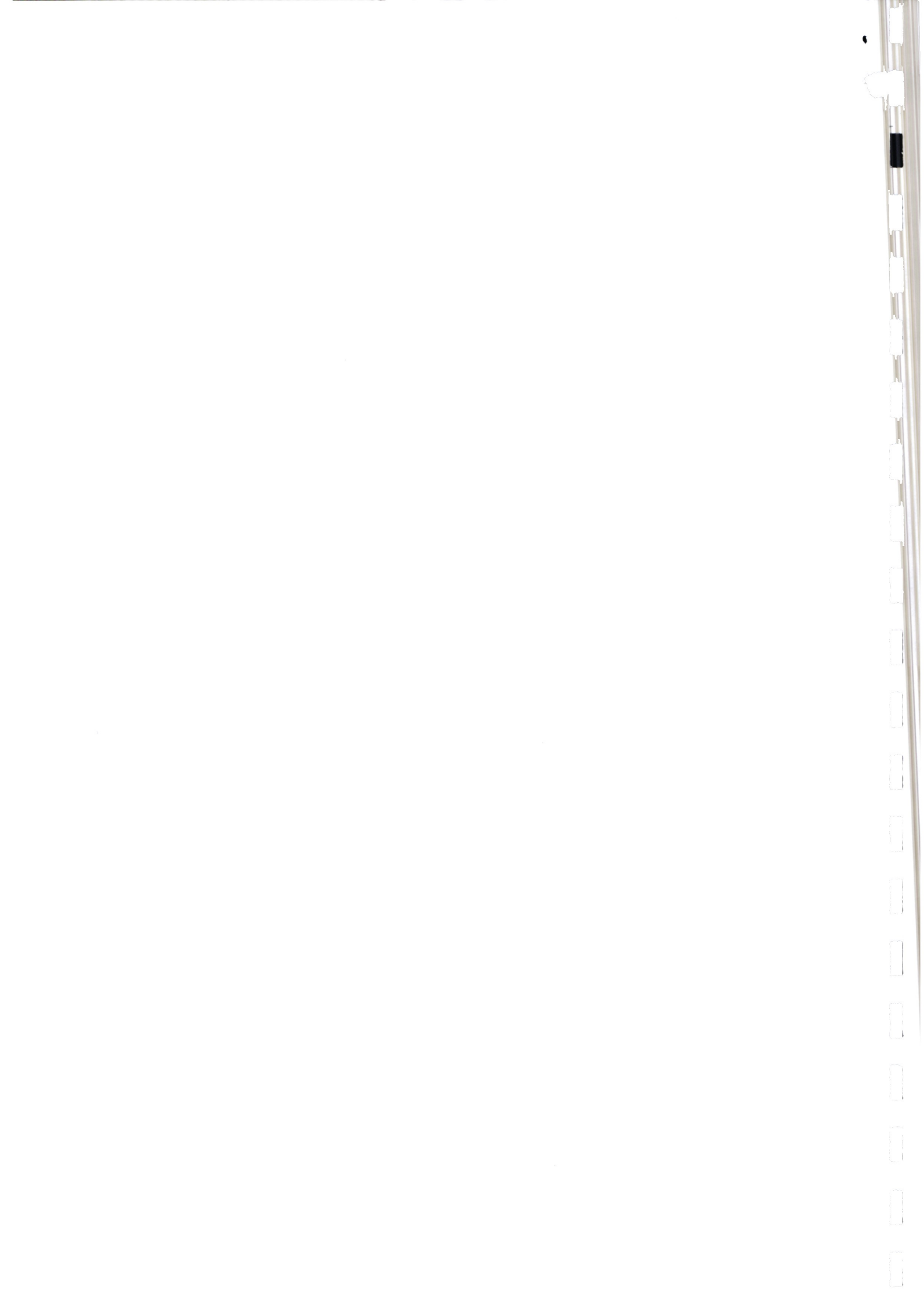
### **Purpose**

The purpose of this policy is to ensure that risks to Amani National Congress are identified, analysed, and managed so that they are maintained at acceptable levels. Risks to the confidentiality, integrity, and availability of both party information and assets are considered.

### **ANC Risk Management Mission Statement**

The Amani National Congress has a moral and legal duty to its membership, employees, and to party assets. We continue to meet our duty by ensuring that risk management plays an integral part in sound governance at both a strategic and operational level.

The National Executive Committee of the party will support the risk management efforts through setting policy and providing broad guidance on goals and objectives. However, risk management is an active process that requires cooperation by all directors, employees, and—where appropriate—the larger party membership. To that end, the National Executive Committee accepts that it must take a leadership role in seeing that appropriate measures are undertaken.



**ANC Risk Management Goals Statement**

The National Executive Committee authorizes the establishment of a Risk Management Committee, which shall consist of Five members, the party treasurer, a member trained on fire and emergency, a member trained on public works management, and two NEC Members (to be selected by the National Executive Committee for five-year terms). The Committee shall be chaired by the party treasurer, and its responsibilities shall be:

- Identifying and assessing risks
- Selecting and implementing risk control and financing measures
- Periodically reviewing risk management efforts and reporting to the National Executive Committee

These activities shall be undertaken in the service of the risk management mission statement, and to that end risk management practices are undertaken to reduce the cost of risk to Amani National Congress and to maximize benefits of opportunities that the membership may encounter.

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.

Amani National Congress 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 risks to property.

Controlling these risks through a formal program is necessary for the well-being of the organization and everyone in it. The jobs and services the party provides the safety of the workplace and other benefits all depend to an extent on our ability to control risks.

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 organization. Each is responsible for reporting any unsafe conditions they see. Also, each is encouraged to suggest ways in which we can operate more safely. 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 will be evaluated, in part, according to how he or she complies with this policy.

This Risk Policy document has received the following review and approvals from ANC Management.



**Amani National Congress**  
**Annual Reports and Financial Statements**  
**For the period January 1, 2016 to December 31, 2017**

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**(f) Entity Headquarters**

AMANI House  
Lavington  
Loiyangalani Drive Off Convent Road  
Off James Gichuru Road  
P.O. Box 74391 - 00200  
Nairobi

**(g) Entity Contacts**

Telephone: (020) 203 3479/ (020) 2339834  
E-mail: [official@anc.or.ke](mailto:official@anc.or.ke)  
Website: [www.anc.or.ke](http://www.anc.or.ke)

**(h) Entity Bankers**

ABC Bank, Westlands, Nairobi  
KCB Bank, High Court, Nairobi

**(i) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

1. Dan Ameyo
2. Dr. Alutalala Mukhwana
3. Moses Chelang'a



**NATIONAL EXECUTIVE COMMITTEE MEMBERS**

1.	Hon. Musalia Mudavadi	Party Leader (3/4/2015 to date)
2.	Kelvin Lunani	National Chairman (3/4/2015 to date)
3.	Margaret Onyango	Deputy Chairman ( 3/4/2015 to date )
4.	Hon. Godfery Osotsi	Secretary General (3/4/2015 to 31st August 2017)
5.	Barrack Muluka	Secretary General (12th October 2017 to date)
6.	Joseph Mengich	Deputy Secretary General (3/4/2015 to date )
7.	Jonh K. Ngasura	National Organizing Secretary (3/4/2015 to date )
8.	Caroline Nandwa Nyakeri	Deputy Organizing Secretary ( 3/4/2015 to date )
9.	Geoffrey Omito Anyembe	National Treasurer ( 3/4/2015 to date )
10.	David Tobo Oruko	Deputy Treasurer ( 3/4/2015 to date )
11.	Rodah Atemo Atana	Women Leader (3/4/2015) – no longer a member of the party
12.	Angela Gathoni	Youth Leader (3/4/2015 to date )
13.	Petronila Were Lokorio (ex-officio)	Executive Director (3/4/2017 to 31st August 2017)
14.	Margaret Ndanyi	Ag. Executive Director (from 12th October 2017 to date)

**MANAGEMENT TEAM**

1.	Godfrey Osotsi	Secretary General (3/4/2015 up to 31 <sup>st</sup> August 2017)
2.	Barrack Muluka	Secretary General (12th October 2017 to date)
3.	Petronila Were Lokorio	Executive Director (3/4/2015 up to 31 <sup>st</sup> August 2017)
4.	Margaret Ndanyi	Deputy ED ( June 2015 to 11 <sup>th</sup> October 2017)
5.	Geoffrey Anyembe	Treasurer ( 3/4/2015 to date )
6.	Nicholas Meli	Administrator ( 3/4/2015 to date )
7.	Honrad Makunja	Youth Desk ( November 2016 to September 2017 )



**CHAIRMAN'S STATEMENT**

I am pleased to present our Annual Financial Report for the year(s) ended 31<sup>st</sup> December 2016 and 31<sup>st</sup> December 2017.

Early in the year we constituted a four-member team with research assistants to conduct an election audit. I am informed that the team is currently compiling their report. You are all aware that our Party Leader moved quickly to fill the gap in the opposition politics after the handshake

With significant political changes in the country many initiatives are going to play out inside and outside Parliament. What has not changed however is the unique ability of the party to continue to adopt to a volatile environment with unpredictable politics and continue playing its rightful role of opposition politics.

Our Party remains in a strong financial position as at 31 December, 2017 despite some noted cases where party funds appear to have been misappropriated. The long outstanding experience of our Party Leader and the wealth of support he has continued to give is highly regarded. Our National Committee mandated by law to prepare financial statements in respect of Amani National Congress has exhibited a high fiduciary financial management for the last 2 years and is currently the bench mark amongst our supporters and competitors

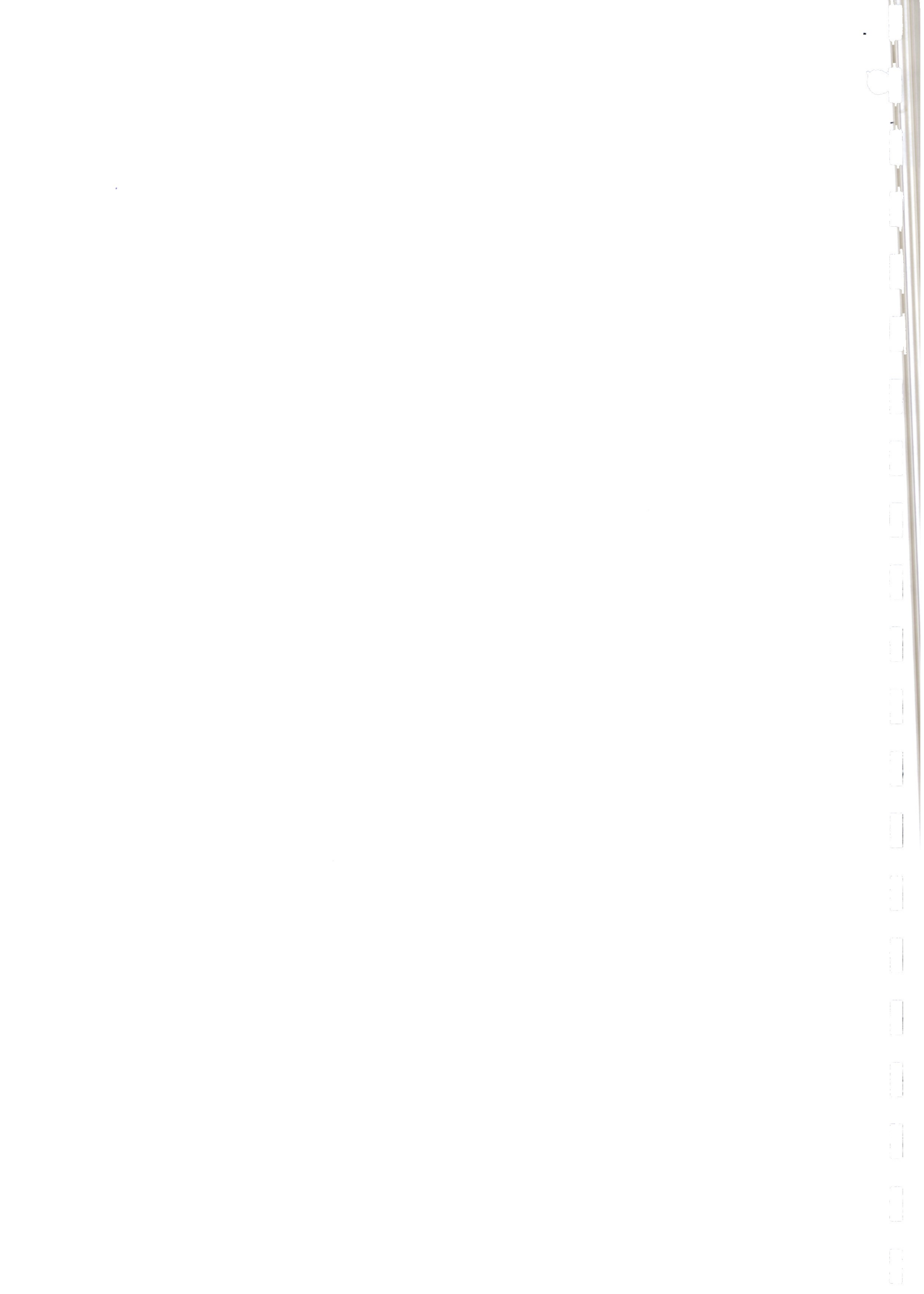
The year ending 31 December 2016 and 2017 has been an extremely busy period. We are currently focusing on a more improved performance and cost reduction. The failure by the Government to fund all political parties has greatly affected our key electoral and campaign advocacy programs.

We continue to use Membership Pay bill, voluntary contributions; Donations, bequests for various cadre of party membership and receiving grants from legal sources.

**Kelvin Lulani**  
**National Chairman**



A handwritten signature in black ink, appearing to read 'Kelvin Lulani', is written over a horizontal line.



## **REPORT OF THE CHIEF EXECUTIVE OFFICER**

We have once again come to the end of a financial year and are pleased to present the financial report for the year(s) ended 31<sup>st</sup> December 2016 and 31<sup>st</sup> December 2017 pursuant to the International Public Sector Accounting Standards. Our key responsibilities during the year under review included, but were not limited to:

1. The development of strategies for and realisation of financial resources for the Party;
2. Preparation of books of accounts and ensuring the same are audited;
3. Organising the meetings of all Party organs at the national level, including the National Executive Council, the National Governing Council, the Party Parliamentary Group and the youth, women and disabilities' leagues;
4. Revitalisation and re-energization of county party structures, branches and sub-branches; and
5. Post-general election stewardship.

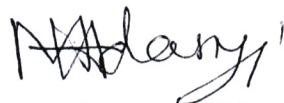
In compliance with Section 35 of the Public Audit Act 2015 and requirements of the Political Parties' Act 2011, we accomplished the following in time:

- (i) Development of a work plan and annual budget for the current financial Year in conformity with the Party's Four-year Strategic Plan; and prepared the report and accounts for the year ended December 31 for both 2016 and 2017 financial years;
- (ii) Ensured the timely preparation of the books of Accounts for the year ended 31 December, 2016 and 31 December 2017 and presentation of the same to the Auditor General and further ensuring that relevant income sections of the financial report were extracted and published in the local newspapers [see] in accordance with Section 29(1), which requires of us to, within three months of our financial year, publish the sources of Party funds stating:
  - a. The amount of money received from the Political Parties Fund;
  - b. The amount of money received from Party members and supporters; and
  - c. The amount and sources of donations given to the Party.
- (iii) We are further pleased to declare that the accounts for the two years were forwarded on November 27, 2018 to the Office of the Auditor General in the IPSAS format.

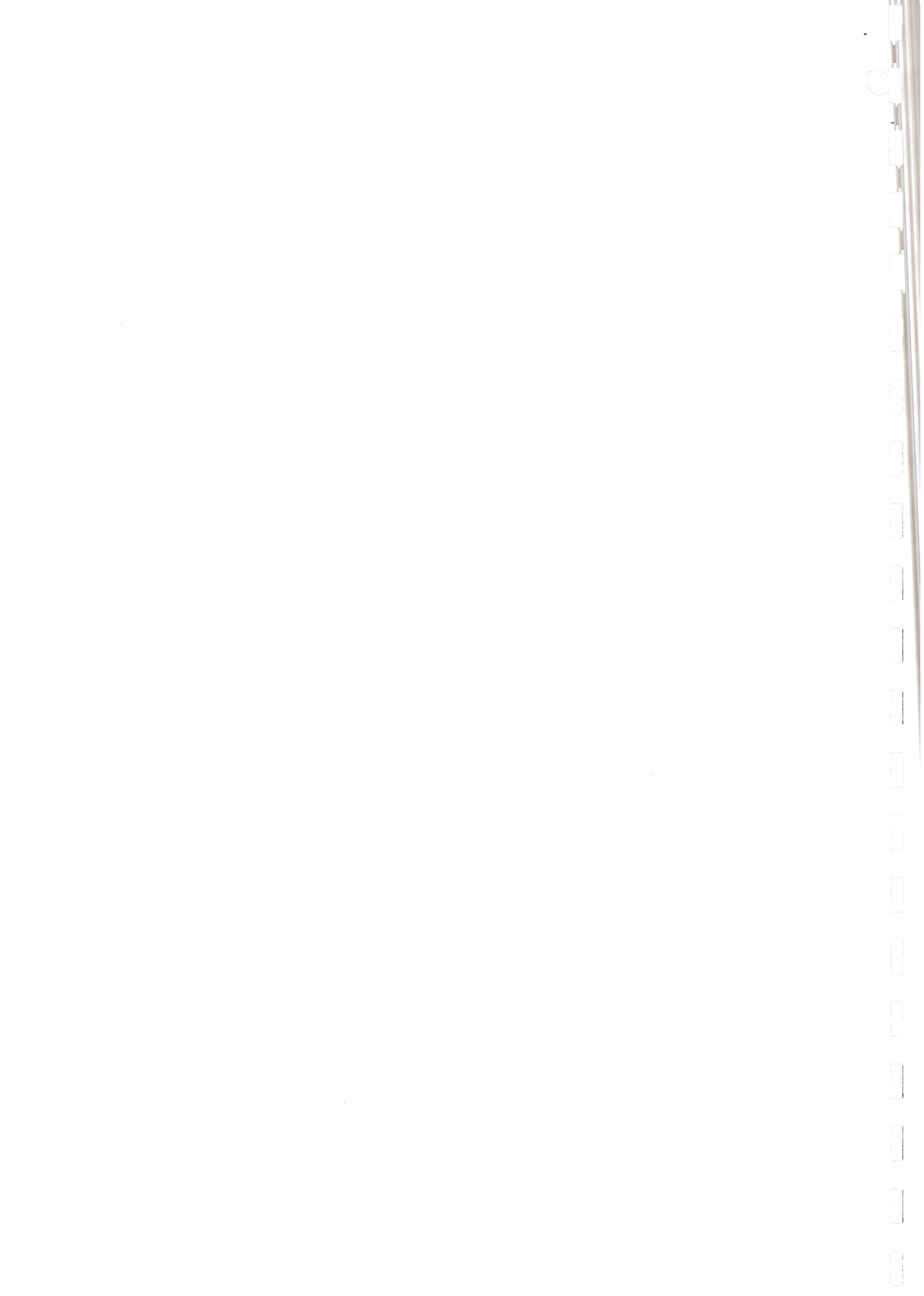
The key income drivers for the year under review were

- Contributions by members, supporters and elected leaders (MCAs, MPs, Governors and deputy governors) as well as Life Membership fees and nomination fees for by-elections.

On the other hand, key expenditure drivers were mainly legal fees, administrative costs, travel and bad debts provisions for MCAs and MPs and other aspirants that were not elected.



Margaret Ndanyi  
**EXECUTIVE DIRECTOR**



## **CORPORATE GOVERNANCE STATEMENT**

Amani National Congress is committed to operating in accordance with best practice in political integrity and ethics and maintaining the highest standards of financial reporting and corporate governance. The National Executive Committee is delighted to report that the party has, throughout the year, complied with the provisions set out in the Code on Corporate Governance and equally applied the main principles of the Code.

Corporate governance for the Amani National Congress has gone a long way to define how the party conducts its affairs in line with the objects for which it was founded. It has given the party its structure, which contains all set of rules that governs the ethical operating procedures and processes of the party by ensuring that we conform to the Kenyan Statutory requirements and the best practices in line the Political Parties Act 2011 in all political activities. Likewise, it has ensured the best interests of the public and party members are jealously protected. Responsibility for corporate governance is vested with the National Executive Committee of the Amani National Congress.

Much of the details are contained in the attached party Constitution which contains the following

- Identity, Vision and Mission                      Aims, objectives and Values
- Membership, Rights and Duties                  National Officials
- Party Organs    Committees
- Stewardship    Dissolutions
- Coalitions, Dispute Settlement and Amendment
- General Provisions

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Our ambition is to gradually but visibly, establishes a prosperous, industrized and modern nation in which citizens enjoy social, economic and democratic rights, and live in dignity. We envisage that our people will exploit their full potential. The sporting concerts and events will ensure that there is a continuous link between the people and the party organs – This program arises from a desire to ensure our contribution to society goes beyond purely political campaigns. Citizens have a duty to interact in a responsible way from a social and environmental perspective. In this context, one of the questions ANC aims to answer is: how do our activities improve living standards in our communities? In addition, it makes political sense in the long-term. When managed well this social responsibility can also facilitate achievement of strategically important goals for the party:

- Involvement in project work that tackles real challenges in our communities is a way through which we can increase **staff engagement**, member's loyalty and **pride**.
- Through collaboration in projects we can improve the **dynamism of relationships** with our members and competitors
- As a consequence of positive outcomes from our Corporate social activity, we can enhance ANC's **reputation** among key stakeholders nationally



**REPORT OF THE NATIONAL EXECUTIVE COMMITTEE**

The National Executive committee submit their report together with the audited financial statements for the years ended December 31, 2016 and 2017 which show the state of the Amani National Congress Party affairs.

**Principal activities**

The organization's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

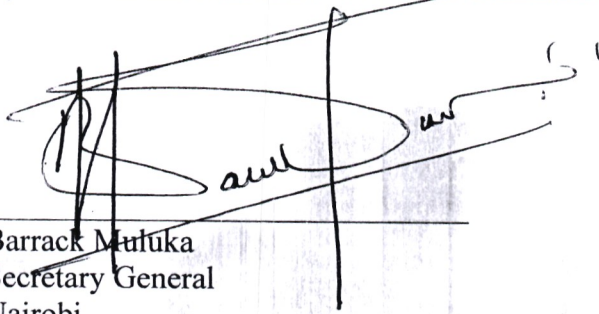
**Directors**

The National Executive Committee Members who served during the year are shown on page (vi)

**Auditors**

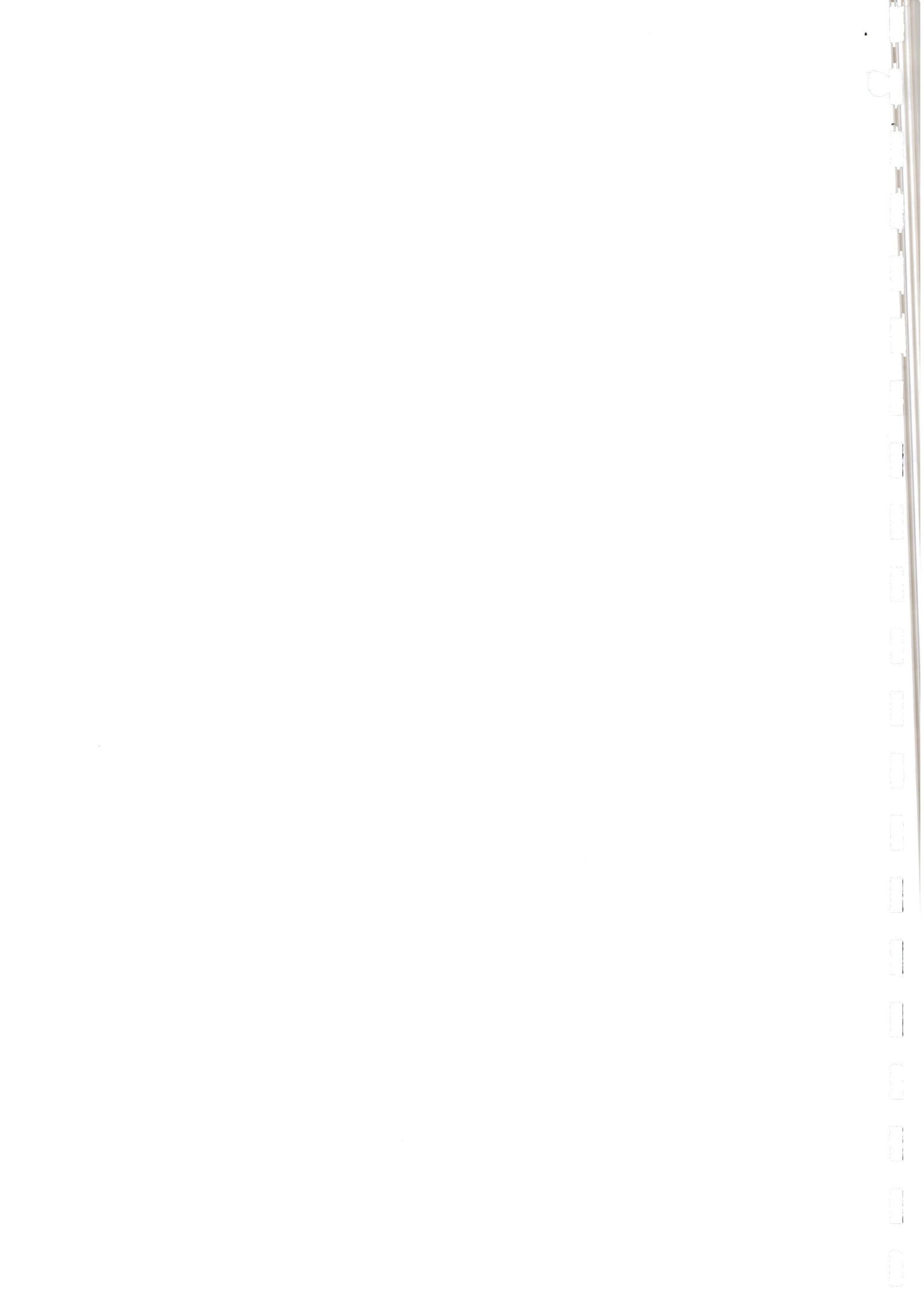
The Auditor General is responsible for the statutory audit of the Amani National Congress Party in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Amani National Congress Party for the years ended December 31<sup>st</sup> 2016 and December 31<sup>st</sup> 2017.

By Order of the National Executive Committee



The image shows a handwritten signature in black ink, which appears to be 'Barrack Muluka'. The signature is written over a horizontal line. There are some additional scribbles and a small mark resembling a '1' to the right of the signature.

Barrack Muluka  
Secretary General  
Nairobi  
Date: 8/05/2019



**STATEMENT OF NATIONAL EXECUTIVE COMMITTEE'S RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 require the National Executive Committee to prepare financial statements in respect of that Amani National Congress, which give a true and fair view of the state of affairs of the Amani National Congress at the end of every financial years December 31, 2016 and December 31, 2017 and the operating results of the Amani National Congress for each particular year/period. The National Executive Committee members are also required to ensure that the Amani National Congress Party keeps proper accounting records which disclose with reasonable accuracy the financial position of the Amani National Congress. The National Executive Committee members are also responsible for safeguarding the assets of the Amani National Congress.

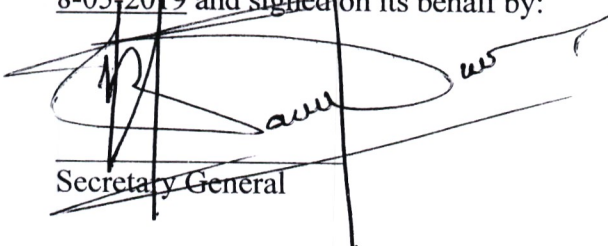
The National Executive Committee members are responsible for the preparation and presentation of Amani National Congress financial statements, which give a true and fair view of the state of affairs of the Amani National Congress for and as at the end of the financial year (period) ended on December 31 2016 and December 31 2017. 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 entity; (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 Amani National Congress; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The National Executive Committee members accept responsibility for Amani National Congress 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 National Executive Committee members are of the opinion that Amani National Congress financial statements give a true and fair view of the state of Amani National Congress transactions during the financial year ended December 31, 2016 and December 31, 2017 and of Amani National Congress financial position as at that dates. National Executive Committee further confirm the completeness of the accounting records maintained for the Amani National Congress, which have been relied upon in the preparation of Amani National Congress financial statements as well as the adequacy of the systems of internal financial control.

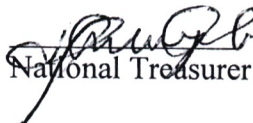
Nothing has come to the attention of the Directors to indicate that the Amani National Congress will not remain solvent for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

Amani National Congress financial statements were approved by National Executive Committee on ~~8-05-2019~~ and signed on its behalf by:

  
Secretary General

  
National Chairman

  
National Treasurer



# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON AMANI NATIONAL CONGRESS PARTY FOR THE TWO YEARS PERIOD FROM 01 JANUARY 2016 TO 31 DECEMBER 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Disclaimer of Opinion

I have audited the accompanying financial statements of Amani National Congress party set out on pages 1 to 19, which comprise the statement of financial position as at 31 December, 2017 and the statements of financial performance, statements of changes in net assets and statements of cash flows for the period 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Audit Scope

This special audit was requested by the Directorate of Criminal Investigations as per the letter CID/IB/SEC/FIU/4/4/16B/VOL. III/256 dated 23 May 2018 (Appendix I). In accordance with section 34 of the Public Audit Act 2015, the terms of reference were spelt out as:

- 1) Identified if any amount were received from the political party's fund
- 2) Establish total amounts of funds collected by the party from membership fees
- 3) Establish the total amount of funds received from contributions from any other source during the period
- 4) Review all the expenditures of the party and identify any amount lost through fraud or otherwise and identify possible culpable individuals
- 5) Establish whether the party had kept proper books of account of the income, expenditure, assets and liabilities during the period as set out in the Political Party's Act, 2011(R2016).

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*Report of the Auditor-General on the Financial Statements of Amani National Congress Party for the Two Years Period from 01 January 2016 to 31 December 2017*

## **Basis for Disclaimer of Opinion**

### **1.0 Accuracy of the Financial Statements**

#### **1.1. Lack of Complete and Updated Accounting Books**

During the two years under review, the Party did not have functional internal audit and procurement units nor did it have enough personnel in IT department. In addition, the Party did not have enough personnel in the accounts department for proper segregation of duties with instances where one employee could write the cashbook, make payments and do the bank reconciliations. The party did not keep proper books and records of accounts for the two years under review as required under Section 17(1) of the Political Parties Act these included:

- i. Approved annual budget and procurement plans;
- ii. Updated membership register and as a result the actual and total number of the party members could not be determined;
- iii. Updated asset register with details of value, identification tags and location of the assets;
- iv. Updated cashbooks and ledgers i.e. debtor's ledger, creditor's ledger.
- v. Bank reconciliations statement and bank balances confirmation certificates as at 31 December 2016 and 31 December 2017.
- vi. Cheques movement register
- vii. Accountable documents register

In the absence of vital accounting records fraud could not be ruled out and relevant party officials and staff are liable.

#### **1.2. Lack of Control Over Receipts Books**

During the two years under review, the party printed receipt books without requisition from the users which were also not supported by delivery notes. The Party also did not have in place an accountable documents register which made it impossible to establish the number of receipts books requisitioned, printed, delivered or used. Further, a number of receipt books were having same serial numbers as shown in Appendix II. Under the circumstances, the total amount that the party could have raised could not be ascertained.

In view of the foregoing, the accuracy and completeness of the financial statements for the two years ended 31 December 2017 could not be ascertained.

## **2. Non Preparation of Budget**

Section 17 1(e) of the Political Parties Act, 2011, requires all political parties to prepare expenditure estimates in accordance with laws relating to Public finance management. However, during the two years' period under review, the Party did not prepare budgets as required by Public Finance Management Act, 2012. It was therefore, not possible to confirm whether all the funds receivable from membership fees, sponsors and contributions from other sources were realized and properly accounted for.

### **3. Un-receipted Revenue**

The statement of financial performance for the two years ending 31 December, 2017 reflected total revenue from public contributions and donations of Kshs.91,907,256 made up of Kshs.9,725,345 and Kshs.82,181,911 for the years ended December, 2016 and 2017 respectively. However, a review of the Party's receipt books showed total collections for the period from 01 January 2016 to 31 December 2017 amounted to Kshs.57,517,400 as detailed in Appendix II. The resultant difference of Kshs.34,389,856 has not been explained. Further, examination of the bank statements for the two bank accounts operated by the Party revealed that a total of Kshs.79,185,471 was deposited in the same period comprising of Kshs.45,358,071 deposited in African Banking Corporation - Westland Branch and Kshs.33,827,400 in Kenya Commercial Bank Milimani Branch. The resultant difference of Kshs.21,668,071 between the amount receipted and the amount deposited in the Party's bank accounts again has not been explained.

In the circumstance, the accuracy, completeness and existence of public contributions and donations of Kshs.91,907,256 as reflected in the statement of financial performance for the two years period ended 31 December 2017 could not be confirmed.

### **4. Un-Disclosed Sponsor's Bank Account and Cash and Cash Equivalents**

The Party's statement of financial position as at 31 December 2017 reflects a figure of Kshs.326,531 in respect of bank balance which is made up of Kshs.47,380 held in Kenya Commercial Bank Account No.1199239577 and Kshs.279,151 in ABC Bank Account No.001200001001037 operated through Pay Bill No.116677. However, this balance excludes undetermined bank balance held in Kenya Commercial Bank Sponsor's Account No.1207729108 which was not disclosed in the financial statements. Further, details of deposits and withdrawals made from the said account and the supporting bank statements as well as details of the account signatories were not provided. Consequently, it has not been possible to ascertain the amount of income received and withdrawals made from this account during the period under review.

In view of the foregoing, the accuracy of the cash and cash equivalents balance of Kshs.326,531 reflected in the statement of financial position as at 31 December 2017 could not be confirmed.

### **5. Incomplete Membership Register**

The statement of financial performance for the two years period ended 31 December, 2017 reflects a balance of Kshs.91,907,256 in respect of receipts from public contributions and

donations. However, examination of the membership records for the period revealed that the Party did not have a complete membership register in place. Further, a review of the schedules of candidates nominated by the Party to vie for various positions and related records showed that a total of Kshs.127,860,000 should have been realized from nominations, membership fees and sale of the Party's booklets as tabulated hereunder:

<b>Nominations</b>	<b>No. of Aspirants</b>	<b>Amount per Aspirant Kshs;</b>	<b>Total Kshs.</b>
Presidential	1	1,000,000	1,000,000
Governor (male)	15	300,000	4,500,000
Governor (female)	1	150,000	150,000
Senator	22	150,000	3,300,000
Women Rep	36	100,000	3,600,000
MP (male)	247	100,000	24,700,000
MP (female)	4	50,000	200,000
MCA (male)	1320	20,000	26,400,000
Booklets	As per the list		29,210,000
Life Membership	As per the list		34,800,000
<b>Total</b>	<b>1,646</b>		<b>127,860,000</b>

However, bank deposits for the two year's period under audit as analysed from the bank statements totalled to Kshs.79,185,475 resulting to a variance of Kshs.48,674,525 which has not been explained. In addition, Note 1 to the financial statements reflects a balance of Kshs.78,399,406 in respect of membership, subscription and nomination fees which is less than the expected income of Kshs.127,860,000 by Kshs.49,460,594 which was also not explained.

In the circumstances, it has not been possible to confirm the accuracy, completeness and correctness of the revenue from membership subscriptions and nomination fees from the expected amount of Kshs.127,860,000 as at 31 December 2017.

## **6. Un-supported Expenditure**

The Party's statement of financial performance for the two years period ending 31 December, 2017 reflects expenditure totaling to Kshs.82,608,985. However, payment vouchers totaling to Kshs.49,307,273 made up of Kshs.36,606,793 (Appendix III) for cheque payments and Kshs.12,700,480 (Appendix IV) for petty cash vouchers had no supporting documents. Further, expenditure of Kshs.33,301,712 had neither payment vouchers or supporting documents, such as attendance registers to show the venue and dates of the meetings and details of the attendants, acknowledgement of receipts of amounts paid to the delegates by way of signatures, the National Executive Council (NEC) minutes together with invitation lists and authority letters for such meetings were not produced for audit verification.

In addition, most petty cash vouchers did not have necessary supporting documents attached and were also not duly authorized. Further, there was no proper filing system for petty cash vouchers in place with some of them availed as loose papers which could easily

be misplaced. It was also noted that the petty cash vouchers had no serial numbers and were not properly recorded.

It was also noted that cashbooks were not maintained for each of the bank accounts operated by the Party as required. Payment vouchers were also not filed systematically and there was no payment voucher movement register in place. Upon enquiry in a meeting with the former Secretary General, the former Secretary General responded as indicated in appendix V where he provided no specifics but generalities as the Principal Accounting officer of the party.

In consequence, it has not been possible to confirm the purpose of several cheques drawn on his personal names and status of accounting books. It has not been possible to confirm the validity of expenditure amounting to Kshs.82,608,985 as reflected in the statement of financial performance for the two years period ended 31 December, 2017.

## **7. Undisclosed Cash Withdrawals**

Examination of bank statements and one cheque book availed lacked proper information in regards to the identity of the payees as in Appendix II (b) while two cheque books were not produced for audit review. Under the circumstance, the propriety and legality of the cash withdrawals of Kshs.5,372,300 and Kshs.16,609,010 all totaling to Kshs.21,981,310 for both KCB and ABC Banks respectively as in Appendix VI could not be ascertained and party bank account signatories did not explain the anomalies.

## **8. Registration of Lease Agreement**

As at the time of audit, the Party's Headquarters lease which ought to have been registered with the Ministry of Lands, Physical Planning and Urban Development was not availed for audit verification. The Party also has offices in other regions of the country but no leases were availed for audit review. In the absence of these vital documents, the continuous occupation of these premises could not be ascertained.

## **9. Other Payables**

The statement of financial position reflects an amount of Kshs.2,415,154 as trade and other payables from exchange transactions on note 12 to the financial statements. However, the said note number 12 did not indicate the nature and identity of these other payables. Consequently, the balance of Kshs.2,415,154 under other payables could not be confirmed.

## **10. Political Party Funding**

Examination of The National Super alliance (NASA) coalition agreement, article 13-2(a) (b) and (c) showed that the party was to receive its respective share of political party fund as provided for in the Political Parties' Act 2011(Ammended 2016). The sharing formula was to consider the party's contribution to the coalition strength in parliament.

However, this was subject to the coalition coming up with the sharing guidelines which the coalition did not come up with as at the time of audit. Under the circumstance, the party did

not receive any funding from the Political Parties Fund directly or indirectly through the NASA Coalition.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit 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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and 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 the management either intends to dissolve the party or to cease operations, or have no realistic alternative but to do so.

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 Amani National Congress Party financial reporting process, reviewing the effectiveness of how the Party 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**

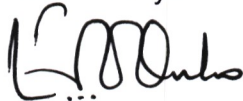
My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution.

However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of Amani National Congress Party in accordance with ISSAI 30 on 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.



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

**Nairobi**

**29 July 2019**



APPENDIX I

ANC file outline (1)

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NATIONAL POLICE SERVICE

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MAZINGIRA HOUSE  
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P.O. Box 30036  
NAIROBI.

2 DAs

DIRECTORATE OF CRIMINAL INVESTIGATIONS

CID/IB/SEC/FIU/4/4/16B/VOL.III/256

23rd May 2018

The Auditor General  
Kenya National Audit  
P.O Box 3084-00100  
Anniversary Towers, University Way  
**NAIROBI**

OFFICE OF THE AUDITOR GENL  
P.O. Box 30084 - 00100, NAIROBI.  
08 JUN 2018  
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INQ NO: 45/2018

**RE: REQUEST FOR SPECIAL FORENSIC AUDIT**

The above subject matter refers.

This office is investigating an allegation of misappropriation of Amani National Congress (ANC) Party funds by party officials between January 2016 and December 2017.

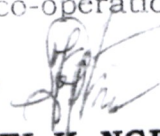
To facilitate our investigations and possible prosecution, this office requests your good office to conduct a special forensic audit for the period covering January 2016 to August 2017 under the following terms of reference:-

- Identify if any amounts were received from the political parties fund
- Establish total amount of funds collected by the party from membership fees
- Establish the total amount of funds received from contributions from any other source during the period
- Review all the expenditures of the party and identify any amounts lost through fraud or otherwise and identify possible individuals

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- Establish whether the party had kept proper books and records of account of the income, expenditure, assets, and liabilities during the period as set out in the Political Parties Act.

Your co-operation will be highly appreciated.



**SAMUEL K. NGEIYWA**

**FOR: DIRECTOR OF CRIMINAL INVESTIGATIONS**

## APPENDIX II - RECEIPTS BOOKS ANALYSIS

RECEIPT SERIAL NUMBERS	AMOUNT Kshs
001-050	1,800,000
001-050	949,200
001-050	1,008,000
001-050	1,694,000
001-050	1,232,000
051-100	1,039,600
051-100	1,700,000
051-100	1,075,000
051-100	1,386,000
051-100	1,137,000
051-100	955,000
101-150	1,282,800
101-150	1,268,800
101-150	1,434,000
101-150	1,412,000
151-200	1,709,400
151-200	1,052,500
151-200	1,365,000
151-200	1,850,000
201-250	1,114,000
201-250	1,290,000
201-250	1,813,600
201-250	877,600
251-300	1,508,000
251-300	1,090,000
251-300	298,000
251-300	880,000
301-350	1,360,800
301-350	940,000
301-350	1,867,000
301-350	1,070,000
351-400	1,392,000
351-400	1,434,000
351-400	1,589,000
401-450	864,000
401-450	987,000
451-500	775,000

RECEIPT SERIAL NUMBERS	AMOUNT Kshs
451-500	811,600
451-500	1,145,000
451-500	1,585,000
501-550	1,030,000
501-550	1,176,000
501-550	1,031,500
551-600	931,000
551-600	1,041,000
551-600	1,746,000
551-583	520,000
<b>TOTAL</b>	<b>57,517,400</b>

## APPENDIX II (b) – BANK WITHDRAWALS

### (a) WITHDRAWALS FROM KCB ACCOUNT NO. 1199239577

DATE	NAME		AMOUNT Kshs
01/10/2016	GODFREY OSOTSI		50,000
04/11/2016		CHQ000002	130,500
11/11/2016		CHQ000003	100,000
21/11/2016	GODFREY OSOTSI	CHQ5	80,000
07/01/2017	KELVIN KWENA LUNANI	CHQ7	200,000
10/01/2017		CHQ6	400,000
01/03/2017	GODFREY OSOTSI	CHQ8	1,300,000
13/03/2017		CHQ9	800,000
24/03/2017	GEOFFREY ANYEMBE	CHQ11	925,000
31/03/2017		CHQ13	200,000
31/03/2017	GEOFFREY ANYEMBE	CHQ12	2,889,000
08/04/2017	GEOFFREY ANYEMBE	CHQ14	1,200,000
10/04/2017	GODFREY OSOTSI	CHQ15	350,000
13/04/2017	GEOFFREY ANYEMBE	CHQ16	3,500,000
15/04/2017	GEOFFREY ANYEMBE	CHQ17	3,637,150
18/04/2017	GEOFFREY ANYEMBE	CHQ18	3,305,000
19/04/2017		CHQ19	306,400
19/04/2017	GEOFFREY ANYEMBE	CHQ24	1,053,500
19/04/2017	GEOFFREY ANYEMBE	CHQ20	782,000
20/04/2017		CHQ23	475,200
20/04/2017		CHQ22	667,200

**APPENDIX II (b) – BANK WITHDRAWALS**

22/04/2017	GEOFFREY ANYEMBE	CHQ27	806,000
22/04/2017	GEOFFREY ANYEMBE	CHQ26	3,730,000
25/04/2017	GEOFFREY ANYEMBE	CHQ29	363,73
25/04/2017	GEOFFREY ANYEMBE	CHQ28	910,000
26/04/2017	GEOFFREY ANYEMBE	CHQ35	1,200,000
28/04/2017		CHQ32	700,000
28/04/2017		CHQ33	700,000
28/04/2017		CHQ34	893,000
29/04/2017	GEOFFREY ANYEMBE	CHQ36	785,000
04/05/2017	GEOFFREY ANYEMBE	CHQ38	520,000
26/05/2017	GEOFFREY ANYEMBE	CHQ40	200,000
	<b>Sub-total</b>		<b>33,158,680</b>

**(b) ABC ACCOUNT NO.001200001001037**

DATE	PARTICULARS	CHEQUE NO	AMOUNT Kshs
06/12/2016	CASH WITHDRAWAL	38	35,000
09/12/2016		41	56,250
13/12/2016		42	198,000
13/12/2016		46	35,000
15/12/2016		49	170,000
15/12/2016		47	42,000
15/12/2016		50	65,020
20/12/2016		51	261,000
20/12/2016		52	70,000
21/12/2016	CASH WITHDRAWAL	55	90,000
22/12/2016		54	90,000
23/12/2016		53	50,000
24/12/2016	PETRONILA WERE	56	200,000
31/12/2016	CASH WITHDRAWAL	57	30,000
31/12/2016	CASH WITHDRAWAL	58	174,000
03/07/2017	CASH WITHDRAWAL	213	100,000
03/07/2017		212	70,000
04/07/2017		214	137,000
07/07/2017	CASH WITHDRAWAL	4409	250,000
10/07/2017	CASH WITHDRAWAL	4414	330,000
12/07/2017	CASH WITHDRAWAL	4420	550,000
15/07/2017	CASH WITHDRAWAL	4304	200,000
26/07/2017		217	10,000

**APPENDIX II (b) – BANK WITHDRAWALS**

26/07/2017		215	30,000
26/07/2017		216	30,000
26/07/2017		219	74,290
03/08/2017	CASH WITHDRAWAL	4460	180,000
03/04/2017		193	48,000
03/04/2017		188	72,000
08/04/2017	CASH WITHDRAWAL	194	256,000
08/04/2017	CASH WITHDRAWAL	195	920,500
12/04/2017		196	143,000
12/04/2017		198	90,000
12/04/2017		197	40,000
25/04/2017		110	800,000
09/05/2017		200	100,000
10/05/2017		199	640,000
12/05/2017	CASH WITHDRAWAL	203	1,000,000
15/05/2017		201	210,000
15/05/2017		202	100,000
16/05/2017	CASH WITHDRAWAL	10945	1,680,000
06/06/2017		205	560,000
14/06/2017		206	130,000
15/06/2017		207	24,785
20/06/2017	CASH WITHDRAWAL	10986	550,000
22/06/2017	CASH WITHDRAWAL	209	1,982,000
22/06/2017	CASH WITHDRAWAL	210	185,000
23/06/2017		208	319,500
29/06/2017		211	585,000
05/01/2017	CASH WITHDRAWAL	61	40,000
06/01/2017	PETRONILA WERE	60	217,500
07/01/2017	CASH WITHDRAWAL	64	260,165
09/01/2017		62	30,000
09/01/2017		59	50,000
09/01/2017	CASH WITHDRAWAL	65	657,000
11/01/2017	CASH WITHDRAWAL	68	400,000
19/01/2017	CASH WITHDRAWAL	69	261,000
19/01/2017	CASH WITHDRAWAL	75	652,500
19/01/2017	CASH WITHDRAWAL	74	440,000
23/01/2017	CASH WITHDRAWAL	81	55,000
24/01/2017		80	464,000
24/01/2017		79	652,000
24/01/2017	CASH WITHDRAWAL	86	523,000

**APPENDIX II (b) – BANK WITHDRAWALS**

24/01/2017	CASH WITHDRAWAL	82	100,000
25/01/2017		83	596,000
25/01/2017		84	150,000
25/01/2017		85	62,900
25/01/2017	CASH WITHDRAWAL	88	70,000
25/01/2017	CASH WITHDRAWAL	89	100,000
26/01/2017		90	100,000
26/01/2017	GODFREY OSOTSI	91	50,000
27/01/2017		92	652,500
27/01/2017		87	120,000
30/01/2017		93	217,500
30/01/2017	PETRONILA WERE	97	350,000
30/01/2017	GEOFFREY ANYEMBE	96	500,000
31/01/2017		99	84,200
01/02/2017		100	119,000
02/02/2017	CASH WITHDRAWAL	102	60,000
02/02/2017		94	430,000
03/02/2017		105	280,500
03/02/2017	CASH WITHDRAWAL	111	170,000
06/02/2017		101	125,000
06/02/2017		106	870,000
08/02/2017		103	150,000
09/02/2017	CASH WITHDRAWAL	120	17,270
09/02/2017	CASH WITHDRAWAL	114	280,000
09/02/2017	CASH WITHDRAWAL	115	454,000
09/02/2017	CASH WITHDRAWAL	113	365,000
10/02/2017	CASH WITHDRAWAL	125	400,000
10/02/2017	CASH WITHDRAWAL	124	300,000
13/02/2017		121	300,000
13/02/2017		112	120,000
13/02/2017		122	600,000
13/02/2017		116	115,000
13/02/2017		118	81,000
14/02/2017		127	300,000
14/02/2017	CASH WITHDRAWAL	117	26,400
16/02/2017	CASH WITHDRAWAL	132	506,500
16/02/2017	CASH WITHDRAWAL	137	30,000
16/02/2017	CASH WITHDRAWAL	133	206,500
16/02/2017	CASH WITHDRAWAL	131	346,000
16/02/2017		126	300,000

**APPENDIX II (b) – BANK WITHDRAWALS**

17/02/2017		129	400,000
17/02/2017		128	125,000
17/02/2017	GEOFFREY ANYEMBE	140	100,000
17/02/2017	GEOFFREY ANYEMBE	139	203,500
17/02/2017	GEOFFREY ANYEMBE	138	314,400
20/02/2017		134	96,000
20/02/2017		136	30,000
20/02/2017		130	50,000
24/02/2017	CASH WITHDRAWAL	142	350,770
24/02/2017	CASH WITHDRAWAL	148	135,000
24/02/2017	CASH WITHDRAWAL	141	144,000
24/02/2017	CASH WITHDRAWAL	150	400,000
24/02/2017		143	616,000
25/02/2017	CASH WITHDRAWAL	144	100,000
27/02/2017		147	150,000
27/02/2017		149	676,000
28/02/2017	CASH WITHDRAWAL	151	400,000
01/03/2017		108	72,000
02/03/2017	CASH WITHDRAWAL	153	400,000
02/03/2017	CASH WITHDRAWAL	161	100,000
02/03/2017	CASH WITHDRAWAL	159	794,360
06/03/2017		155	125,000
06/03/2017	CASH WITHDRAWAL	162	225,000
07/03/2017		160	335,000
07/03/2017		154	125,000
09/03/2017	CASH WITHDRAWAL	169	848,000
09/03/2017	CASH WITHDRAWAL	164	300,000
09/03/2017	CASH WITHDRAWAL	165	300,000
10/03/2017	CASH WITHDRAWAL	171	100,000
13/03/2017		170	252,000
16/03/2017	CASH WITHDRAWAL	184	340,000
16/03/2017	CASH WITHDRAWAL	177	350,000
16/03/2017	CASH WITHDRAWAL	176	292,000
16/03/2017	CASH WITHDRAWAL	175	368,000
16/03/2017	CASH WITHDRAWAL	173	400,000
16/03/2017	CASH WITHDRAWAL	174	120,000
16/03/2017	CASH WITHDRAWAL	179	78,000
16/03/2017	CASH WITHDRAWAL	183	35,000
16/03/2017	CASH WITHDRAWAL	178	97,060
16/03/2017	CASH WITHDRAWAL	180	300,000

**APPENDIX II (b) – BANK WITHDRAWALS**

18/03/2017	CASH WITHDRAWAL	182	100,000
23/03/2017		172	335,000
24/03/2017	CASH WITHDRAWAL	185	50,000
24/03/2017	CASH WITHDRAWAL	189	334,200
24/03/2017	CASH WITHDRAWAL	190	460,000
24/03/2017	CASH WITHDRAWAL	187	492,000
28/03/2017		191	651,000
31/03/2017	CASH WITHDRAWAL	192	902,000
20/04/2016	CASH WITHDRAWAL	10522	168,500
14/11/2016	CASH WITHDRAWAL	31	180,000
22/11/2016	CASH WITHDRAWAL	35	100,000
25/11/2016	CASH WITHDRAWAL	37	180,000
<b>Sub-total</b>			<b>43,370,570</b>
<b>Total Withdrawals</b>			
i. KCB bank ACC.NO - 1199239577			<b>33,158,680</b>
ii. ABC bank ACCOUNT - NO.001200001001037			<b>43,370,570</b>
			<b>76,529,250</b>

**APPENDIX III  
UNSUPPORTED PAYMENT VOUCHERS**

CHEQUE NO.	DATE	PAYEE	AMOUNT Kshs
159	03/02/2017	Geoffrey Anyembe	794,360
154	03/02/2017	Anre Enterprises	125,000
155	03/02/2017	Bralin International	125,000
156	03/02/2017	Kibisu Kabatesi	48,000
158	03/02/2017	Loiyangalani Drive	30,000
160	03/02/2017	Vanadiun Consult	335,000
196	04/11/2017	Protus Ogoti	40,000
	23/2/2017	Kibisu Kabatesi	72,000
	23/2/2017	Lucky Ingosi	150,000
	23/2/2017	Trans Logix	676,000
	23/2/2017	Geoffrey Anyembe	400,000
150	23/2/2017	Geoffrey Anyembe	400,000
	23/2/2017	Godffrey Osotsi	400,000
148	23/2/2017	Geoffrey Anyembe	135,000
143	23/2/2017	ABC Bank	616,000
86	24/1/2017	Kelvin Lunani	523,000
	30/1/2017	Fen Entertainment	125,000
97	30/1/2017	Petronila Were	350,000

CHEQUE NO.	DATE	PAYEE	AMOUNT Kshs
96	30/1/2017	Geoffrey Anyembe	500,000
105	17/1/2017	Petronila Were	280,000
198	04/11/2017	Online Technologies Systems	90,000
102	02/01/2017	Geoffrey Anyembe	60,000
103	02/01/2017	Crystalgate Solutions	150,000
	07/06/2017	Online Technologies Systems	30,000
106	02/01/2017	Jadini general Merchants	870,000
172	15/3/2017	Vanadiun Consult	335,000
173	15/3/2017	Geoffrey Anyembe	400,000
174	15/3/2017	Online Technologies Systems	120,000
175	15/3/2017	Geoffrey Anyembe	368,000
176	15/3/2017	Geoffrey Anyembe	292,000
177	15/3/2017	Geoffrey Anyembe	350,000
178	15/3/2017	Geoffrey Anyembe	97,000
179	15/3/2017	Geoffrey Anyembe	78,000
180	15/3/2017	Godffrey Osotsi	300,000
181	15/3/2017	Godffrey Osotsi	100,000
183	15/3/2017	Geoffrey Anyembe	35,000
	17/1/2017	Petronila Were	280,500
94	30/1/2017	Dinners Grill	430,000
99	30/1/2017	Margaret Ndanyi	84,000
90	25/1/2017	Geoffrey Anyembe	100,000
91	25/1/2017	Godffrey Osotsi	50,000
89	25/1/2017	Basil mwakiringo	100,000
92	25/1/2017	Alfred Madiro Omile	652,500
93	25/1/2017	Idealink Graphics	217,500
72	01/07/2017	Lucky Ingosi	100,000
76	17/1/2017	Bisons Infotech	11,571
88	24/1/2017	Geoffrey Anyembe	70,000
87	24/1/2017	Fareed Shee Ali	120,000
82	23/1/2017	Godffrey Osotsi	100,000
80	23/1/2017	Royal Media Services	464,000
79	23/1/2017	Alfred Madiro Omile	652,500
85	24/1/2017	Lucky Ingosi	62,900
83	24/1/2017	ABC Bank	696,000
84	24/1/2017	Kibisu Kabatesi	150,000
214	07/02/2017	Lucky Ingosi	137,000
20	15/4/2017	Geoffrey Anyembe	936,000

CHEQUE NO.	DATE	PAYEE	AMOUNT Kshs
21 (KCB)	18/4/2017	Anre Enterprises	1,302,000
131	16/2/2017	Geoffrey Anyembe	346,000
137	07/06/2017	Zuhra Abubakar	30,000
120	02/09/2017	Geoffrey Anyembe	17,270
117	02/09/2017	Kelvin Lunani	26,400
112	02/09/2017	Lucky Ingosi	120,000
137	02/09/2017	Zuhra Abubakar	30,000
115	02/09/2017	Geoffrey Anyembe	454,000
113	02/09/2017	Geoffrey Anyembe	365,000
114	02/09/2017	Geoffrey Anyembe	280,000
118	02/09/2017	Alfred Madiro Omile	115,000
132	16/2/2017	Geoffrey Anyembe	506,500
133	16/2/2017	Geoffrey Anyembe	260,500
137	16/2/2017	Geoffrey Anyembe	30,000
135	16/2/2017	Peter Lunani	70,000
128	16/2/2017	Fen Entertainment	125,000
129	16/2/2017	Online Technologies Systems	400,000
130	16/2/2017	Kibisu Kabatesi	50,000
134	16/2/2017	Arnold Murumba	96,000
136	16/2/2017	Hemstrong Mukoya	30,000
25 (KCB)	04/07/2017	Infinity Kartal International	94,582
65	01/09/2017	Petronila Were	157,000
	01/09/2017	Petronila Were	500,000
70	17/1/2017	Petronila Were	90,000
141	23/2/2017	Geoffrey Anyembe	144,000
142	23/2/2017	Geoffrey Anyembe	350,770
162	03/06/2017	Geoffrey Anyembe	252,000
163	03/09/2017	Vanadiun Consult	200,000
164	03/09/2017	Geoffrey Anyembe	300,000
165	03/09/2017	Geoffrey Anyembe	300,000
167	03/09/2017	Dismas Mokuu	25,000
168	03/09/2017	Baraza Nyukuri	50,000
169	03/09/2017	Geoffrey Anyembe	848,000
170	03/09/2017	Trans Logix	252,000
171	03/10/2017	Geoffrey Anyembe	100,000
69	01/12/2017	Petronila Were	261,000
	01/06/2017	Petronila Were	260,000
54	20/12/2016	Lucky Ingosi	90,000
53	19/12/2016	CMD	50,000

CHEQUE NO.	DATE	PAYEE	AMOUNT Kshs
30	11/08/2016	Petronila Were	100,000
46	12/05/2016	Lucky Ingosi	35,000
	12/05/2016	Petronila Were	56,250
	12/08/2016	Loiyangalani Drive	10,000
37	25/11/2016	Godffrey Osotsi	180,000
36	25/11/2016	Petronila Were	30,000
35	18/11/2016	Godffrey Osotsi	100,000
34	16/11/2016	Godffrey Osotsi	20,000
33	15/11/2016	Lucky Ingosi	10,000
32	15/11/2016	Lucky Ingosi	10,000
30	11/08/2016	Petronila Were	100,000
28	11/04/2016	Petronila Were	80,000
24	27/10/2016	Patronila Were	70,000
23	17/10/2016	Scan Graphics	81,200
22	17/10/2016	Barrack Muluka	50,000
21	17/10/2016	Lucky Ingosi	10,000
20	10/12/2016	Lucky Ingosi	97,200
17	26/9/2016	Nicholas Meli	80,000
15	18/8/2016	Online Technologies Systems	120,000
14	08/01/2016	Zuhra Abubakar	40,000
13	08/01/2016	Lucky Ingosi	10,000
11	08/01/2016	Petronila Were	10,000
10	08/01/2016	Petronila Were	10,000
9	08/01/2016	Lucky Ingosi	35,000
8	13/7/2016	Petronila Were	15,000
5	30/6/2016	Bisons Infotech	49,300
3	22/6/2016	Lucky Ingosi	23,000
2	06/08/2016	Lucky Ingosi	72,000
	17/3/2016	Chrispine Katoya	6,000
5 (KCB)	18/11/2016	Godffrey Osotsi	80,000
	21/7/2017	ABC Bank	585,000
219	20/7/2017	Lucky Ingosi	74,290
	07/02/2017	Godffrey Osotsi	100,000
	07/06/2017	Lucky Ingosi	7,000
	19/4/2017	Geoffrey Anyembe	261,000
	19/4/2017	Geoffrey Anyembe	792,500
195	04/07/2017	Geoffrey Anyembe	920,000
	04/07/2017	Geoffrey Anyembe	350,000
194	04/04/2017	Geoffrey Anyembe	256,000

CHEQUE NO.	DATE	PAYEE	AMOUNT Kshs
14 (KCB)	04/07/2017	Geoffrey Anyembe	1,200,000
12 (KCB)	30/3/2017	Geoffrey Anyembe	2,889,000
192	30/3/2017	Geoffrey Anyembe	902,000
193	30/3/2017	Kibisu Kabatesi	48,000
	21/3/2017	Nicholas Meli	114,000
11 (KCB)	24/3/2017	Geoffrey Anyembe	925,000
187	24/3/2017	Geoffrey Anyembe	492,000
190	24/3/2017	Geoffrey Anyembe	460,000
189	24/3/2017	Geoffrey Anyembe	334,200
191	24/3/2017	ABC Bank	65,000
185	24/3/2017	Geoffrey Anyembe	50,000
			<b>36,606,793</b>

#### APPENDIX IV PETTY CASH VOUCHERS

Date	Name	Remarks	Amounts Kshs
	Prof. Otsudi	Transport reimbursement	7,000
5.12.16	Hon. Basil Mwakiringo	Organising the NGC.	5,000
5.12.16	Lucky Ingusi	Rent for Bungoma office@ 12,000x6.	72,000
13.7.16	Lucky Ingusi	June 2016 salaries	208,000
20.4.16	Honrad Makunja	Nairobi youth meeting.	27,000
20.4.16	Godfrey Osotsi	Facilitation of 3000 youth ADC meeting in Vihiga.	50,000
20.4.16	Petronila Were	Youth office setup and snacks for Vihiga ADC meeting.	168,500
	Lucky Ingusi	Salaries.	256,000
6.4.16	Lucky Ingusi	April office expenses.	34,000
6.4.16	Lucky Ingusi	April 2016 staff salaries and office running.	331,000
9.5.16	Lucky Ingusi	July 2016 salaries.	256,000
10.8.16	Lucky Ingusi	August 2016-part payment.	83,000
7.9.16	Treasurer-Nabwera Wafula	Transport reimbursement 11 persons.	33,000
24.8.16	Paul Bwabi	Transport reimbursement branch executive officers	5,000

**APPENDIX IV  
PETTY CASH VOUCHERS**

<b>Date</b>	<b>Name</b>	<b>Remarks</b>	<b>Amounts Kshs</b>
14.6.16	Kenneth Ndubi	Transport reimbursement branch executive officers meeting.	5,000
14.6.16	Fish Edagiza	Deposit for printing Nairobi office banner.	4,000
2016 &2017	various payees	Unsupported expenditure.	11,155,980
		<b>TOTAL</b>	<b>12,700,480</b>

**APPENDIX VI – UNDISCLOSED BANK WITHDRAWALS**

**WITHDRAWALS FROM KCB ACCOUNT NO. 1199239577**

<b>DATE</b>	<b>NAME</b>		<b>AMOUNT Kshs</b>
04/11/2016		CHQ000002	130,500
11/11/2016		CHQ000003	100,000
10/01/2017		CHQ6	400,000
13/03/2017		CHQ9	800,000
31/03/2017		CHQ13	200,000
19/04/2017		CHQ19	306,400
20/04/2017		CHQ23	475,200
20/04/2017		CHQ22	667,200
28/04/2017		CHQ32	700,000
28/04/2017		CHQ33	700,000
28/04/2017		CHQ34	893,000
	<b>Sub-total</b>		<b>5,372,300</b>

APPENDIX V



REPUBLIC OF KENYA  
PARLIAMENT

**Hon. Godfrey Osotsi, MP.**

Nominated Member of National Assembly

Vice-Chair: Committee on Implementation

Member: Communication, Information and Innovation Committee

Member: House Business Committee

DAG(6)

19/7/2019

291

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Dr. Edward Ouko,  
The Auditor General,  
Anniversary Towers, University Way,  
P.O.Box 30084 00100,  
Nairobi.

OFFICE OF THE AUDITOR-GENERAL  
**RECEIVED** 19<sup>th</sup> July 2019

19 JUL 2019

P. O. Box 30084 - 00100,  
HEADQUARTERS  
NAIROBI

Dear Sir,

**RE: CLARIFICATION ON FINANCIAL STATEMENTS FOR AMANI NATIONAL CONGRESS (ANC) PARTY FOR THE TWO YEARS ENDED 31<sup>ST</sup> DECEMBER 2017**

On Monday 15<sup>th</sup> July 2019, I received a call from an officer from your office who introduced himself to me as a Mr. Gichana. Mr. Gichana requested me to attend a meeting at your office on the same date to clarify certain audit queries that had been raised by your office concerning the financial affairs of the ANC Party during my tenure as Secretary General for the period of two years ending 31<sup>st</sup> December 2017. To ensure completeness of records, I asked the said Mr. Gichana to formally write to me with this request but he insisted that it was not mandatory to have a written communication.

The following day, on 16<sup>th</sup> July 2019, I received a text message from the said Mr. Gichana summoning me to your office for the same purpose as above and this time requiring me to appear in your office at 1600hrs to collect the formal letter as requested and to clarify audit queries as aforementioned. Needless to say, I was not aware of the nature or scope of these queries. Nonetheless, because of pre-scheduled meetings and other official business, I informed him to deliver his formal invitation to me at my Advocates office to enable me formally respond to the same. Later that day, I was able to clear up a few of my pre-scheduled appointments and I duly attended to your office as requested at exactly 1600hrs

While at your office, I was served with the attached self-explanatory letter dated 15<sup>th</sup> July 2019. A cursory perusal of the same shows that I was required to 'clarify' several issues relating to the financial statements of the ANC party. It was obvious that by their very nature I could not answer or clarify these questions without the requisite supporting documents and would therefore require sufficient time and documents to do so. Nonetheless I patiently waited for the said Mr. Gichana who showed up after over 2hr 30 minutes from the appointed time of our meeting and I thereupon advised him of the foregoing concerns including the sufficiency of notice and availability of documentation to answer to his queries. Surprisingly, in absolute disregard of these pertinent issues, Mr. Gichana alluded to urgency in concluding the audit





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report and was adamant that I had to answer to the said queries within the shortest period of time and in any event by Friday 19<sup>th</sup> July 2019. Noting that this was an audit concerning the ANC's party's financial years 2016 and 2017, I inquired of Mr. Gichana what the urgency was about and why this audit was being conducted over 2 years later. He could not explain this delay and was adamant that my answers had to be issued by or before Friday the 19<sup>th</sup> July 2019.

The above issues, in my respectful view, raise serious concerns as to the objectivity of this audit. Your office will note that on 10<sup>th</sup> June 2019 you wrote to me invalidating another report titled "*Management letter for compliance audit performed for two years ending 31 December 2016 and 31 December 2017 for the Amani National Congress Party (ANC Party)*" that had been purportedly issued from your office purporting to be and in fact used against me as an audit report for the same financial years. The maker of the said report neither wrote to me nor sought my input before circulating the said report to media houses and investigative agencies. In fact, my letters dated 29<sup>th</sup> October 2018 and 13<sup>th</sup> November 2018 inquiring on the existence and validity of the audit report have remained unanswered to date. In essence the said report was irregularly shared with the singular object of embarrassing me, putting my name into disrepute and violating my constitutional rights. It would appear that the script is now being repeated albeit this time with an attempt to have me sanitize the process of concluding the same but with the same outcome. Quite contrary to the constitutional and legal basis of audits, it would appear that my input in the whole process is required merely to satisfy procedural requirements and/or to paint a picture of due process. I have to say I am totally appalled by the manner in which I have been ambushed and how the concerns I have raised have been totally disregarded.

The seven (7) queries requiring my clarifications are too general, lack specificity and vague in nature and most importantly have not been accompanied by a valid primary reference document e.g. the draft interim audit report. It is instructive to note that while your office found it fit not to avail a valid draft interim audit report, your client (ANC party) has circulated extracts of a draft audit report to some media houses purporting to be authored by yourselves in total violation of the Public Audit Act. In the circumstances, I provide below my answers to the seven (7) queries raised in your letter strictly under protest, in view of the fact that the entire audit process raises serious concerns on its objectivity, fairness, credibility and primarily violates the provisions of the relevant laws governing audits of this nature. I also protest that your office did not provide a valid reference document to enable me give detailed explanations.





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### Actual period you served as Secretary General

I served as founder Secretary General from inception of the party on 13<sup>th</sup> July 2015 to 12<sup>th</sup> October 2017 when I was unceremoniously, unlawfully and irregularly removed from office while on a foreign trip. The legality or otherwise of my removal is the subject of court proceedings and is currently pending Appeal to the Court of Appeal.

#### 1. Amount and purpose of cash withdrawals made during the period.

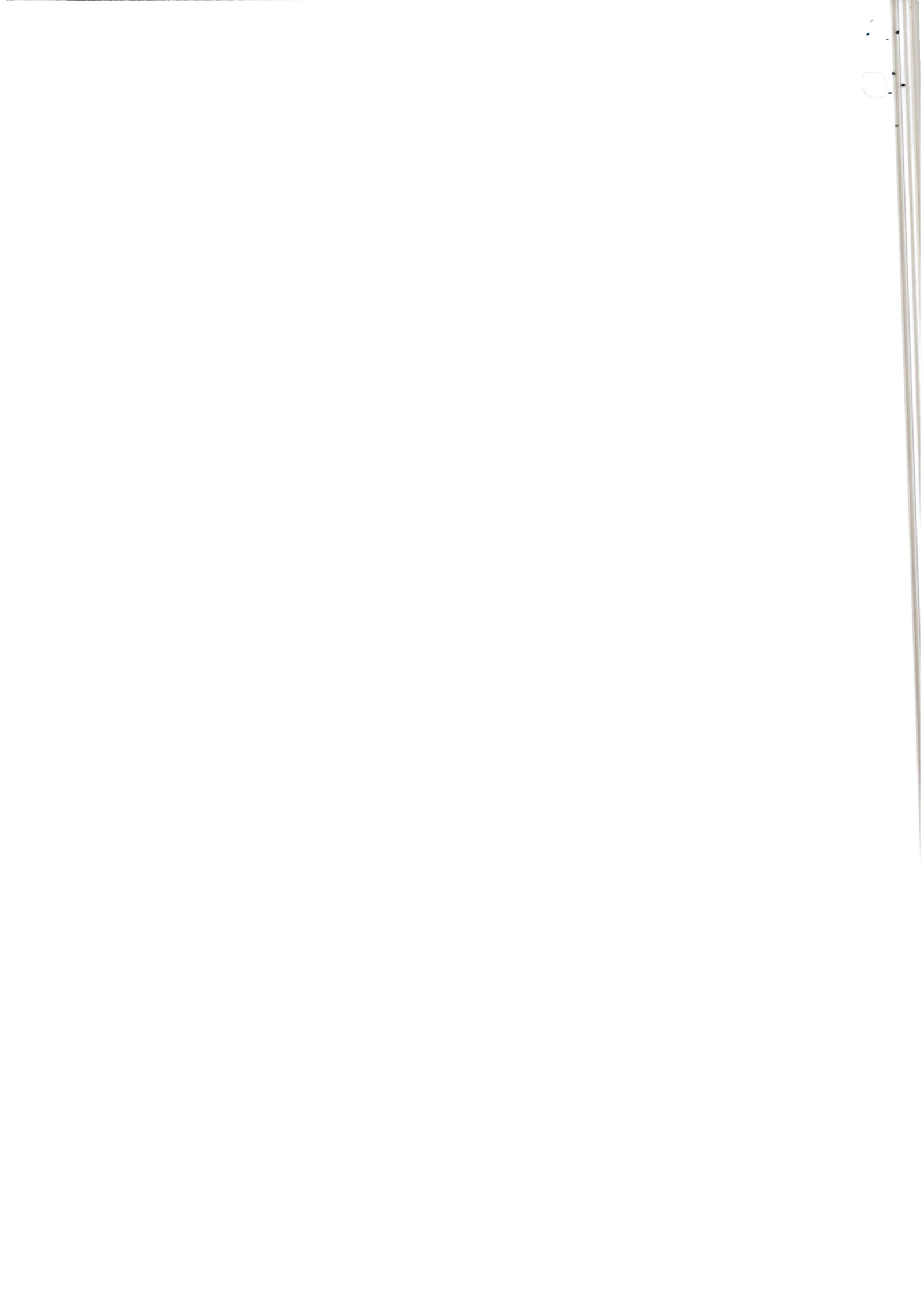
There were several cash withdrawals from ANC party bank accounts during the period 2016 and 2017. Considering that this was highly intense party primaries period and an active campaign period for the general elections held in 2017, there were several occasions when urgent cash disbursements would be required hence the need for cash withdrawals. Whenever any payment was done, it would at all times be accompanied by a cheque and supporting documents i.e. vouchers, requisition forms, quotations etc. generated by the Executive Director and Treasurer for that purpose and kept at the party headquarters in safe custody and under the stewardship of the Treasurer as required by the ANC Party Constitution.

If there should specific withdrawals that you would like me to clarify on, please let me have details of the same including dates, amount, bank account numbers and bank statements relating to the withdrawals. I will thereafter require sufficient time to obtain copies of supporting documents from the party on the same. The party maintained internal controls that provided among others the following.

- a. There was in existence the ANC party financial management policy which was drawn up by the Party Treasurer and approved the NEC. All payments, revenues, purchases and any form of financial process was aligned to this policy.
- b. The party complied fully with the provisions of the Political Parties Act and specifically Part III of the Act.
- c. The party complied with the provisions of Political Parties (Funding) Regulations, 2014 and party constitution, especially in relation to bank mandatory signatories that requires at least two mandatory signatories. At no time was any cheque raised and paid with a single signature.

I

IX  
Contradict





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- d. All party revenues were paid directly to the bank via a designated Bank paybill number or in few circumstances direct cheque deposits. No cash was stored at the party office or paid to any official or staff.
- e. During the hectic election campaigns and primaries period, the party automated its processes by implementing an IT system to manage all candidate data, financial information and related data to ensure accuracy of its records. This system was provided an accurate view of the number of aspirants, number of candidates and their payment status. This project was a milestone and it is known by the secretariat staff and party officials who interacted with it. It was guided by an implementation and support contract. The current secretariat should provide the full information in their custody including signed contract, IT installations, system reports etc.

Additionally, the Party Treasurer had full and un-interfered control of all financial matters in the party. This can be verified by the numerous correspondences, policies and reports which are in the custody of the party secretariat e.g. Treasurer's email to party officials dated 26<sup>th</sup> May 2017 among others. The above internal controls can be confirmed by numerous documentary evidence in custody of the party secretariat.

### **2. Bank Accounts Operated during the period by the party**

The party operated one (1) primary account in ABC Bank, Westlands Branch and two (2) KCB bank accounts at Milimani High Court Branch. All these accounts were known by all the party officials as they complied with standard requirements of opening corporate accounts e.g. Minutes of the NEC meeting, Search conducted at the Registrar of Political Parties. All these three (3) accounts had three (3) mandatory signatories as required by the Political Parties Act, Political Parties (Funding) Regulations and the Party Constitution. I am however not in a position to provide details of the bank account numbers as these are not within my exclusive control. Granted time, I will be happy to request for this information from the party treasurer for onward transmission to you.

### **3. Assets and Liabilities of the Party.**

This information is contained in the published and publicly available financial statements of the ANC Party as provided under the Political Parties Act and Political Parties (Funding) Regulations. These are statements published in accordance with Section 29 and Section 31 of





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the political parties Act. For the avoidance of doubt, please note that under Article 19 of the ANC Party Constitution, the Treasurer of the party is responsible for inter-alia the party's register of assets and liabilities. I believe a copy of the same is also available at the office of the Registrar of political parties. This is a key compliance issue that is monitored by the register of political parties. No party can maintain its registration status without this key statutory requirement.

#### **4. Membership Register.**

The membership register of the party is the property of the Party and is accordingly stored in the party premises. For reasons stated above, I have no access to the said records at the moment. A copy of the said register for the relevant period is also available from the Registrar of Political Parties upon request. This is a key compliance issue that is monitored by the Registrar of political parties. No party can maintain its registration status without this key statutory requirement.

#### **5. Income of the party over the period of the review.**

This information is not available to me as the same is properly documented in financial records stored at the party headquarters. The same can also be found in the published and publicly available financial statements of the ANC Party. These are statements were published in accordance with Section 29 and section 31 the political parties Act. This is a key compliance issue that is monitored by the Registrar of political parties. No party can maintain its registration status without this key statutory requirement.

I am aware that, in the midst of the said audit process, the party on 8<sup>th</sup> November 2018 published Financial Statements covering the period under review. The purpose of this strange publication is not clear considering that 8<sup>th</sup> November 2018 was clearly outside the statutory timeframe of 90 days in line with Section 29 of the Political Parties Act.

#### **6. Accountable documents of the party.**

I do not understand this question. What is an accountable document? If what you mean is accounting documents, I wish to state that under Article 19 of the ANC Party Constitution, the Treasurer of the party is the accounting officer for all party financial matters and is responsible for inter-alia party financial statements, register of assets and liabilities and books of account.

That said, I wish to reiterate that my physical departure from the party headquarters was marred by illegalities and irregularities that are the subject of ongoing legal proceedings. I am therefore





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seriously handicapped as I do not have crucial documentation which as you will agree, will be necessary for an objective evaluation of the Party's financial status during the material period under review. At the time of my departure, these records were meticulously kept at the party offices as required by the ANC party constitution and the law, and barring any mischief on the part of the current officials, should be available on request. Refer to the attached letter to the party dated 12<sup>th</sup> October 2018.

Secondly most of the information requested for relate to functions that fall within the exclusive domain of the party treasurer as directed by the National Executive Committee of the party. The following provisions of the ANC Party Constitution are pertinent in this regard;

### **19.1.7 TREASURER**

*The treasurer shall be in charge of party finances and shall supervise all financial transactions at all party levels under the direction of the National Executive Committee. The National Treasurer shall:*

- a) Be responsible for Party Financial Statements, Land Title Documents, Register of Assets and Liabilities which shall be kept at the National Secretariat.*
- b) Accounting officer for all party financial matters and signatory to party bank accounts.*
- c) Receive and bank all monies on behalf of the National Executive Committee and operate a bank account together with such other signatories as may be resolved by the National Executive Committee.*
- d) Keep such books of account as may be necessary to record clearly the financial position of the party.*
- e) Prepare Annual Party Budgets or estimates and overall fiscal planning.*
- f) Monitor financial allocations and expenditure according to departmental votes as may be approved by the National Executive Committee.*





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- g) Ensure the execution of prudent stewardship standards and best financial practices to protect party finances.*
- h) Prepare and submit to the National Executive Committee a financial statement every quarter of the year and ensure that copies of duly audited annual accounts are circulated to all delegates at the same time the notice convening the National Delegates Convention is sent out.*
- i) Be responsible, in conjunction with the party's finance and resource mobilization committee, for the formulation and execution of resource mobilization plans and strategies.*

I am concerned that the purported audit was done without the knowledge and involvement of the Registrar of Political Parties who statutorily ensures that Political Parties comply with various provisions relating to management of funds and accordingly did not raise any objection or queries at the point of compliance to section 29 of the Political Parties Act.

As at the date of your inquiry, the National Executive Committee of the party at the material time is largely still the same. I am also aware that the treasurer of the party during the period under review is still the same person. I believe you will find his input in this regard useful.

For completeness, the list of the secretary general's duties are contained at Article 19.1.5 of the ANC Party Constitution.

Yours faithfully,

**HON. GODFRY OSOTSI – MP.**



**ABC ACCOUNT NO.001200001001037**

DATE	NAME	CHEQUE NO	AMOUNT
06/12/2016	CASH WITHDRAWAL	38	35,000
09/12/2016		41	56,250
13/12/2016		42	198,000
13/12/2016		46	35,000
15/12/2016		49	170,000
15/12/2016		47	42,000
15/12/2016		50	65,020
20/12/2016		51	261,000
20/12/2016		52	70,000
21/12/2016	CASH WITHDRAWAL	55	90,000
22/12/2016		54	90,000
23/12/2016		53	50,000
31/12/2016	CASH WITHDRAWAL	57	30,000
31/12/2016	CASH WITHDRAWAL	58	174,000
03/07/2017	CASH WITHDRAWAL	213	100,000
03/07/2017		212	70,000
04/07/2017		214	137,000
07/07/2017	CASH WITHDRAWAL	4409	250,000
10/07/2017	CASH WITHDRAWAL	4414	330,000
12/07/2017	CASH WITHDRAWAL	4420	550,000
15/07/2017	CASH WITHDRAWAL	4304	200,000
26/07/2017		217	10,000
26/07/2017		215	30,000
26/07/2017		216	30,000
26/07/2017		219	74,290
03/08/2017	CASH WITHDRAWAL	4460	180,000
03/04/2017		193	48,000
03/04/2017		188	72,000
08/04/2017	CASH WITHDRAWAL	194	256,000
08/04/2017	CASH WITHDRAWAL	195	920,500
12/04/2017		196	143,000
12/04/2017		198	90,000
12/04/2017		197	40,000
25/04/2017		110	800,000
09/05/2017		200	100,000
10/05/2017		199	640,000
12/05/2017	CASH WITHDRAWAL	203	1,000,000
15/05/2017		201	210,000
15/05/2017		202	100,000

16/05/2017	CASH WITHDRAWAL	10945	1,680,000
06/06/2017		205	560,000
14/06/2017		206	130,000
15/06/2017		207	24,785
20/06/2017	CASH WITHDRAWAL	10986	550,000
22/06/2017	CASH WITHDRAWAL	209	1,982,000
22/06/2017	CASH WITHDRAWAL	210	185,000
23/06/2017		208	319,500
29/06/2017		211	585,000
05/01/2017	CASH WITHDRAWAL	61	40,000
07/01/2017	CASH WITHDRAWAL	64	260,165
09/01/2017		62	30,000
09/01/2017		59	50,000
09/01/2017	CASH WITHDRAWAL	65	657,000
11/01/2017	CASH WITHDRAWAL	68	400,000
19/01/2017	CASH WITHDRAWAL	69	261,000
19/01/2017	CASH WITHDRAWAL	75	652,500
19/01/2017	CASH WITHDRAWAL	74	440,000
23/01/2017	CASH WITHDRAWAL	81	55,000
24/01/2017		80	464,000
24/01/2017		79	652,000
24/01/2017	CASH WITHDRAWAL	86	523,000
24/01/2017	CASH WITHDRAWAL	82	100,000
25/01/2017		83	596,000
25/01/2017		84	150,000
25/01/2017		85	62,900
25/01/2017	CASH WITHDRAWAL	88	70,000
25/01/2017	CASH WITHDRAWAL	89	100,000
26/01/2017		90	100,000
27/01/2017		92	652,500
27/01/2017		87	120,000
30/01/2017		93	217,500
31/01/2017		99	84,200
01/02/2017		100	119,000
02/02/2017	CASH WITHDRAWAL	102	60,000
02/02/2017		94	430,000
03/02/2017		105	280,500
03/02/2017	CASH WITHDRAWAL	111	170,000
06/02/2017		101	125,000
06/02/2017		106	870,000
08/02/2017		103	150,000
09/02/2017	CASH WITHDRAWAL	120	17,270

09/02/2017	CASH WITHDRAWAL	114	280,000
09/02/2017	CASH WITHDRAWAL	115	454,000
09/02/2017	CASH WITHDRAWAL	113	365,000
10/02/2017	CASH WITHDRAWAL	125	400,000
10/02/2017	CASH WITHDRAWAL	124	300,000
13/02/2017		121	300,000
13/02/2017		112	120,000
13/02/2017		122	600,000
13/02/2017		116	115,000
13/02/2017		118	81,000
14/02/2017		127	300,000
14/02/2017	CASH WITHDRAWAL	117	26,400
16/02/2017	CASH WITHDRAWAL	132	506,500
16/02/2017	CASH WITHDRAWAL	137	30,000
16/02/2017	CASH WITHDRAWAL	133	206,500
16/02/2017	CASH WITHDRAWAL	131	346,000
16/02/2017		126	300,000
17/02/2017		129	400,000
17/02/2017		128	125,000
20/02/2017		134	96,000
20/02/2017		136	30,000
20/02/2017		130	50,000
24/02/2017	CASH WITHDRAWAL	142	350,770
24/02/2017	CASH WITHDRAWAL	148	135,000
24/02/2017	CASH WITHDRAWAL	141	144,000
24/02/2017	CASH WITHDRAWAL	150	400,000
24/02/2017		143	616,000
25/02/2017	CASH WITHDRAWAL	144	100,000
27/02/2017		147	150,000
27/02/2017		149	676,000
28/02/2017	CASH WITHDRAWAL	151	400,000
01/03/2017		108	72,000
02/03/2017	CASH WITHDRAWAL	153	400,000
02/03/2017	CASH WITHDRAWAL	161	100,000
02/03/2017	CASH WITHDRAWAL	159	794,360
06/03/2017		155	125,000
06/03/2017	CASH WITHDRAWAL	162	225,000
07/03/2017		160	335,000
07/03/2017		154	125,000
09/03/2017	CASH WITHDRAWAL	169	848,000
09/03/2017	CASH WITHDRAWAL	164	300,000
09/03/2017	CASH WITHDRAWAL	165	300,000

10/03/2017	CASH WITHDRAWAL	171	100,000
13/03/2017		170	252,000
16/03/2017	CASH WITHDRAWAL	184	340,000
16/03/2017	CASH WITHDRAWAL	177	350,000
16/03/2017	CASH WITHDRAWAL	176	292,000
16/03/2017	CASH WITHDRAWAL	175	368,000
16/03/2017	CASH WITHDRAWAL	173	400,000
16/03/2017	CASH WITHDRAWAL	174	120,000
16/03/2017	CASH WITHDRAWAL	179	78,000
16/03/2017	CASH WITHDRAWAL	183	35,000
16/03/2017	CASH WITHDRAWAL	178	97,060
16/03/2017	CASH WITHDRAWAL	180	300,000
18/03/2017	CASH WITHDRAWAL	182	100,000
23/03/2017		172	335,000
24/03/2017	CASH WITHDRAWAL	185	50,000
24/03/2017	CASH WITHDRAWAL	189	334,200
24/03/2017	CASH WITHDRAWAL	190	460,000
24/03/2017	CASH WITHDRAWAL	187	492,000
28/03/2017		191	651,000
31/03/2017	CASH WITHDRAWAL	192	902,000
20/04/2016	CASH WITHDRAWAL	10522	168,500
14/11/2016	CASH WITHDRAWAL	31	180,000
22/11/2016	CASH WITHDRAWAL	35	100,000
25/11/2016	CASH WITHDRAWAL	37	180,000
<b>Sub-total</b>			<b>16,609,010</b>
<b>Total Withdrawals</b>			
iii. KCB bank ACC.NO - 1199239577			<b>5,372,300</b>
iv. ABC bank ACCOUNT - NO.001200001001037			<b>16,609,010</b>
			<b>21,981,310</b>

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**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE PERIOD 1ST JANUARY 2016 TO 31ST DECEMBER 2017**

	Notes	2016 & 2017	2017	2016
		Kshs	Kshs	Kshs
<b>Revenue from non-exchange transactions</b>				
Public contributions and donations	1	91,907,256.00	82,181,911.00	9,725,345.00
		<b>91,907,256.00</b>	<b>82,181,911.00</b>	<b>9,725,345.00</b>
<b>Total revenue</b>		<b>91,907,256.00</b>	<b>82,181,911.00</b>	<b>9,725,345.00</b>
<b>Expenses</b>				
Use of goods and services			-	-
Employee costs	2	8,507,330.00	7,373,330.00	1,134,000.00
Remuneration of directors			-	-
Depreciation and amortization expense	3	637,581.56	457,969.06	179,612.50
Repairs and maintenance	4	336,400.00	258,400.00	78,000.00
General expenses	5	73,127,673.40	66,973,820.40	6,153,853.00
Finance costs			-	-
<b>Total expenses</b>		<b>82,608,984.96</b>	<b>75,063,519.46</b>	<b>7,545,465.50</b>
<b>Surplus before tax</b>		<b>9,298,271.04</b>	<b>7,118,391.54</b>	<b>2,179,879.50</b>
Taxation			-	-
<b>Surplus/( deficit) for the period/year</b>		<b>9,298,271.04</b>	<b>7,118,391.54</b>	<b>2,179,879.50</b>
Remission to National Treasury			-	-
<b>Net Surplus for the year</b>		<b>9,298,271.04</b>	<b>7,118,391.54</b>	<b>2,179,879.50</b>



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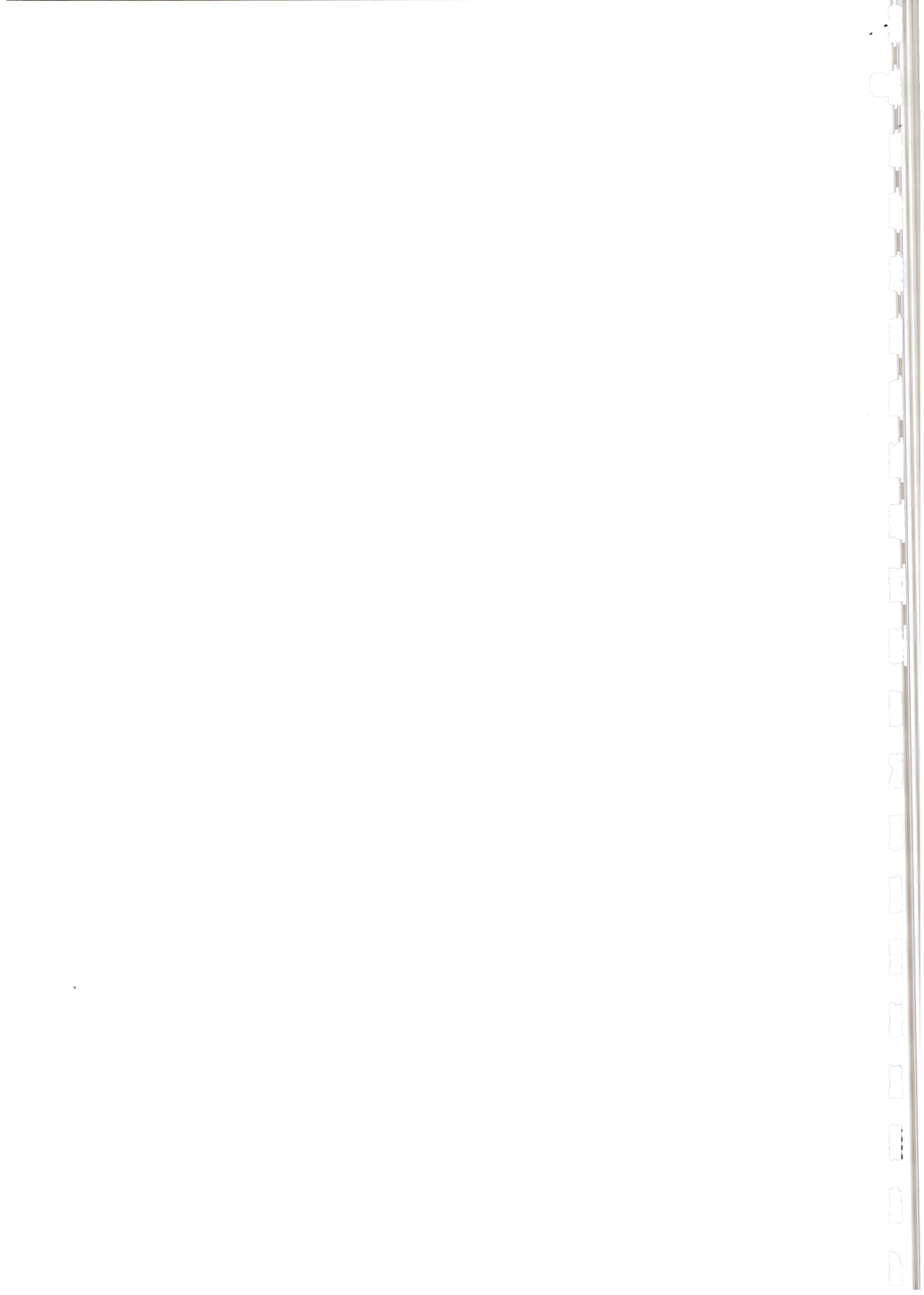
**STATEMENT OF FINANCIAL POSITION  
 AS AT DECEMBER 31, 2017**

	Notes	2017	2016
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	326,530.80	948,772.00
Receivables from exchange transactions		-	-
Receivables from non-exchange transactions	7	11,371,576.00	1,263,320.00
		<b>11,698,106.80</b>	<b>2,212,092.00</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	1,304,818.44	1,257,287.50
		1,304,818.44	1,257,287.50
<b>Total assets</b>		<b>13,002,925.24</b>	<b>3,469,379.50</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	12	2,415,154.40	-
		<b>2,415,154.40</b>	-
<b>Total liabilities</b>		<b>2,415,154.40</b>	-
<b>Net assets</b>		<b>10,587,770.84</b>	<b>3,469,379.50</b>
Surplus / Deficit		7,118,391.54	2,179,879.50
Reserves		2,230,479.50	50,600.00
Capital Fund		1,238,900.00	1,238,900.00
<b>Total net assets and liabilities</b>		<b>10,587,771.04</b>	<b>3,469,379.50</b>

Secretary General.....

National Chairman.....

National Treasurer.....



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STATEMENT OF CHANGES IN NET ASSETS

FOR THE TWO YEARS ENDED 31ST DECEMBER 2017

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
As at 1st January, 2016	-	-	-	50,600.00	-	1,238,900.00	1,289,500.00
Surplus for the year as at 31st December, 2016	-	-	-	2,179,879.50	-		2,179,879.50
As at 1st January, 2017	-	-	-	2,230,479.50	-	1,238,900.00	3,469,379.50
Surplus for the year	-	-	-	7,118,391.54	-	-	7,118,391.54
As at 31st December 2017	-	-	-	9,348,871.04	-	1,238,900.00	10,587,771.04



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**STATEMENT OF CASH FLOWS FOR THE PERIOD 1ST JANUARY 2016 TO 31ST DECEMBER 2017**

		2016 & 2017	2017	2016
	Notes	Kshs	Kshs	Kshs
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Property taxes			-	-
Public contributions and donations		91,907,256.00	82,181,911.00	9,725,345.00
Increase in current receivables		(11,371,576.00)	(10,108,256.00)	(1,263,320.00)
Decrease in current receivables		-	-	-
Increase in current payables		2,415,154.40	2,415,154.40	
Other income, rentals and agency fees		-	-	-
<b>Total Receipts</b>		<b>82,950,834.40</b>	<b>74,488,809.40</b>	<b>8,462,025.00</b>
<b>Payments</b>				
Compensation of employees		8,507,330.00	7,373,330.00	1,134,000.00
Goods and services		-	-	-
Finance cost		486,258.40	440,125.40	46,133.00
Rent paid		7,306,900.00	4,104,900.00	3,202,000.00
Taxation paid		-	-	-
Other payments		65,670,915.00	62,687,195.00	2,983,720.00
Grants and subsidies paid		-	-	-
<b>Total Payments</b>		<b>81,971,403.40</b>	<b>74,605,550.40</b>	<b>7,365,853.00</b>
<b>Net cash flows from operating activities</b>	9	<b>979,431.00</b>	<b>(116,741.00)</b>	<b>1,096,172.00</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant, equipment and intangible assets		(1,662,000.00)	(1,464,000.00)	(198,000.00)
Proceeds from sale of property, plant and (Lost asset)		958,500.00	958,500.00	
<b>Net cash flows used in investing activities</b>		<b>(703,500.00)</b>	<b>(505,500.00)</b>	<b>(198,000.00)</b>
<b>Cash flows from financing activities</b>				
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>275,931.00</b>	<b>(622,241.00)</b>	<b>898,172.00</b>
		-		
Cash and cash equivalents at 1 January 2016	6	50,600.00	948,772.00	50,600.00
Cash and cash equivalents at 31st December 2017	6	326,530.80	326,530.80	948,772.00



**1. GENERAL INFORMATION**

The Amani National Congress was formed by and derives its authority and accountability from Political Parties Act. The entity is wholly domiciled in Kenya. The entity's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued 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 ANC's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note pages.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Amani National Congress.

The financial statements have been prepared in accordance with the PFM Act 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 but not yet effective in the year ended 31 December 2016 and 31 December 2017**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 40: Public Sector Combinations</b>	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only) Business combinations and combinations arising from non exchange transactions which are covered purely under Public Sector combinations as amalgamations.

**ii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2016 and 2017.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**



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The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

**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 entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

**b) Budget information**

There was no budget for FY 2016 and 2017 which was to be approved by the National Executive Committee. Our estimates are purely based on the provision of the Political Parties Act, 2011. The Act requires the party to establish head office - which head office must be accessible and secure. The said office must be conspicuous, spacious and not in the backstreet. We are further required to establish more than 24 county offices across the country. The overheads and the running of these offices run into millions every month. Added to this are administrative costs, election and campaign expenses, conferences and meetings and party policy and advocacy.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of financial performance has not been presented because there were no budget estimates prepared for the two years under consideration.

**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 Entity 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.

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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 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 entity and the same taxation authority.

#### **5. Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

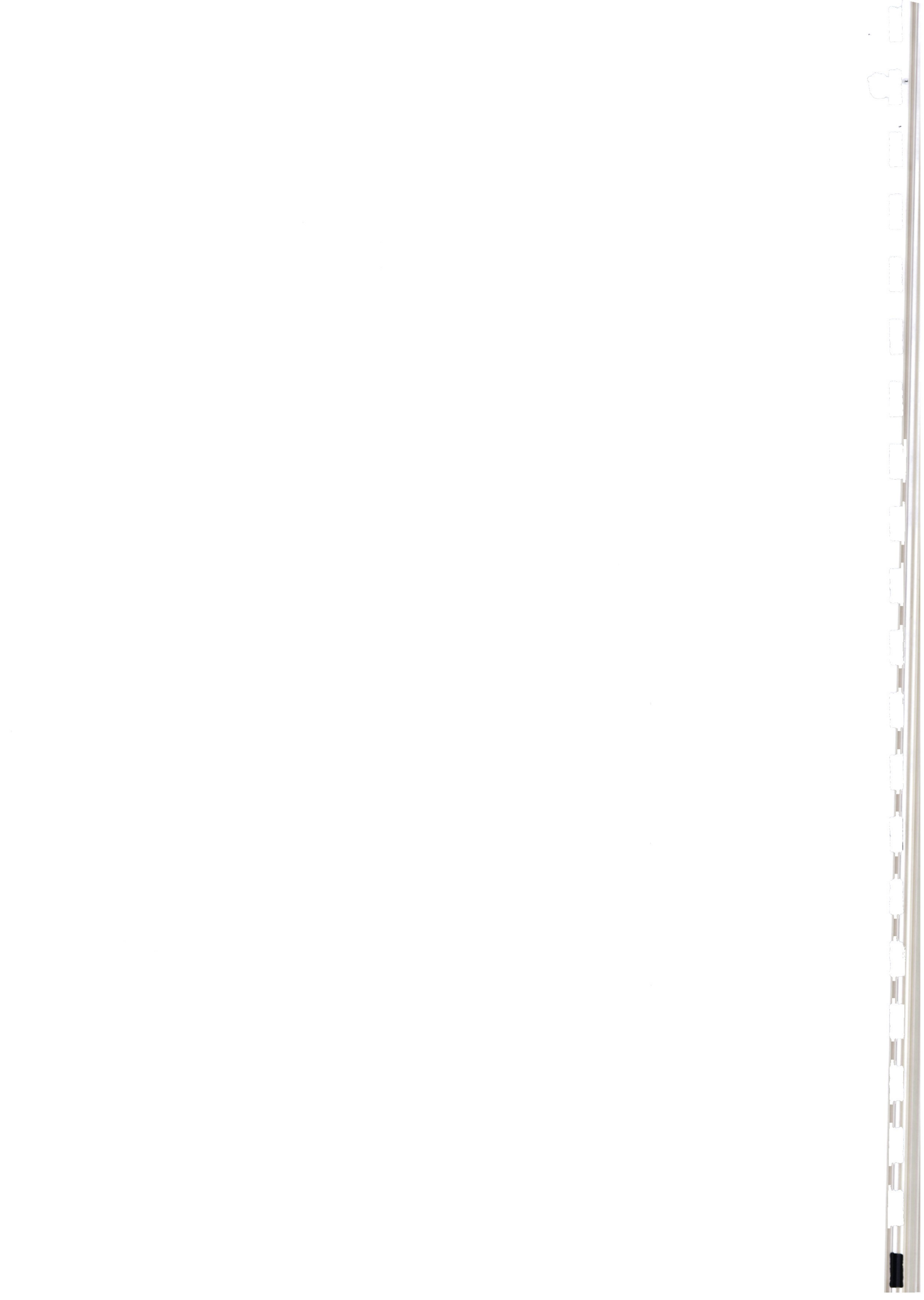
Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

#### **6. Property, plant and equipment**

All property, plant 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 entity 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.

#### ***Useful lives and residual values***

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



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The condition of the asset based on the assessment of experts employed by the Entity  
The nature of the asset, its susceptibility and adaptability to changes in technology and processes  
The principal accounting policies adopted in the preparation of these accounts are set below:

**I. Basis of preparation**

The final statements of the Party have been prepared in accordance and comply with the standards issued by the International Financial Standards (IFRS) under the Historical cost convention and Kenyan Government IPSAs.

**II. Depreciation**

Depreciation is provided for on fixed assets using the reducing balance method except for the Leasehold Structure that is to be written off over 10years period.

The following are the rates used :

- Lease Hold Structure - to be written off over 10 years
- Office Furniture and Fittings 12.5%
- Office Equipment 12.5%
- Computers and Printers 30%
- Motor Vehicles 25%

**7. Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 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 Entity 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 Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**8. Intangible assets**

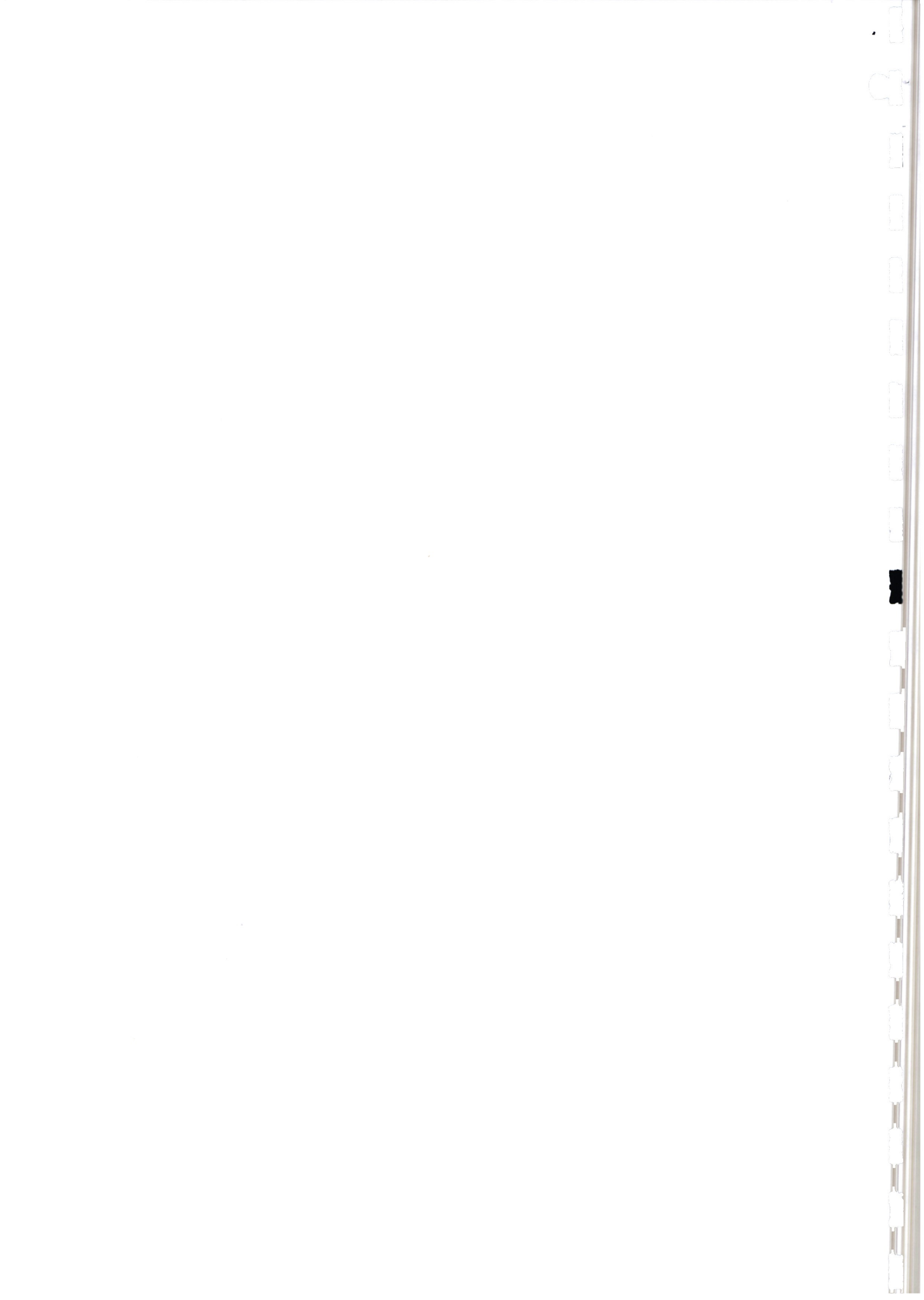
Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

**9. Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale



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- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

## **10. Financial instruments**

### ***Financial assets***

#### ***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

#### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

#### ***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

#### ***Impairment of financial assets***

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)



***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**i) 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:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor 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 Entity.

**j) Provisions**

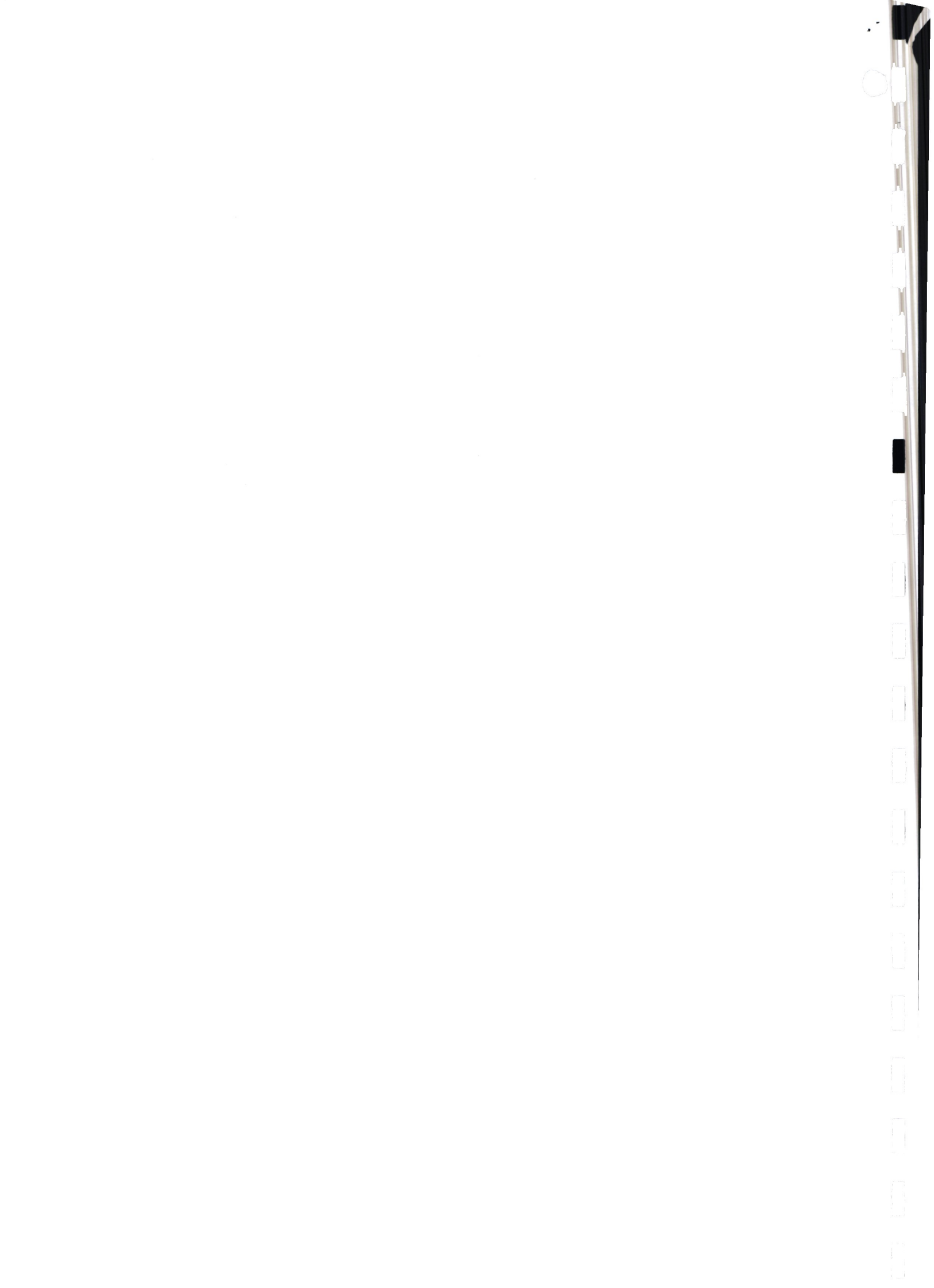
Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity 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.

***Contingent liabilities***

The Entity 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.



**Amani National Congress**  
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**For the period January 1, 2016 to December 31, 2017**

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***Contingent assets***

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

**n) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**o) Related parties**

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



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**9 CASH GENERATED FROM OPERATIONS**

Description	2016 & 2017	2017	2016
	KShs	KShs	KShs
Surplus/Deficit for the year before tax	9,298,271.04	7,118,391.54	2,179,879.50
<b>Adjusted for:</b>	-		
Depreciation	637,581.56	457,969.06	179,612.50
Increase in receivables	(11,371,576.00)	(10,108,256.00)	(1,263,320.00)
Increase in deferred income	-	-	-
Increase in payables	2,415,154.40	2,415,154.40	-
Increase in payments received in advance	-	-	-
<b>Net cash flow from operating activities</b>	<b>979,431.00</b>	<b>(116,741.00)</b>	<b>1,096,172.00</b>

**10 Currency**

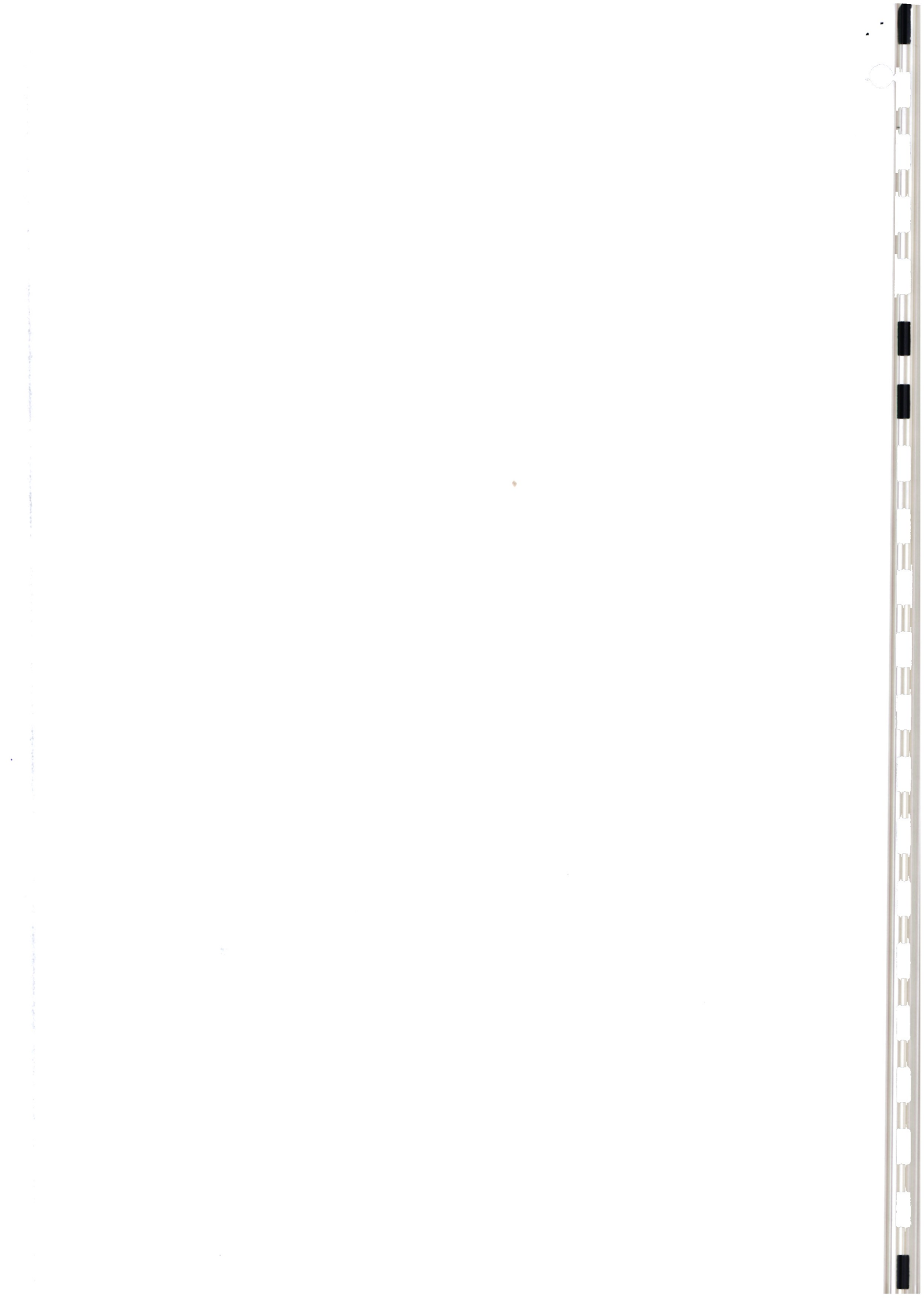
The financial statements are presented in Kenya Shillings (Kshs).



**Amani National Congress  
Annual Reports And Financial Statements  
For the year ending December 31, 2017**

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**KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Amani National Congress was formed in 2015 as a political party after meeting the registration requirements under the newly established Registrar of Political Parties office. The National Executive Committee is responsible for the general policy and strategic direction of the Party.

**(b) Principal Activities**

The organization's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

**(c) Key Management**

The *Amani National Congress* day-to-day management is under the following key organs:

- Secretary General;
- Executive Director
- Finance & Administration Director
- Other Directors and Managers
- Accountant

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 31, December 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairman	Kelvin Lunani ( 3/4/2015 – to date )
2.	Secretary General	Godfry Osotsi (3/4/2015 to 31 <sup>st</sup> August 2017)
3.	Secretary General	Barrack Muluka (12 <sup>th</sup> October 2017- to date)
4.	Organizing secretary	John K. Ngasura ( 3/4/2015 – to date )
5.	Executive Director	Petronila Were Lokorio (3/4/2015 to 31 <sup>st</sup> August 2017)
6.	Executive Director	Margaret Ndanyi (12 <sup>th</sup> October 2017- to date)
7.	National Treasurer	Geofrey Omito Anyembe ( 3/4/2015 – to date )

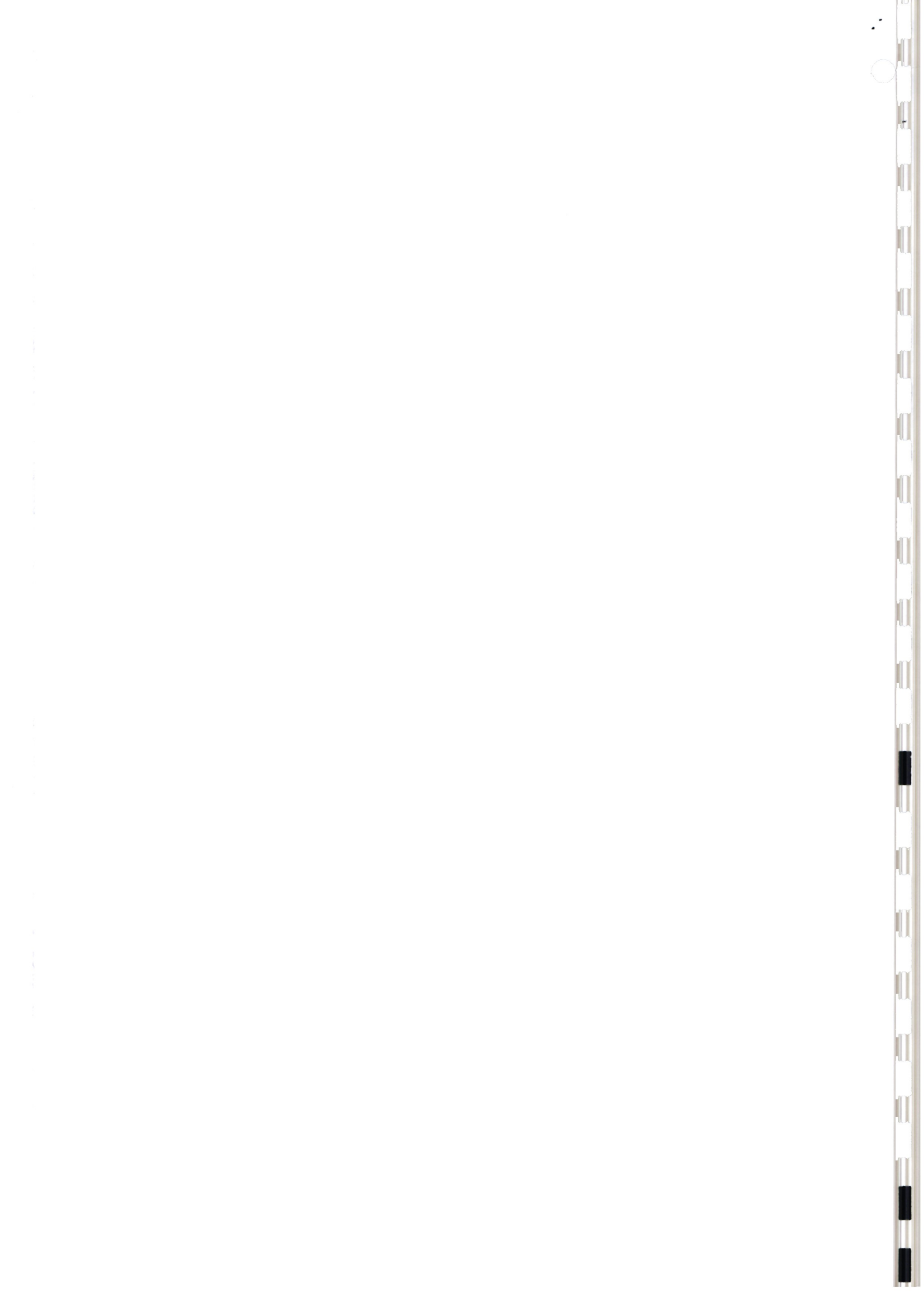
**(e) Fiduciary Oversight Arrangements**

*- Audit and finance committee activities*

The audit committee helps the National Executive Committee with corporate governance. It is a creation of the National Executive Committee of the party. Its membership is comprised of the Treasurer and two deputies, the chairperson of the Finance & Resource Mobilization and the chairperson of the Strategic Planning Committee. The primary role of the audit committee is to assist the National Executive Committee with its corporate governance oversight responsibilities in ensuring that:

- **External Auditing** processes are carried out independently without interference so as to guarantee the integrity of the party's financial statements,
- **Regulatory and Legal** requirements of the government inclusive of the Amani National Congress 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 are 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 Committee.



**p) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**q) 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.

## **11. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Entity's 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: e.g

### **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 Entity 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. 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.

The National Executive Committee sitting in September 2018 resolved to write off all the unrecoverable debts. These unrecoverable debts are attributable basically to

1. Members of the county assembly who did not make it back to the assembly
2. Members of Parliament and County Assembly who have since died.

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**1. PUBLIC CONTRIBUTIONS AND DONATIONS**

Description	2016 & 2017	2017	2016
	KShs	KShs	KShs
Membership fee	19,997,000.00	19,997,000.00	
Members subscriptions	4,693,845.00		4,693,845.00
Nomination & petition Fee	53,708,561.00	53,708,561.00	
Donations & harambee	600,000.00	600,000.00	
Founder contribution	8,292,250.00	3,260,750.00	5,031,500.00
	-		
Other	4,615,600.00	4,615,600.00	-
<b>Total transfers and sponsorships</b>	<b>91,907,256.00</b>	<b>82,181,911.00</b>	<b>9,725,345.00</b>

**2. EMPLOYEE COSTS**

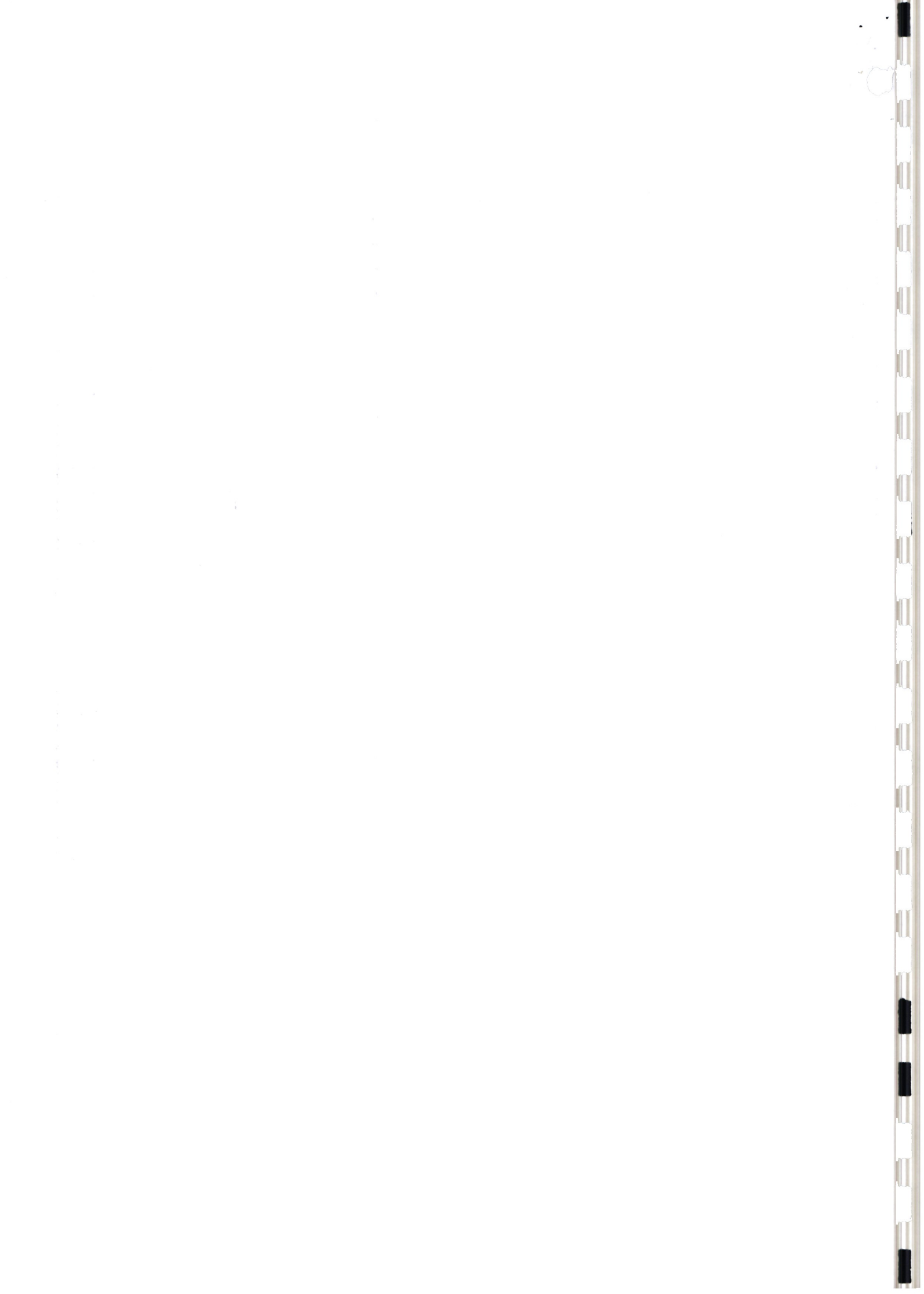
Description	2016 & 2017	2017	2016
	KShs	KShs	KShs
Salaries and wages	8,507,330.00	7,373,330.00	1,134,000.00
<b>Employee costs</b>	<b>8,507,330.00</b>	<b>7,373,330.00</b>	<b>1,134,000.00</b>

**3. DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2016 & 2017	2017	2016
	KShs	KShs	KShs
Property, plant and equipment	637,581.56	457,969.06	179,612.50
<b>Total depreciation and amortization</b>	<b>637,581.56</b>	<b>457,969.06</b>	<b>179,612.50</b>

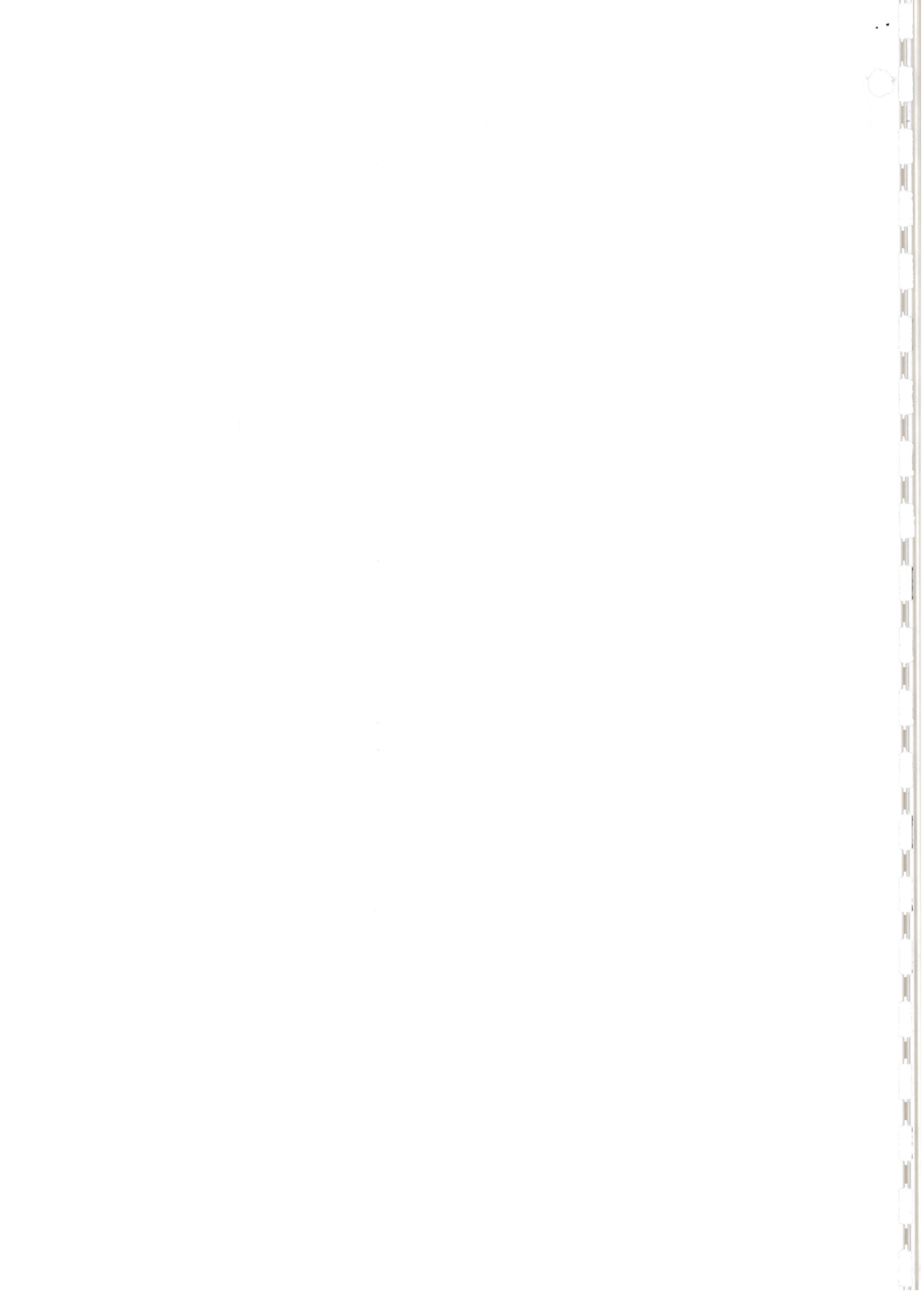
**4. REPAIRS AND MAINTENANCE**

Description	2016 & 2017	2017	2016
	KShs	KShs	KShs
Furniture and fittings	271,400.00	241,400.00	30,000.00
Computers and accessories	65,000.00	17,000.00	48,000.00
<b>Total repairs and maintenance</b>	<b>336,400.00</b>	<b>258,400.00</b>	<b>78,000.00</b>



## 5. GENERAL EXPENSES

Description	2016 & 2017	2017	2016
	KShs	KShs	KShs
Advertising	8,664,192.00	8,644,192.00	20,000.00
Admin expenses	2,907,729.00	1,958,479.00	949,250.00
Audit fees	-	-	-
Conferences and delegations	13,434,219.00	13,192,219.00	242,000.00
Consulting fees	141,450.00	141,450.00	-
Party nomination expenses	18,918,250.00	18,918,250.00	-
Electricity	14,285.00	14,285.00	-
Legal & professional fee	710,000.00	710,000.00	-
Licenses and permits	-	-	-
Travelling expenses	1,999,750.00	1,734,950.00	264,800.00
Donations	621,000.00	621,000.00	-
Postage	10,000.00	10,000.00	-
Printing and stationery	14,674,590.00	13,465,920.00	1,208,670.00
Hire charges	-	-	-
Rental	7,306,900.00	4,104,900.00	3,202,000.00
Security costs	823,500.00	823,000.00	500.00
Bank charges	486,258.40	440,125.40	46,133.00
Skills development levies	-	-	-
Software development & running exp	1,660,000.00	1,540,000.00	120,000.00
Telecommunication	87,500.00	87,000.00	500.00
Training	618,050.00	568,050.00	50,000.00
Other - Subscription to CMD	50,000.00	-	50,000.00
<b>Total general expenses</b>	<b>73,127,673.40</b>	<b>66,973,820.40</b>	<b>6,153,853.00</b>



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 FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2017

**6. CASH AND CASH EQUIVALENTS**

Description	2017	2016
	KShs	KShs
Current account	326,530.80	948,772.00
<b>Total cash and cash equivalents</b>	<b>326,530.80</b>	<b>948,772.00</b>

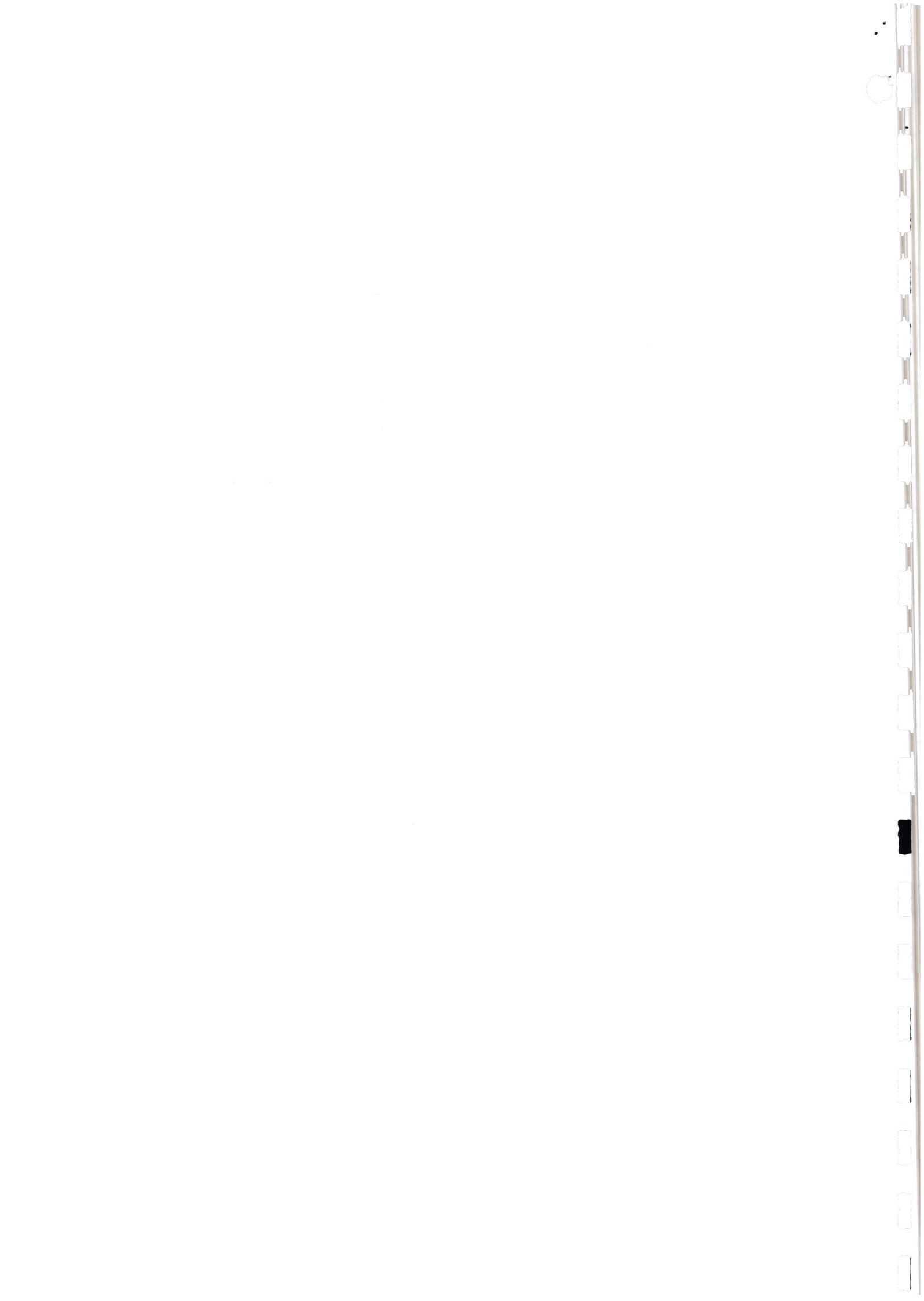
*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

**6 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

		2017	2016
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank		47,379.80	607,430.00
ABC Bank		279,151.00	341,342.00
<b>Sub- total</b>		<b>326,530.80</b>	<b>948,772.00</b>
<b>Grand total</b>		<b>326,530.80</b>	<b>948,772.00</b>

**7. RECEIVABLES FROM NON-EXCHANGE CONTRACTS**

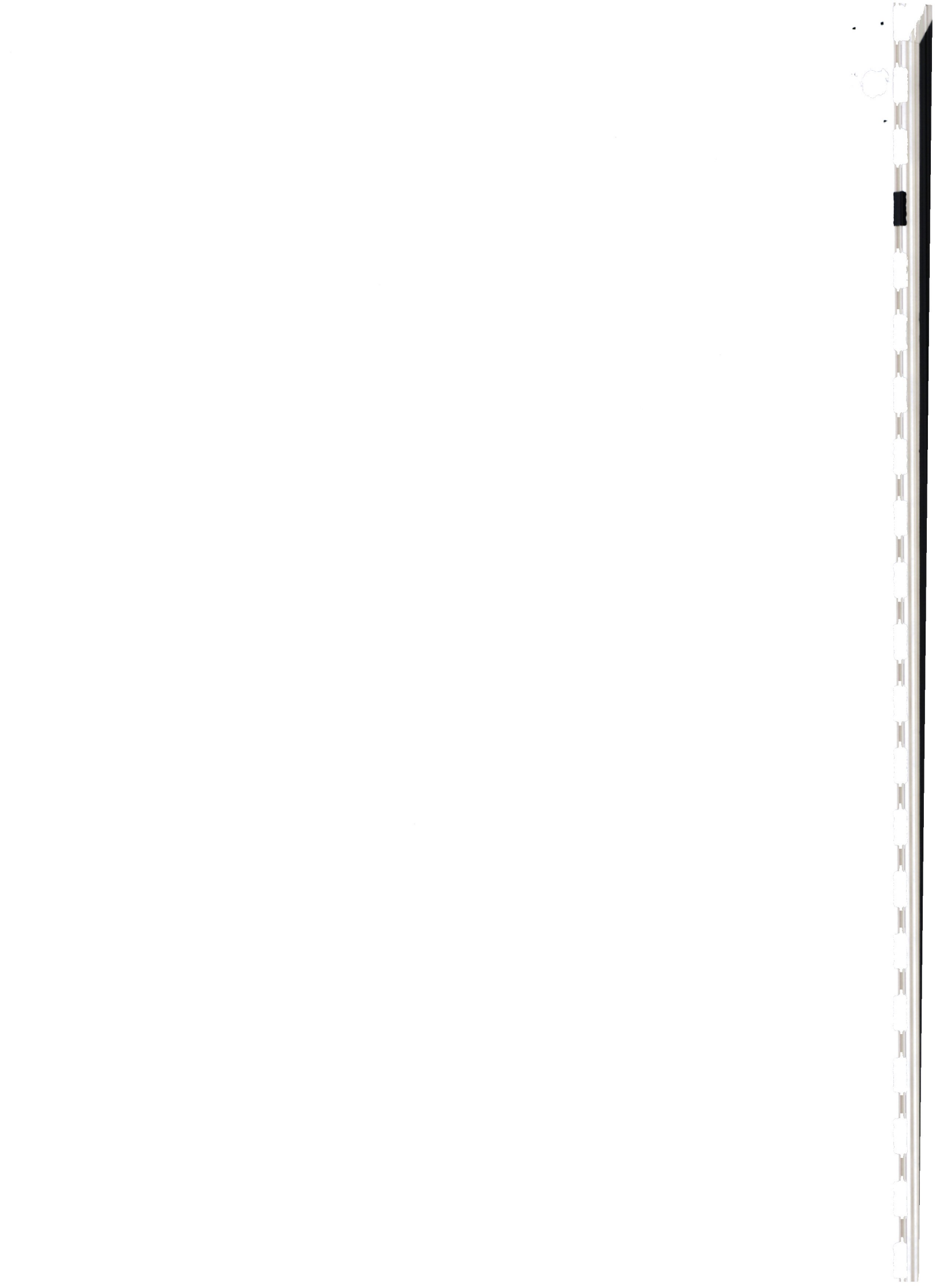
Description	2017	2016
	KShs	KShs
<b>Current receivables</b>		
lost assets	958,500.00	-
Other debtors (Unaccounted cashflow 2016)	1,263,320.00	1,263,320.00
Other debtors (Unaccounted cashflow 2017)	9,149,756.00	-
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>11,371,576.00</b>	<b>1,263,320.00</b>



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**11. PROPERTY, PLANT AND EQUIPMENT**

Cost	Land and Buildings Shs	Motor vehicles Shs	Furniture and fittings Shs	Computers & office equipment Shs	Other Shs	Plant and equipment Shs	Capital Work in progress Shs	Total Shs
At 1st January 2016	-	-	977,900.00	261,000.00	-	-	-	1,238,900.00
Additions	-	-	-	198,000.00	-	-	-	198,000.00
As at 31 December 2016	-	-	977,900.00	459,000.00	-	-	-	1,436,900.00
At 1st January 2017	-	-	977,900.00	459,000.00	-	-	-	1,436,900.00
Additions	-	-	271,000.00	1,193,000.00	-	-	-	1,464,000.00
Disposals	-	-	(523,000.00)	(435,500.00)	-	-	-	(958,500.00)
Transfer/adjustments	6	-	-	-	-	-	-	-
At 31st, December 2017	-	-	725,900.00	1,216,500.00	-	-	-	1,942,400.00
<b>Depreciation and impairment</b>								
At 1st, January 2016	-	-	-	-	-	-	-	-
Depreciation	-	-	(122,237.50)	(57,375.00)	-	-	-	(179,612.50)
Impairment	-	-	-	-	-	-	-	-
At 31st, December 2016	-	-	(122,237.50)	(57,375.00)	-	-	-	(179,612.50)
At 1st, January 2017	-	-	(122,237.50)	(57,375.00)	-	-	-	(179,612.50)
Depreciation	-	-	(75,457.81)	(382,511.25)	-	-	-	(457,969.06)
At 31st, December 2017	-	-	(197,695.31)	(439,886.25)	-	-	-	(637,581.56)
NBV as at 31 December 2016	-	-	855,622.50	401,625.00	-	-	-	1,257,287.50
Net book values At 31st December 2017	-	-	528,204.69	776,613.75	-	-	-	1,304,818.44



**12 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

<b>Description</b>	<b>2017</b>	<b>2016</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	-	-
Payments received in advance	-	-
Employee advances	-	-
Third-party payments	-	-
Other payables	2,415,154.40	-
<b>Total trade and other payables</b>	<b>2,415,154.40</b>	<b>-</b>



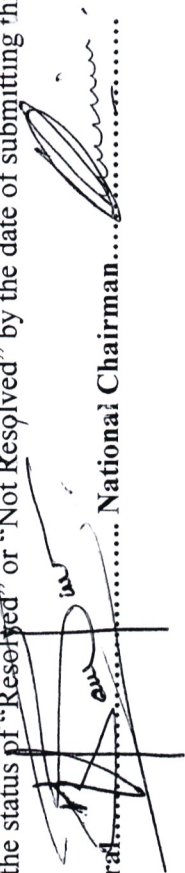
AMANI NATIONAL CONGRESS  
 ANNUAL REPORTS AND FINANCIAL STATEMENTS  
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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

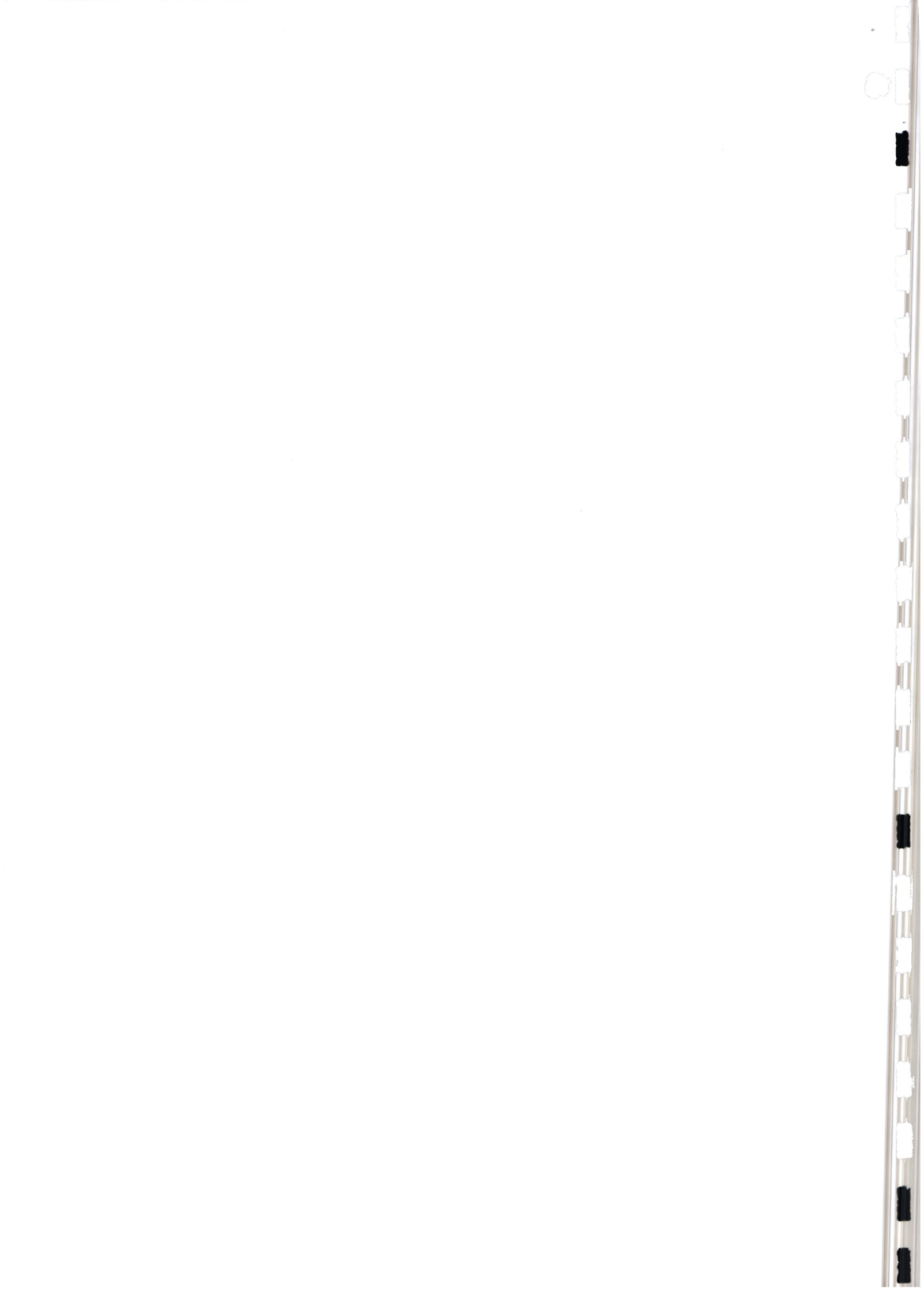
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status:	Timeframe:
N/A	N/A	N/A	N/A	(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved) N/A

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Secretary General..... National Chairman.....  


Date.....





**International Public Sector Accounting Standards (IPSAS)  
Annual Financial Reporting Template for  
Regulatory and Other Non – Commercial Government Owned Entities**  
(Semi - Autonomous Government Agencies and Public Funds Established by an Act of Parliament  
or a Legal Notice)

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**REGULATORY AND OTHER NON-COMMERCIAL ENTITIES**

**AMANI NATIONAL CONGRESS PARTY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
DECEMBER 31, 2017**

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



## **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. Amani National Congress 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 risks to property.

Controlling these risks through a formal program is necessary for the well-being of the organization and everyone in it. The jobs and services the party provide the safety of the workplace and other benefits all depend to an extent on our ability to control risks. 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 organization. Each is responsible for reporting any unsafe conditions they see. Also, each is encouraged to suggest ways in which we can operate more safely.

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

### **Purpose**

The purpose of this policy is to ensure that risks to Amani National Congress are identified, analysed, and managed so that they are maintained at acceptable levels. Risks to the confidentiality, integrity, and availability of both party information and assets are considered.

### **ANC Risk Management Mission Statement**

The Amani National Congress has a moral and legal duty to its membership, employees, and to party assets. We continue to meet our duty by ensuring that risk management plays an integral part in sound governance at both a strategic and operational level.

The National Executive Committee of the party will support the risk management efforts through setting policy and providing broad guidance on goals and objectives. However, risk management is an active process that requires cooperation by all directors, employees, and—where appropriate—the larger party membership. To that end, the National Executive Committee accepts that it must take a leadership role in seeing that appropriate measures are undertaken.

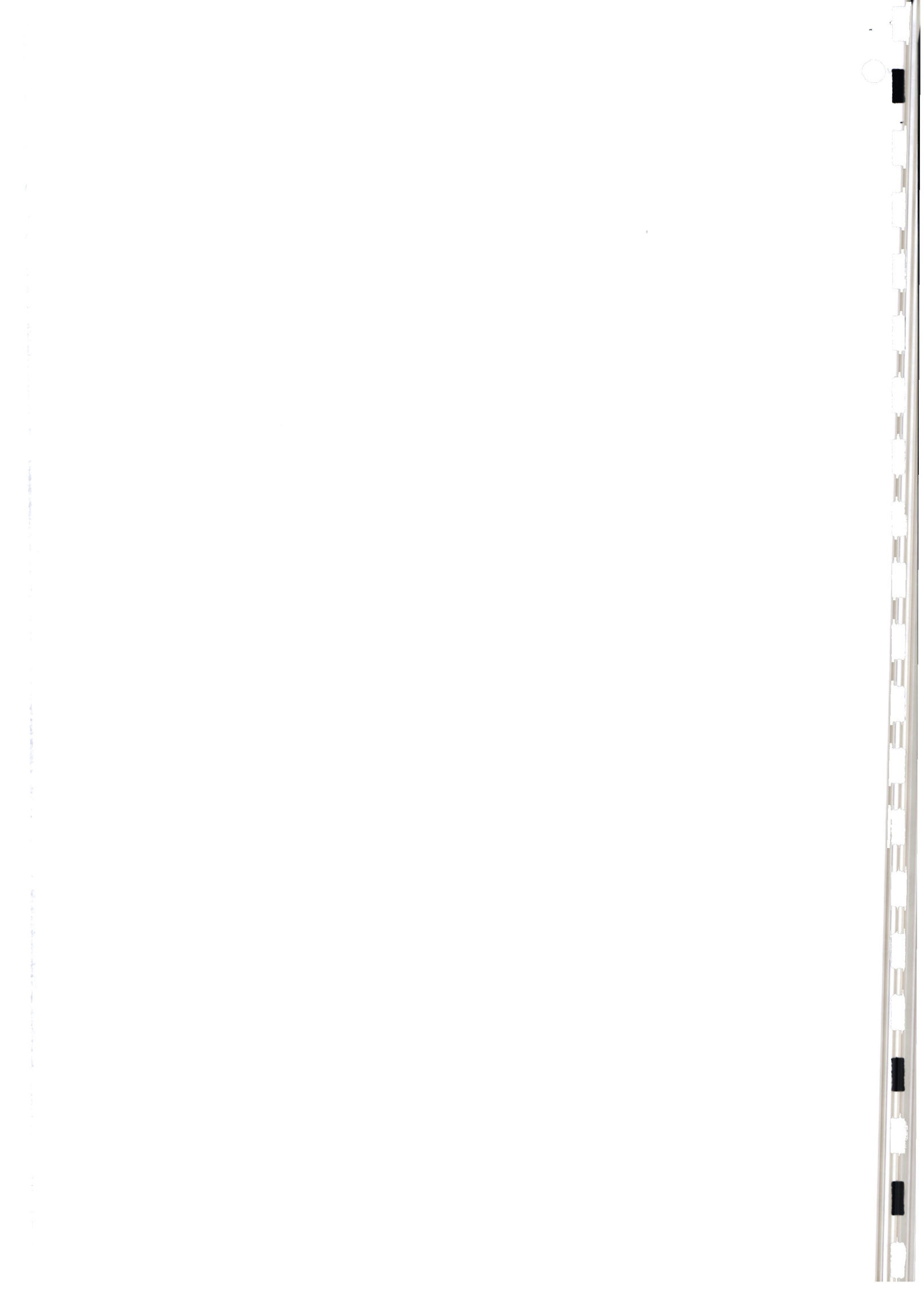
### **ANC Risk Management Goals Statement**

The National Executive Committee authorizes the establishment of a Risk Management Committee, which shall consist of Five members, the party treasurer, a member trained on fire and emergency, a member trained on public works management, and two NEC Members (to be selected by the National Executive Committee for five-year terms). The Committee shall be chaired by the party treasurer, and its responsibilities shall be:

- Identifying and assessing risks
- Selecting and implementing risk control and financing measures
- Periodically reviewing risk management efforts and reporting to the National Executive Committee

These activities shall be undertaken in the service of the risk management mission statement, and to that end risk management practices are undertaken to reduce the cost of risk to Amani National Congress and to maximize benefits of opportunities that the membership may encounter.

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.



**Amani National Congress  
Annual Reports And Financial Statements  
For the year ending December 31, 2017**

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Amani National Congress 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 risks to property.

Controlling these risks through a formal program is necessary for the well-being of the organization and everyone in it. The jobs and services the party provides the safety of the workplace and other benefits all depend to an extent on our ability to control risks.

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 organization. Each is responsible for reporting any unsafe conditions they see. Also, each is encouraged to suggest ways in which we can operate more safely. 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 will be evaluated, in part, according to how he or she complies with this policy.

This Risk Policy document has received the following review and approvals from ANC Management.

**(f) Entity Headquarters**

AMANI House  
Lavington  
Loiyangalani Drive Off Convent Road  
Off James Gichuru Road  
P.O. Box 74391 - 00200  
Nairobi

**(g) Entity Contacts**

Telephone: (020) 203 3479/ (020) 2339834  
E-mail: [official@anc.or.ke](mailto:official@anc.or.ke)  
Website: [www.anc.or.ke](http://www.anc.or.ke)

**(h) Entity Bankers**

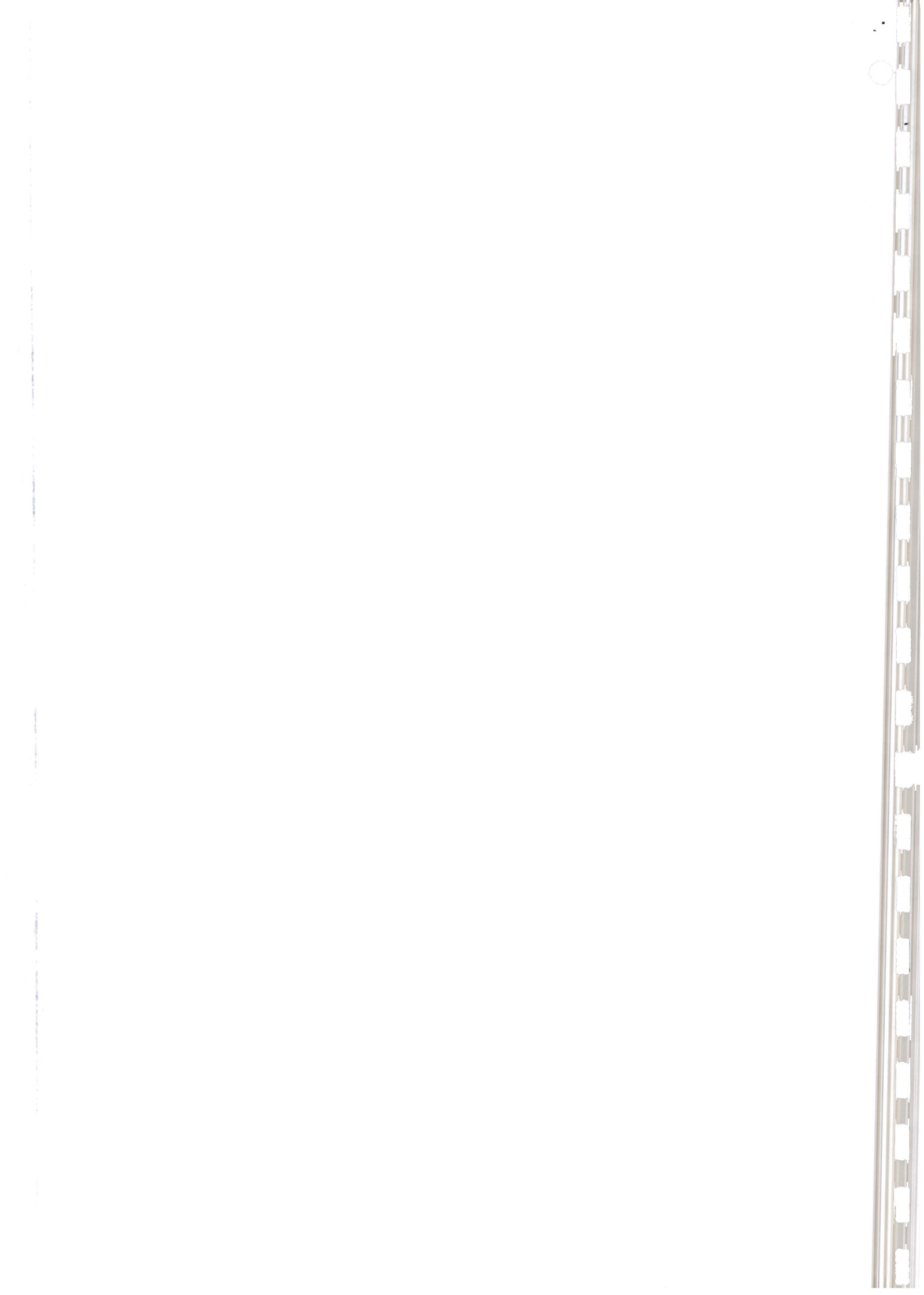
ABC Bank, Westlands, Nairobi  
KCB Bank, High Court, Nairobi

**(i) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

1. Dan Ameyo
2. Moses Chelang'a

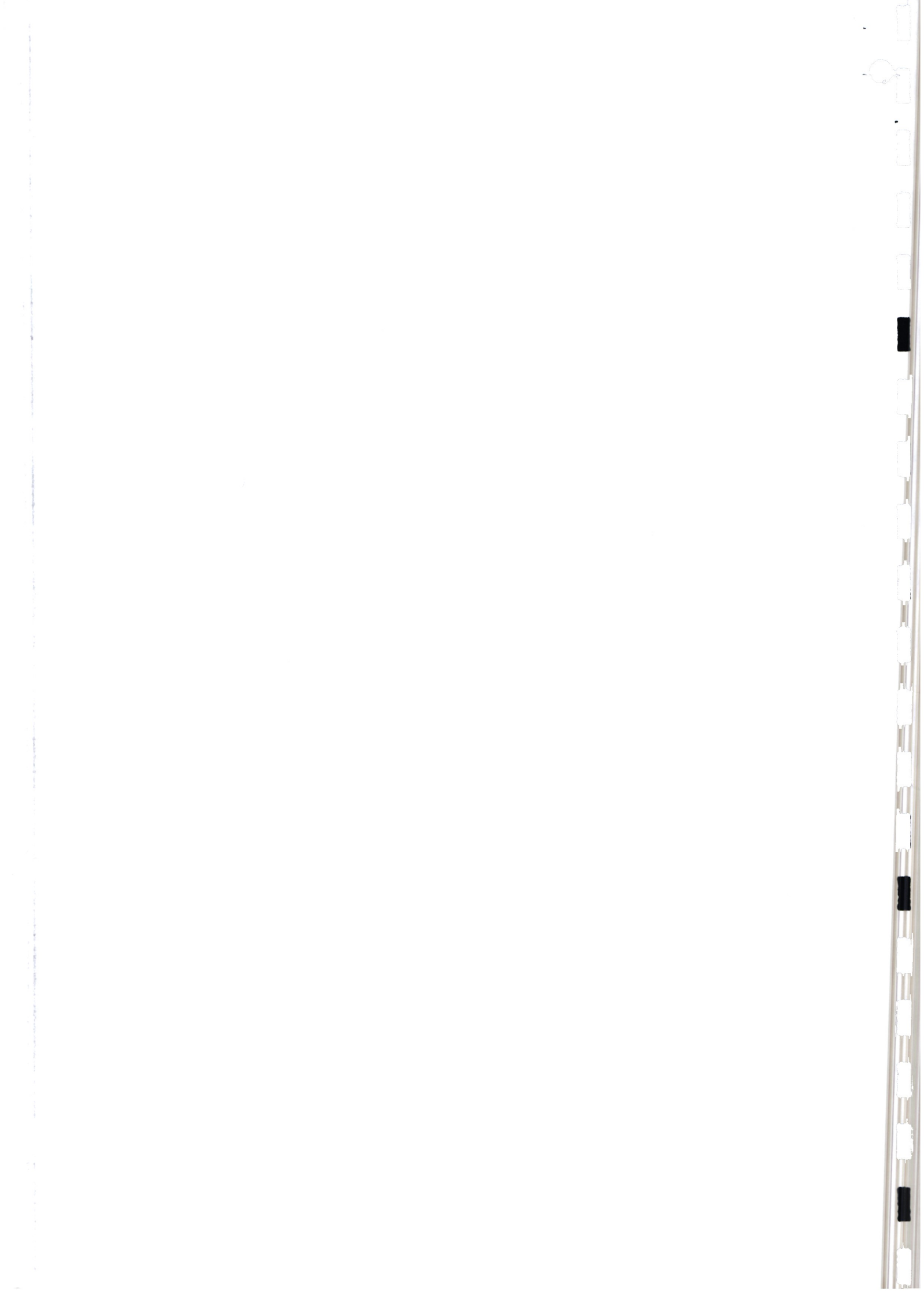


**NATIONAL EXECUTIVE COMMITTEE MEMBERS**

1.	Hon. Musalia Mudavadi	Party Leader (3/4/2015 to date)
2.	Kelvin Lunani	National Chairman (3/4/2015 to date)
3.	Margaret Onyango	Deputy Chairman ( 3/4/2015 to date )
4.	Hon. Godfery Osotsi	Secretary General (3/4/2015 to 31st August 2017)
5.	Barrack Muluka	Secretary General (12 October 2017 to date )
6.	Joseph Mengich	Deputy Secretary General (3/4/2015 to date )
7.	Jonh K. Ngasura	National Organizing Secretary (3/4/2015 to date )
8.	Caroline Nandwa Nyakeri	Deputy Organizing Secretary ( 3/4/2015 to date )
9.	Geoffrey Omito Anyembe	National Treasurer ( 3/4/2015 to date )
10.	David Tobo Oruko	Deputy Treasurer ( 3/4/2015 to date )
11.	Rodah Atemo Atana	Women Leader (3/4/2015) – no longer a member of the party
12.	Angela Gathoni	Youth Leader (3/4/2015 to date )
13.	Petronila Were Lokorio	Executive Director (ex-officio)
14.	Margaret Ndanyi	Ag. Executive Director ( 12 <sup>th</sup> October 2017 to date )

**MANAGEMENT TEAM**

1.	Godfrey Osotsi	Secretary General (3/4/2015 up to 31 <sup>st</sup> August 2017)
2.	Barrack Muluka	Secretary General (12 <sup>th</sup> October 2017- to date )
3.	Petronila Were Lokorio	Executive Director (3/4/2015 up to 31 <sup>st</sup> August 2017)
4.	Margaret Ndanyi	Deputy ED ( June 2015 to 11 <sup>th</sup> October 2017)
5.	Geoffrey Anyembe	Treasurer ( 3/4/2015 to date )
6.	Nicholas Meli	Administrator ( 3/4/2015 to date )
7.	Honrad Makunja	Youth Desk ( November 2016 to September 2017 )



## **CHAIRMAN'S STATEMENT**

I am pleased to present our Annual Financial Report for the year ending December 31, 2017.

Early in the year we constituted a four-member team with research assistants to conduct an election audit. I am informed that the team is currently compiling their report. You are all aware that our Party Leader moved quickly to fill the gap in the opposition politics after the handshake

With significant political changes in the country many initiatives are going to play out inside and outside Parliament. What has not changed however is the unique ability of the party to continue to adopt to a volatile environment with unpredictable politics and continue playing its rightful role of opposition politics.

Our Party remains in a strong financial position despite some noted cases where party funds appear to have been misappropriated. The long outstanding experience of our Party Leader and the wealth of support he has continued to give is highly regarded. Our National Committee mandated by law to prepare financial statements in respect of Amani National Congress has exhibited a high fiduciary financial management and is currently the bench mark amongst our supporters and competitors

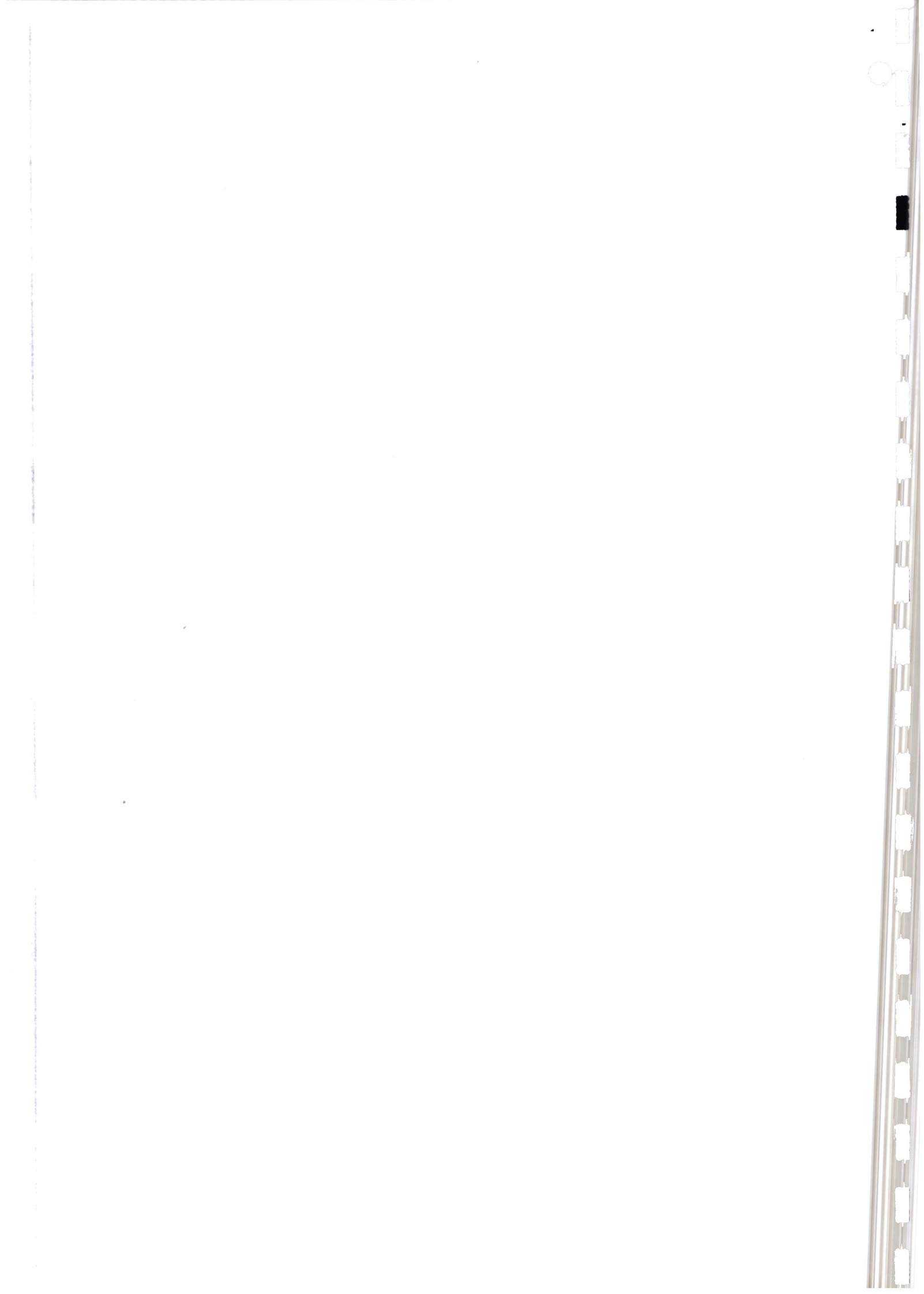
The year ending December 31, 2017 has been an extremely busy period. We are currently focusing on a more improved performance and cost reduction. The failure by the Government to fund all political parties has greatly affected our key electoral and campaign advocacy programs.

We continue to use Membership Pay bill, voluntary contributions; Donations, bequests for various cadre of party membership and receiving grants from legal sources.

**Kelvin Lulani  
National Chairman**



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## **REPORT OF THE CHIEF EXECUTIVE OFFICER**

We have once again come to the end of a financial year and are pleased to present the financial report for the year ended December 31, 2017 pursuant to the International Public Sector Accounting Standards. Our key responsibilities during the year under review included, but were not limited to:

1. The development of strategies for and realisation of financial resources for the Party;
2. Preparation of books of accounts and ensuring the same are audited;
3. Organising the meetings of all Party organs at the national level, including the National Executive Council, the National Governing Council, the Party Parliamentary Group and the youth, women and disabilities' leagues;
4. Revitalisation and re-energization of county party structures, branches and sub-branches; and
5. Post-general election stewardship.

In compliance with Section 35 of the Public Audit Act 2015 and requirements of the Political Parties' Act 2011, we accomplished the following in time:

- (i) Development of a work plan and annual budget for the current financial Year in conformity with the Party's Four-year Strategic Plan; and prepared the report and accounts for the year ended December 31 for both 2016 financial year;
- (ii) Ensured the timely preparation of the books of Accounts for the year ended 31 December, 2017 and presentation of the same to the Auditor General and further ensuring that relevant income sections of the financial report were extracted and published in the local newspapers [see] in accordance with Section 29(1), which requires of us to, within three months of our financial year, publish the sources of Party funds stating:
  - a. The amount of money received from the Political Parties Fund;
  - b. The amount of money received from Party members and supporters; and
  - c. The amount and sources of donations given to the Party.
- (iii) We are further pleased to declare that the accounts were forwarded on November 27, 2018 to the Office of the Auditor General in the IPSAS format.

The key income drivers for the year under review were

- Contributions by members, supporters and elected leaders (MCAs, MPs, Governors and deputy governors) as well as Life Membership fees and nomination fees for by-elections.

On the other hand, key expenditure drivers were mainly legal fees, administrative costs, travel and bad debts provisions for MCAs and MPs and other aspirants that were not elected.



Margaret Ndanyi  
**EXECUTIVE DIRECTOR**



## CORPORATE GOVERNANCE STATEMENT

Amani National Congress is committed to operating in accordance with best practice in political integrity and ethics and maintaining the highest standards of financial reporting and corporate governance. The National Executive Committee is delighted to report that the party has, throughout the year, complied with the provisions set out in the Code on Corporate Governance and equally applied the main principles of the Code.

Corporate governance for the Amani National Congress has gone a long way to define how the party conducts its affairs in line with the objects for which it was founded. It has given the party its structure, which contains all set of rules that governs the ethical operating procedures and processes of the party by ensuring that we conform to the Kenyan Statutory requirements and the best practices in line the Political Parties Act 2011 in all political activities. Likewise, it has ensured the best interests of the public and party members are jealously protected. Responsibility for corporate governance is vested with the National Executive Committee of the Amani National Congress.

Much of the details are contained in the attached party Constitution which contains the following

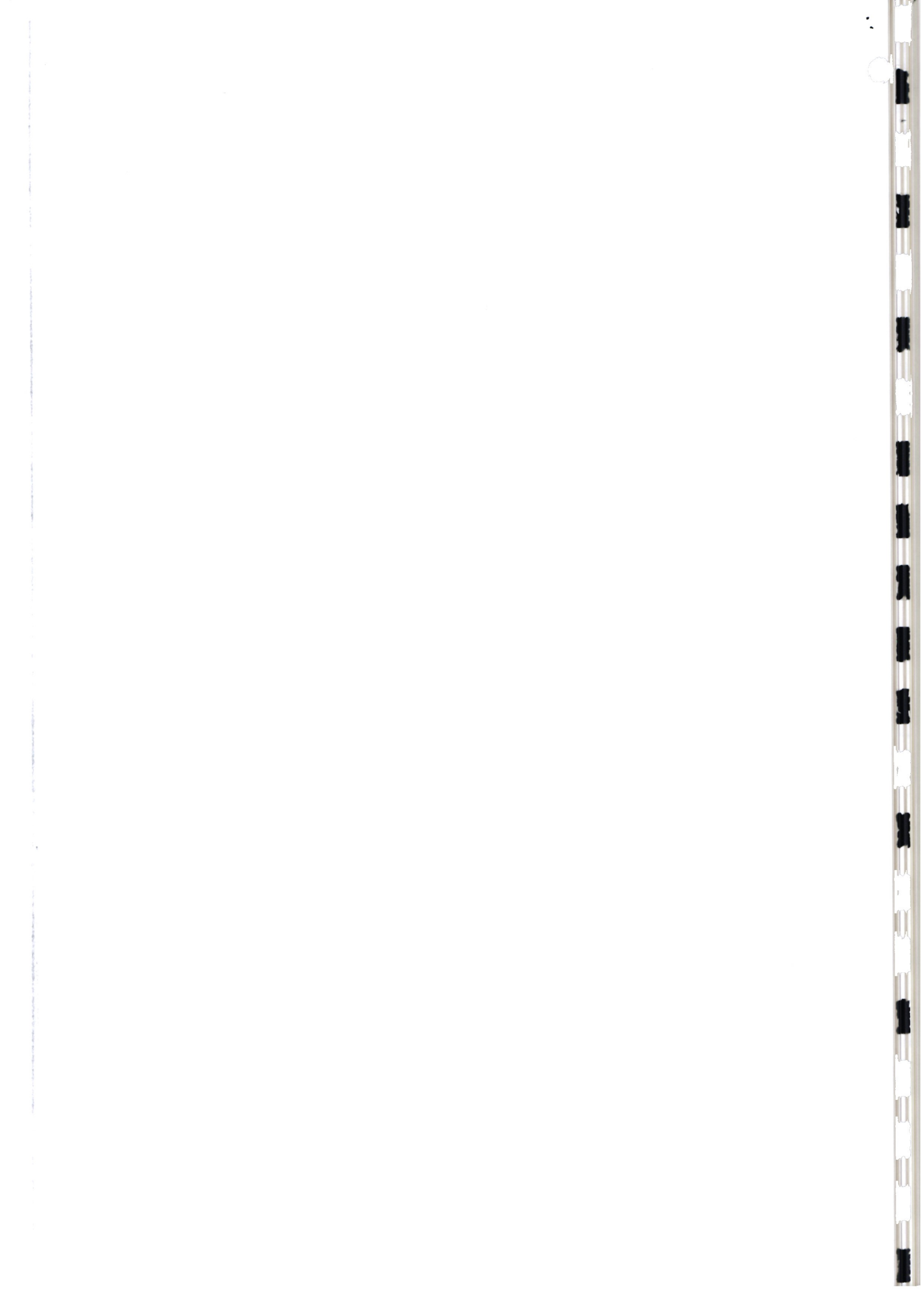
- Identity, Vision and Mission                      Aims, objectives and Values
- Membership, Rights and Duties                  National Officials
- Party Organs    Committees
- Stewardship    Dissolutions
- Coalitions, Dispute Settlement and Amendment
- General Provisions

## MANAGEMENT DISCUSSION AND ANALYSIS

### CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Our ambition is to gradually but visibly, establishes a prosperous, industrized and modern nation in which citizens enjoy social, economic and democratic rights, and live in dignity. We envisage that our people will exploit their full potential. The sporting concerts and events will ensure that there is a continuous link between the people and the party organs – This program arises from a desire to ensure our contribution to society goes beyond purely political campaigns. Citizens have a duty to interact in a responsible way from a social and environmental perspective. In this context, one of the questions ANC aims to answer is: how do our activities improve living standards in our communities? In addition, it makes political sense in the long-term. When managed well this social responsibility can also facilitate achievement of strategically important goals for the party:

- Involvement in project work that tackles real challenges in our communities is a way through which we can increase **staff engagement**, member's loyalty and **pride**.
- Through collaboration in projects we can improve the **dynamism of relationships** with our members and competitors
- As a consequence of positive outcomes from our Corporate social activity, we can enhance ANC's **reputation** among key stakeholders nationally



**REPORT OF THE NATIONAL EXECUTIVE COMMITTEE**

The National Executive committee submit their report together with the audited financial statements for the year ended December 31, 2017 which show the state of the Amani National Congress Party affairs.

**Principal activities**

The organization's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

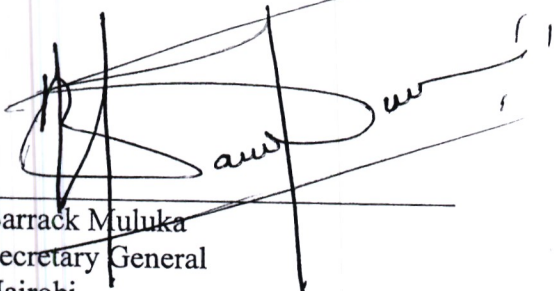
**Directors**

The National Executive Committee Members who served during the year are shown on page (vii)

**Auditors**

The Auditor General is responsible for the statutory audit of the Amani National Congress Party in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Amani National Congress Party for the year ended December 31, 2017.

By Order of the National Executive Committee



Barrack Muluka  
Secretary General  
Nairobi  
Date: 8/05/2019



## STATEMENT OF NATIONAL EXECUTIVE COMMITTEE'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 require the National Executive Committee to prepare financial statements in respect of that Amani National Congress, which give a true and fair view of the state of affairs of the Amani National Congress at the end of financial year December 31, 2017 and the operating results of the Amani National Congress for the particular year/period. The National Executive Committee members are also required to ensure that the Amani National Congress Party keeps proper accounting records which disclose with reasonable accuracy the financial position of the Amani National Congress. The National Executive Committee members are also responsible for safeguarding the assets of the Amani National Congress.

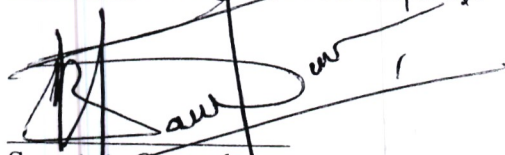
The National Executive Committee members are responsible for the preparation and presentation of Amani National Congress financial statements, which give a true and fair view of the state of affairs of the Amani National Congress for and as at the end of the financial year (period) ended December 31, 2017. 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 entity; (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 Amani National Congress; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The National Executive Committee members accept responsibility for Amani National Congress 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 National Executive Committee members are of the opinion that Amani National Congress financial statements give a true and fair view of the state of Amani National Congress transactions during the financial year ended December 31, 2017 and of Amani National Congress financial position as at that dates. National Executive Committee further confirm the completeness of the accounting records maintained for the Amani National Congress, which have been relied upon in the preparation of Amani National Congress financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Amani National Congress will not remain solvent for at least the next twelve months from the date of this statement.

### Approval of the financial statements

Amani National Congress financial statements were approved by National Executive Committee on 8-05-2019 and signed on its behalf by:

  
Secretary General

  
National Chairman

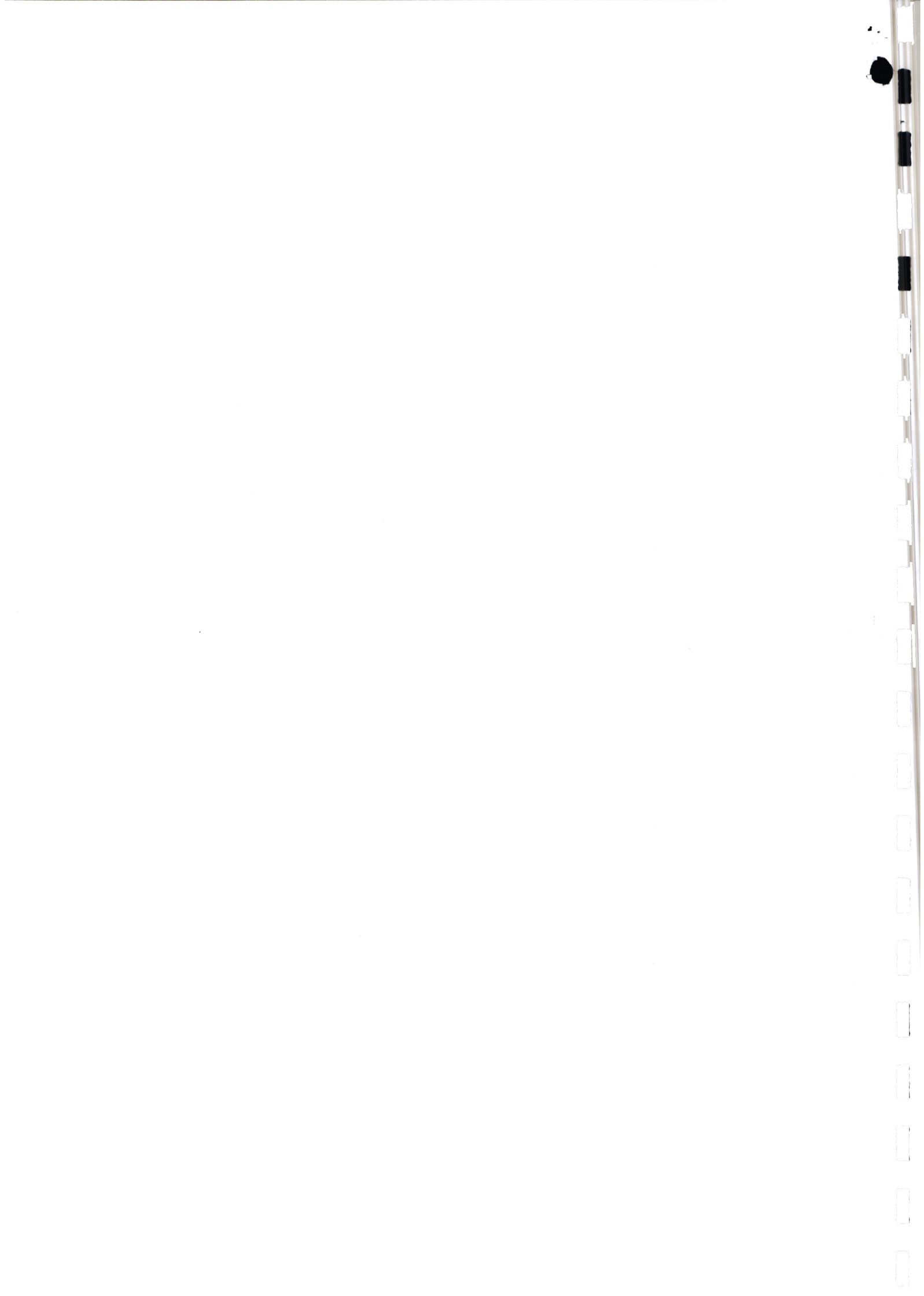
  
National Treasurer



AMANI NATIONAL CONGRESS  
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STATEMENT OF CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED 31ST DECEMBER 2017

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
At January 1, 2016	-	-	-	2,230,479.50	-	1,238,900.00	3,469,379.50
At December 31, 2016	-	-	-	2,230,479.50	-	1,238,900.00	3,469,379.50
At January 1, 2017	-	-	-	2,230,479.50	-	1,238,900.00	3,469,379.50
Total comprehensive income	-	-	-	7,118,391.54	-	-	7,118,391.54
At December 31, 2017	-	-	-	9,348,871.04	-	1,238,900.00	10,587,771.04



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**STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 31ST DECEMBER 2017**

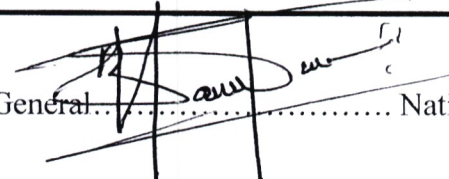
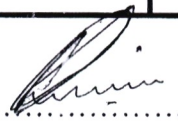

	Notes	2017	2016
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	82,181,911.00	9,725,345.00
		<b>82,181,911.00</b>	<b>9,725,345.00</b>
<b>Total revenue</b>		<b>82,181,911.00</b>	<b>9,725,345.00</b>
<b>Expenses</b>			
Use of goods and services		-	-
Employee costs	2	7,373,330.00	1,134,000.00
Remuneration of directors		-	-
Depreciation and amortization expense	3	457,969.06	179,612.50
Repairs and maintenance	4	258,400.00	78,000.00
General expenses	5	66,973,820.40	6,153,853.00
Finance costs		-	-
<b>Total expenses</b>		<b>75,063,519.46</b>	<b>7,545,465.50</b>
<b>Surplus before tax</b>		<b>7,118,391.54</b>	<b>2,179,879.50</b>
Taxation		-	-
<b>Surplus/( deficit) for the period/year</b>		<b>7,118,391.54</b>	<b>2,179,879.50</b>
Remission to National Treasury		-	-
<b>Net Surplus for the year</b>		<b>7,118,391.54</b>	<b>2,179,879.50</b>



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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2017**

	Notes	2017	2016
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	326,530.80	948,772.00
Receivables from exchange transactions		-	-
Receivables from non-exchange transactions	7	11,371,576.00	1,263,320.00
		<b>11,698,106.80</b>	<b>2,212,092.00</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	1,304,818.44	1,257,287.50
		1,304,818.44	1,257,287.50
<b>Total assets</b>		<b>13,002,925.24</b>	<b>3,469,379.50</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	12	2,415,154.40	-
		<b>2,415,154.40</b>	-
<b>Total liabilities</b>		<b>2,415,154.40</b>	-
<b>Net assets</b>		<b>10,587,770.84</b>	<b>3,469,379.50</b>
Surplus / Deficit		7,118,391.54	2,179,879.50
Reserves		2,230,479.50	50,600.00
Capital Fund		1,238,900.00	1,238,900.00
<b>Total net assets and liabilities</b>		<b>10,587,771.04</b>	<b>3,469,379.50</b>

Secretary General  National Chairman  Treasurer 

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

		2017	2016
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property taxes		-	-
Public contributions and donations		82,181,911.00	9,725,345.00
Increase in current receivables		(10,108,256.00)	(1,263,320.00)
Decrease in current receivables		-	-
Increase in current payables		2,415,154.40	
Other income, rentals and agency fees		-	-
<b>Total Receipts</b>		<b>74,488,809.40</b>	<b>8,462,025.00</b>
<b>Payments</b>			
Compensation of employees		7,373,330.00	1,134,000.00
Goods and services		-	-
Finance cost		440,125.40	46,133.00
Rent paid		4,104,900.00	3,202,000.00
Taxation paid		-	-
Other payments		62,687,195.00	2,983,720.00
Grants and subsidies paid			-
<b>Total Payments</b>		<b>74,605,550.40</b>	<b>7,365,853.00</b>
<b>Net cash flows from operating activities</b>	9	<b>(116,741.00)</b>	<b>1,096,172.00</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(1,464,000.00)	(198,000.00)
Proceeds from sale of property, plant and (Lost asset)		958,500.00	
<b>Net cash flows used in investing activities</b>		<b>(505,500.00)</b>	<b>(198,000.00)</b>
<b>Cash flows from financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(622,241.00)</b>	<b>898,172.00</b>
Cash and cash equivalents at 1 January 2017	6	948,772.00	50,600.00
Cash and cash equivalents at 31st December 2017	6	326,530.80	948,772.00



**1. GENERAL INFORMATION**

The Amani National Congress was formed by and derives its authority and accountability from Political Parties Act. The entity is wholly domiciled in Kenya. The entity's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued 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 ANC's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note pages.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Amani National Congress.

The financial statements have been prepared in accordance with the PFM Act 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 but not yet effective in the year ended December 31, 2017.**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 40: Public Sector Combinations</b>	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non exchange transactions which are covered purely under Public Sector combinations as amalgamations.

**ii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2016.

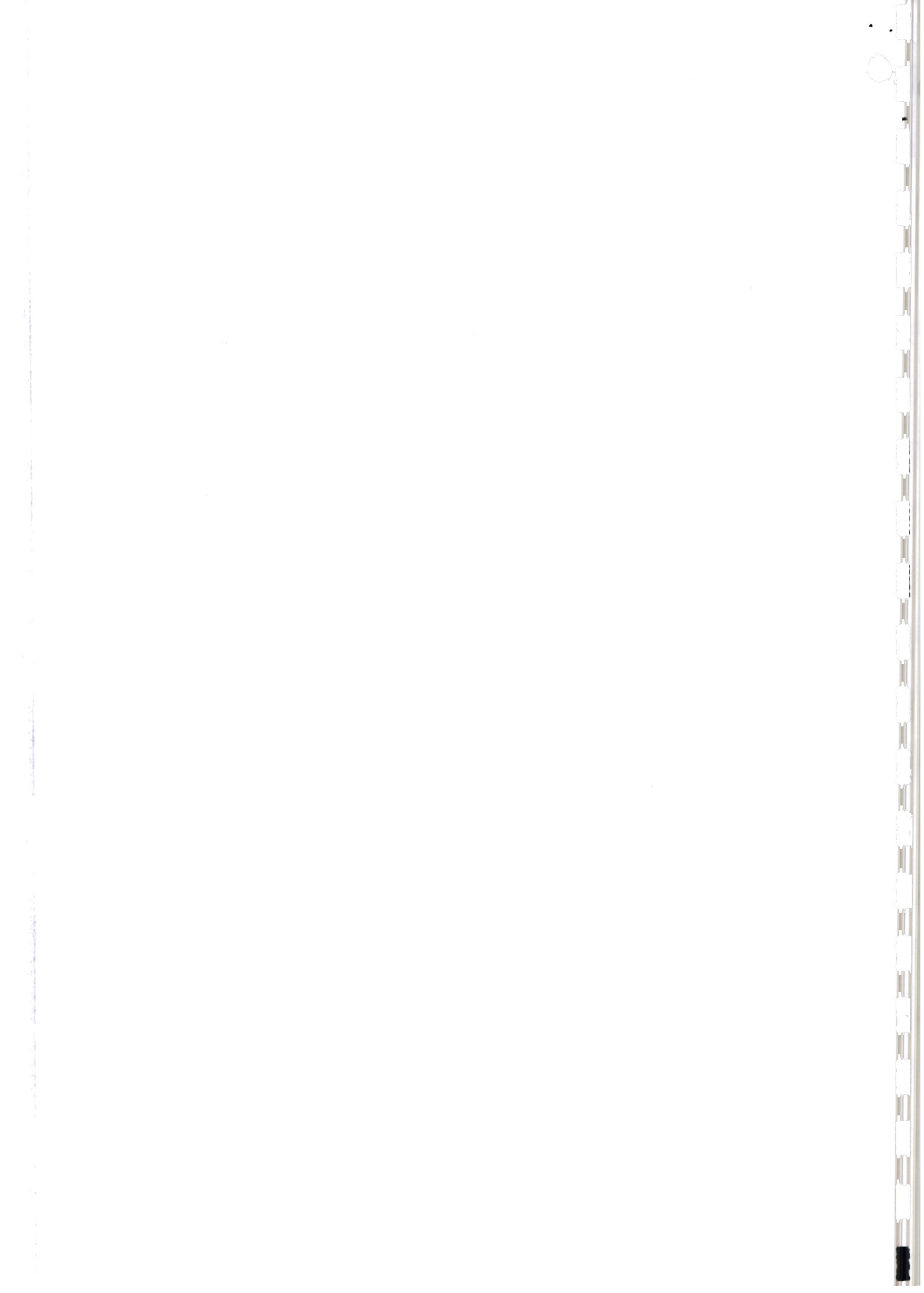
**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.



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Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

**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 entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

**b) Budget information**

There was no budget for FY 2017 which was to be approved by the National Executive Committee. Our estimates are purely based on the provision of the Political Parties Act, 2011. The Act requires the party to establish head office - which head office must be accessible and secure. The said office must be conspicuous, spacious and not in the backstreet. We are further required to establish more than 24 county offices across the country. The overheads and the running of these offices run into millions every month. Added to this are administrative costs, election and campaign expenses, conferences and meetings and party policy and advocacy.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of financial performance has not been presented because there were no budget estimates prepared for the two years under consideration.

**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 Entity 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.



**Amani National Congress  
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***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.

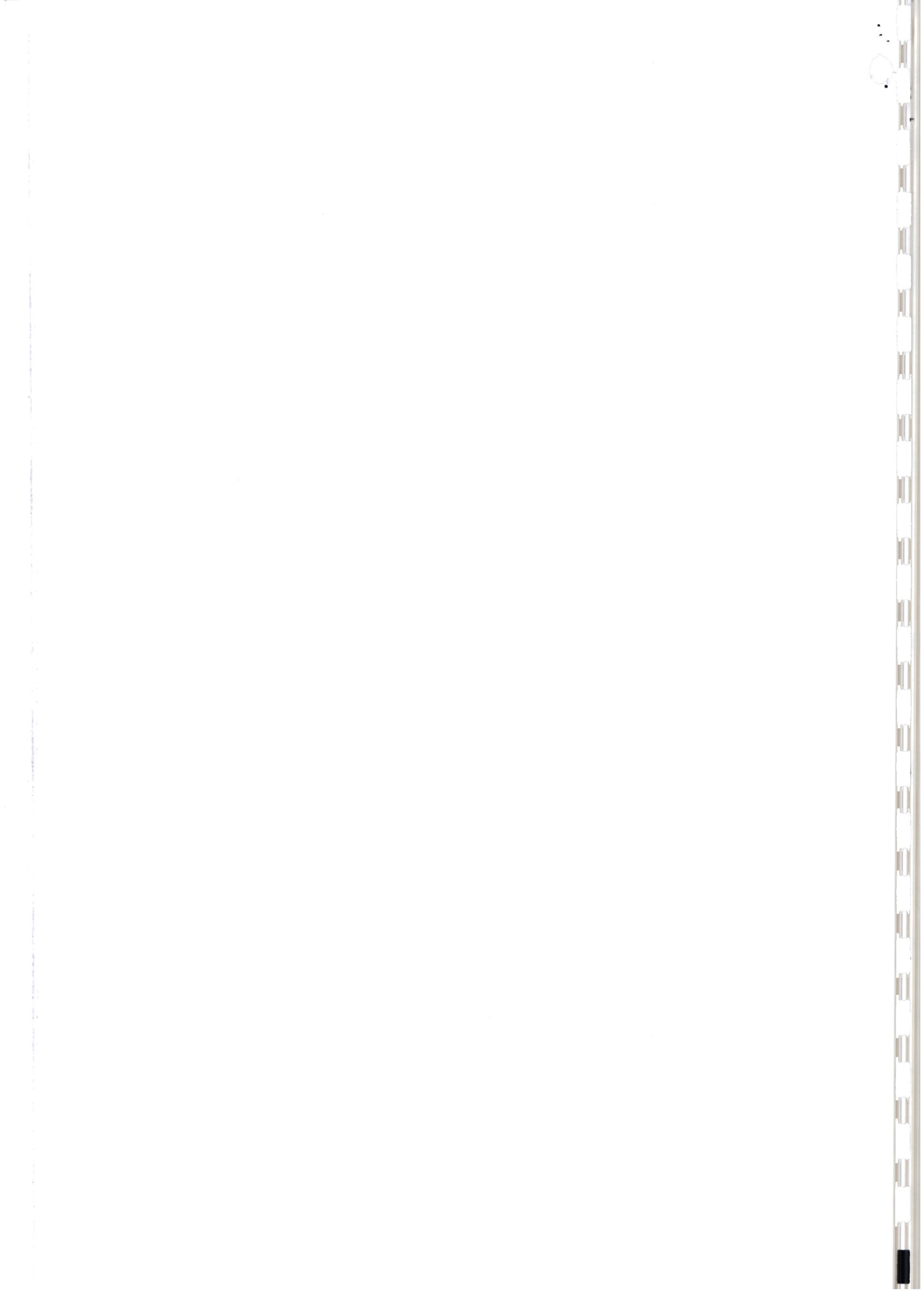
Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, 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 entity and the same taxation authority.



### **5. Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

### **6. Property, plant and equipment**

All property, plant 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 entity 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.

#### ***Useful lives and residual values***

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

The condition of the asset based on the assessment of experts employed by the Entity

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The principal accounting policies adopted in the preparation of these accounts are set below:

#### **I. Basis of preparation**

The final statements of the Party have been prepared in accordance and comply with the standards issued by the International Financial Standards (IFRS) under the Historical cost convention and Kenyan Government IPSAs.

#### **II. Depreciation**

Depreciation is provided for on fixed assets using the reducing balance method except for the Leasehold Structure that is to be written off over 10years period.

The following are the rates used :

- Lease Hold Structure - to be written off over 10 years
- Office Furniture and Fittings 12.5%
- Office Equipment 12.5%
- Computers and Printers 30%
- Motor Vehicles 25%



## **7. Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 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 Entity 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 Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

## **8. Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

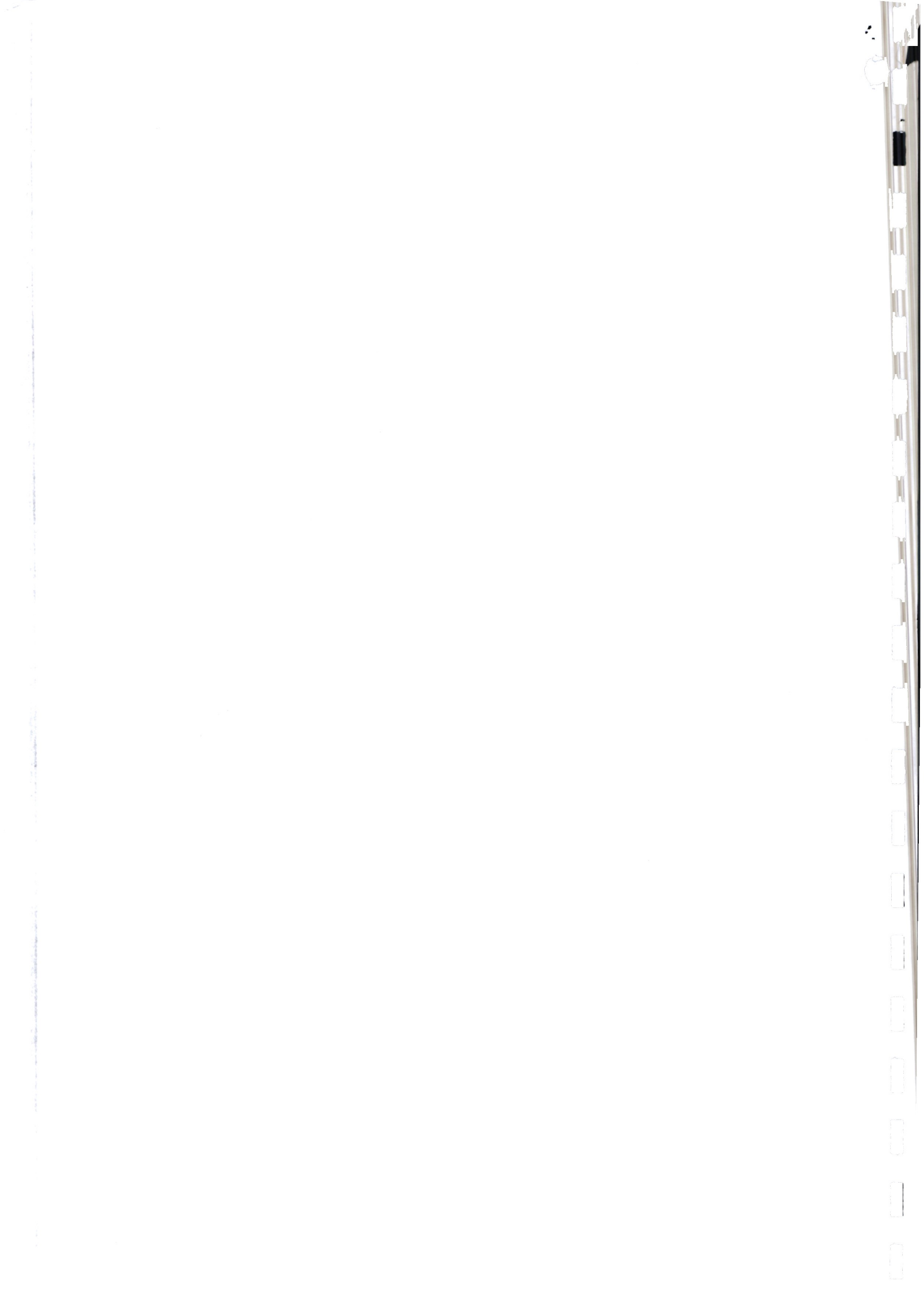
The useful life of the intangible assets is assessed as either finite or indefinite.

## **9. Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.



## **10. Financial instruments**

### ***Financial assets***

#### ***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

#### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

#### ***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

#### ***Impairment of financial assets***

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

### ***Financial liabilities***

#### ***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.



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***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**i) 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:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor 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 Entity.

**j) Provisions**

Provisions are recognized when the Entity 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 Entity 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.

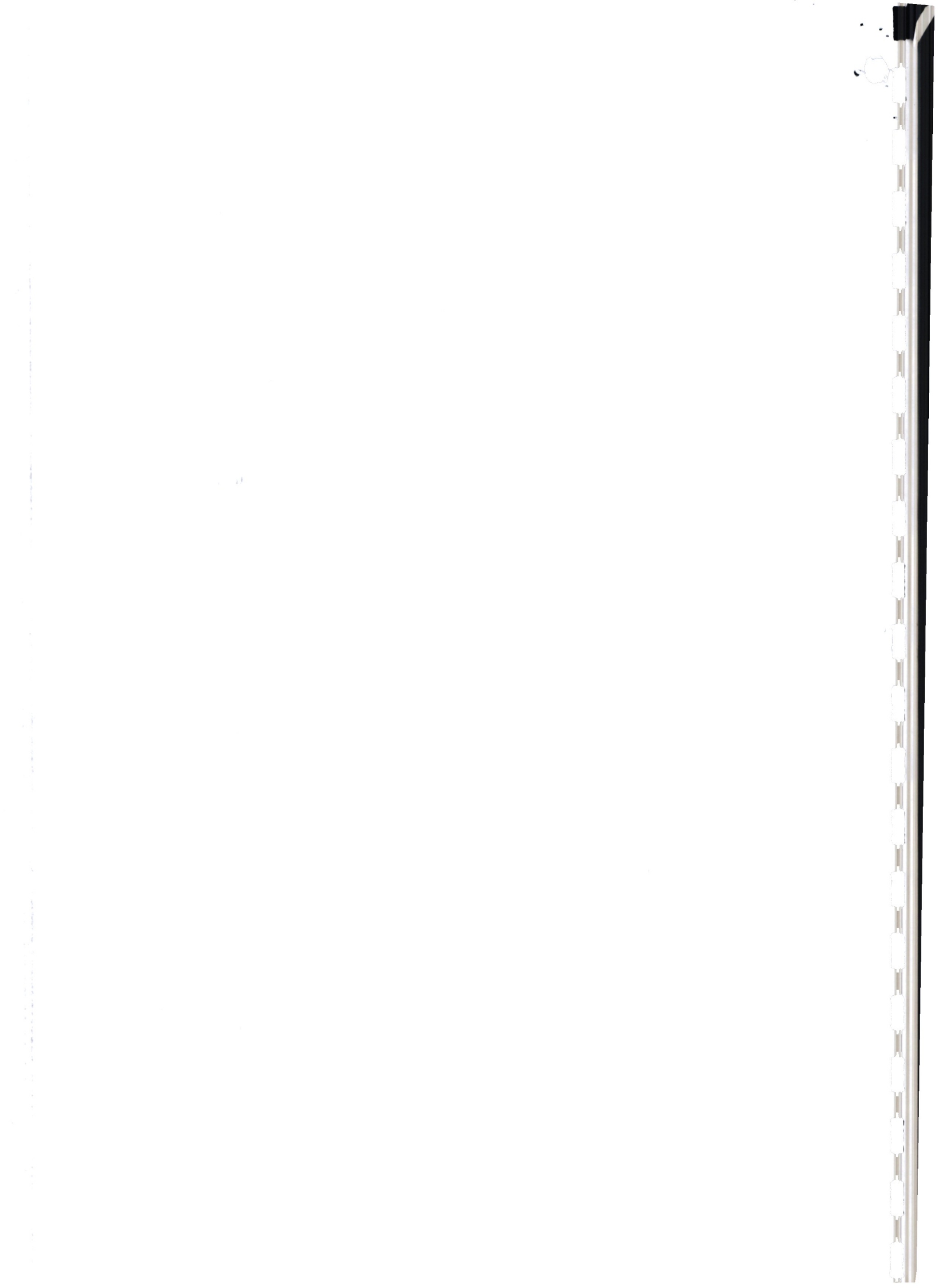
The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

The Entity 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.

***Contingent assets***

The Entity 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 Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately



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

**n) Borrowing costs**

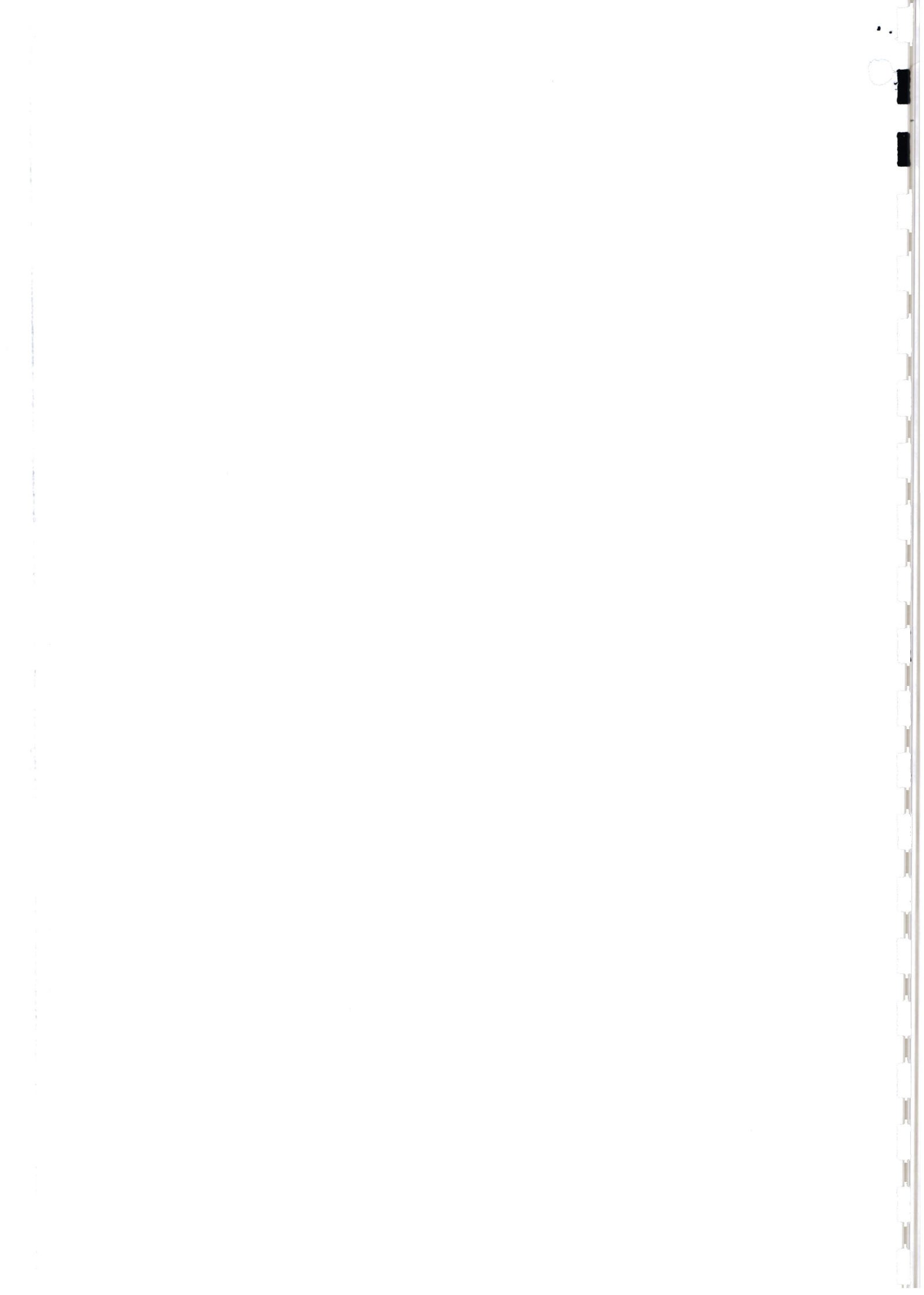
Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**o) Related parties**

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

**p) Service concession arrangements**



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The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**q) 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.

**11. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Entity's 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: e.g

**Estimates and assumptions**

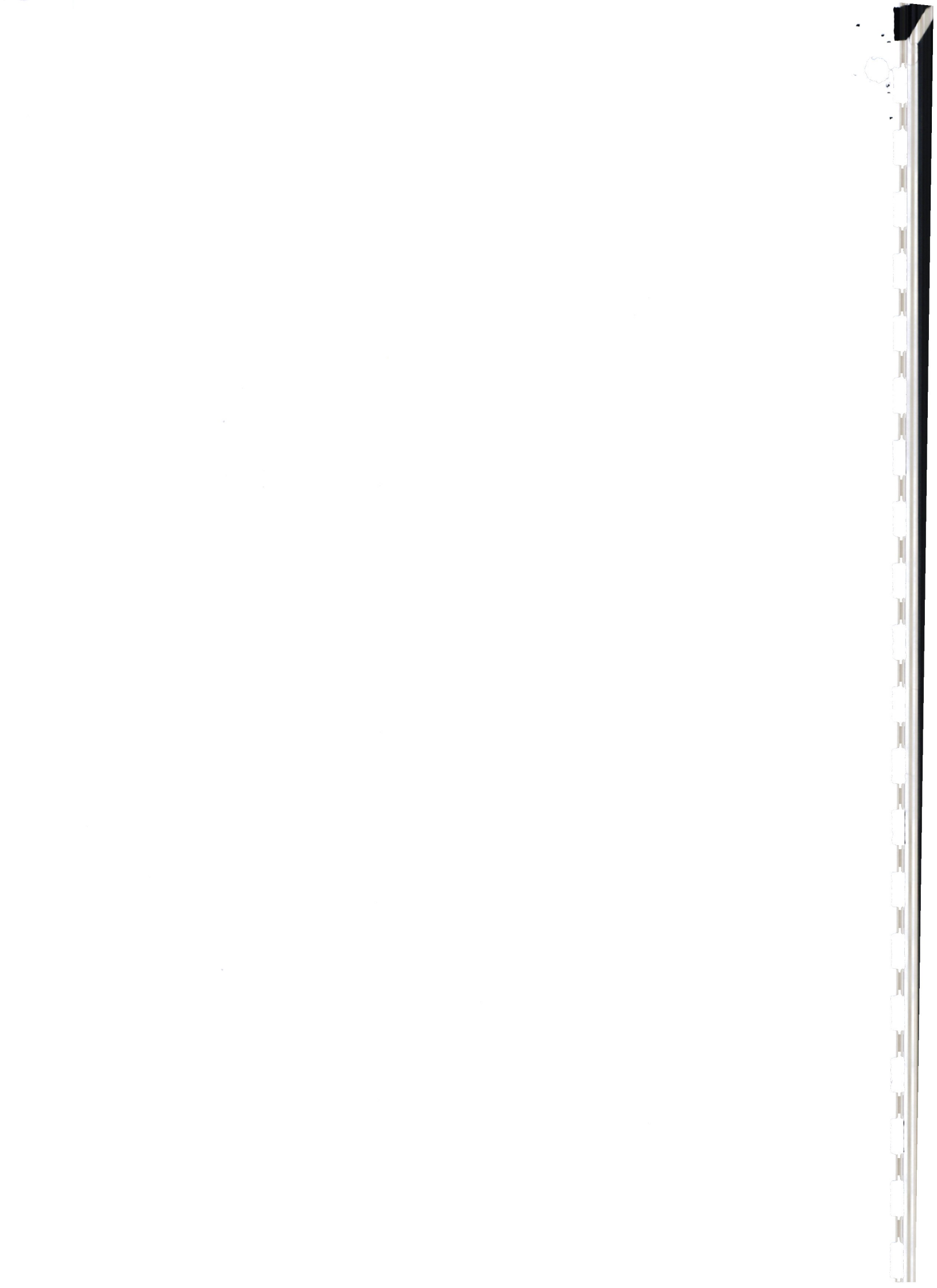
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Provisions**

Provisions were raised and management determined an estimate based on the information available. 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.

The National Executive Committee sitting in September 2018 resolved to write off all the unrecoverable debts. These unrecoverable debts are attributable basically to

1. Members of the county assembly who did not make it back to the assembly
2. Members of Parliament and County Assembly who have since died



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**1. PUBLIC CONTRIBUTIONS AND DONATIONS**

Description	2017	2016
	KShs	KShs
Membership fee	19,997,000.00	
Members subscriptions		4,693,845.00
Nomination & petition Fee	53,708,561.00	
Donations & harambee	600,000.00	
Founder contribution	3,260,750.00	5,031,500.00
Other	4,615,600.00	-
<b>Total transfers and sponsorships</b>	<b>82,181,911.00</b>	<b>9,725,345.00</b>

**2. EMPLOYEE COSTS**

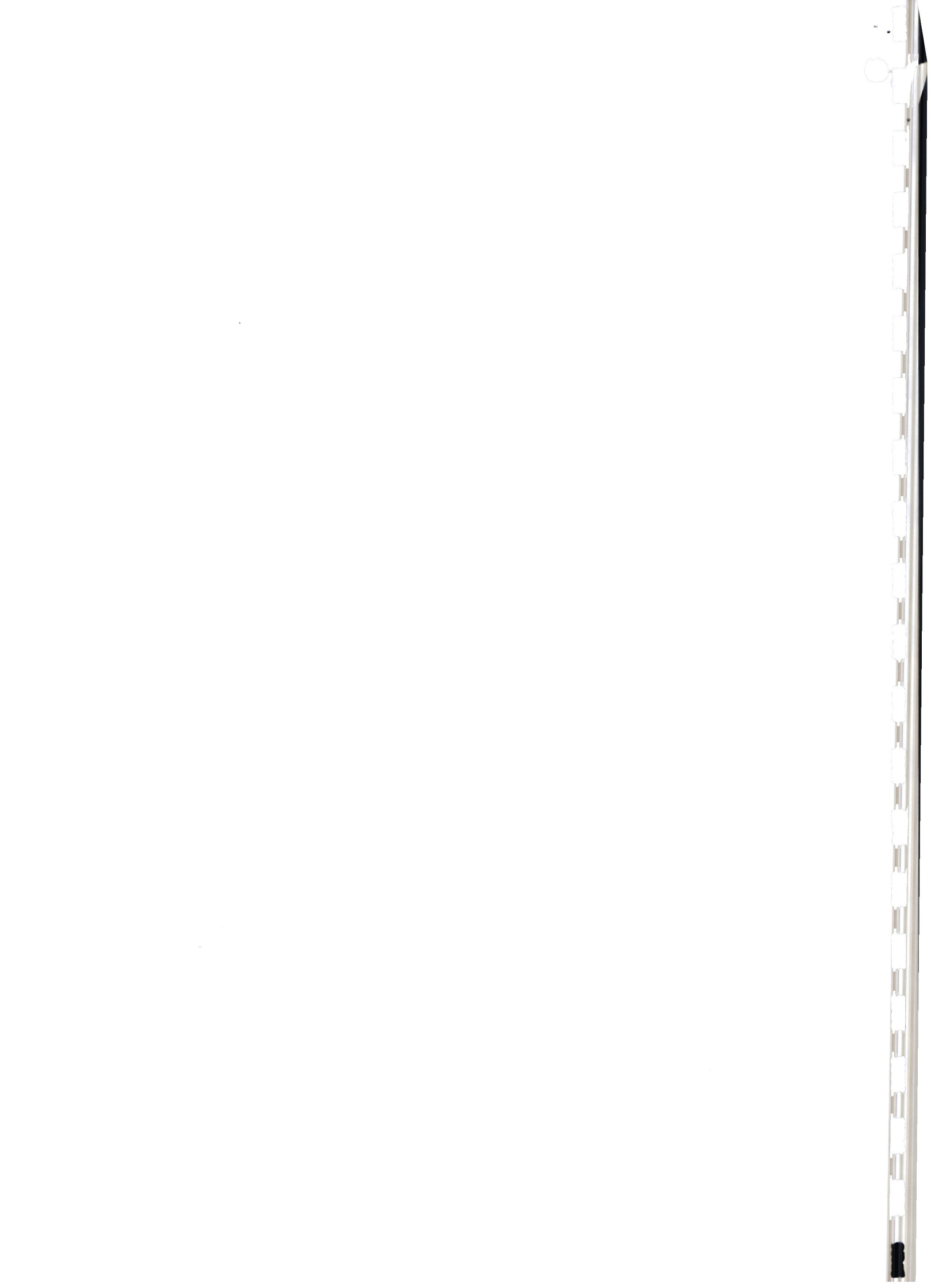
Description	2017	2016
	KShs	KShs
Salaries and wages	7,373,330.00	1,134,000.00
<b>Employee costs</b>	<b>7,373,330.00</b>	<b>1,134,000.00</b>

**3. DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2017	2016
	KShs	KShs
Property, plant and equipment	457,969.06	179,612.50
<b>Total depreciation and amortization</b>	<b>457,969.06</b>	<b>179,612.50</b>

**4. REPAIRS AND MAINTENANCE**

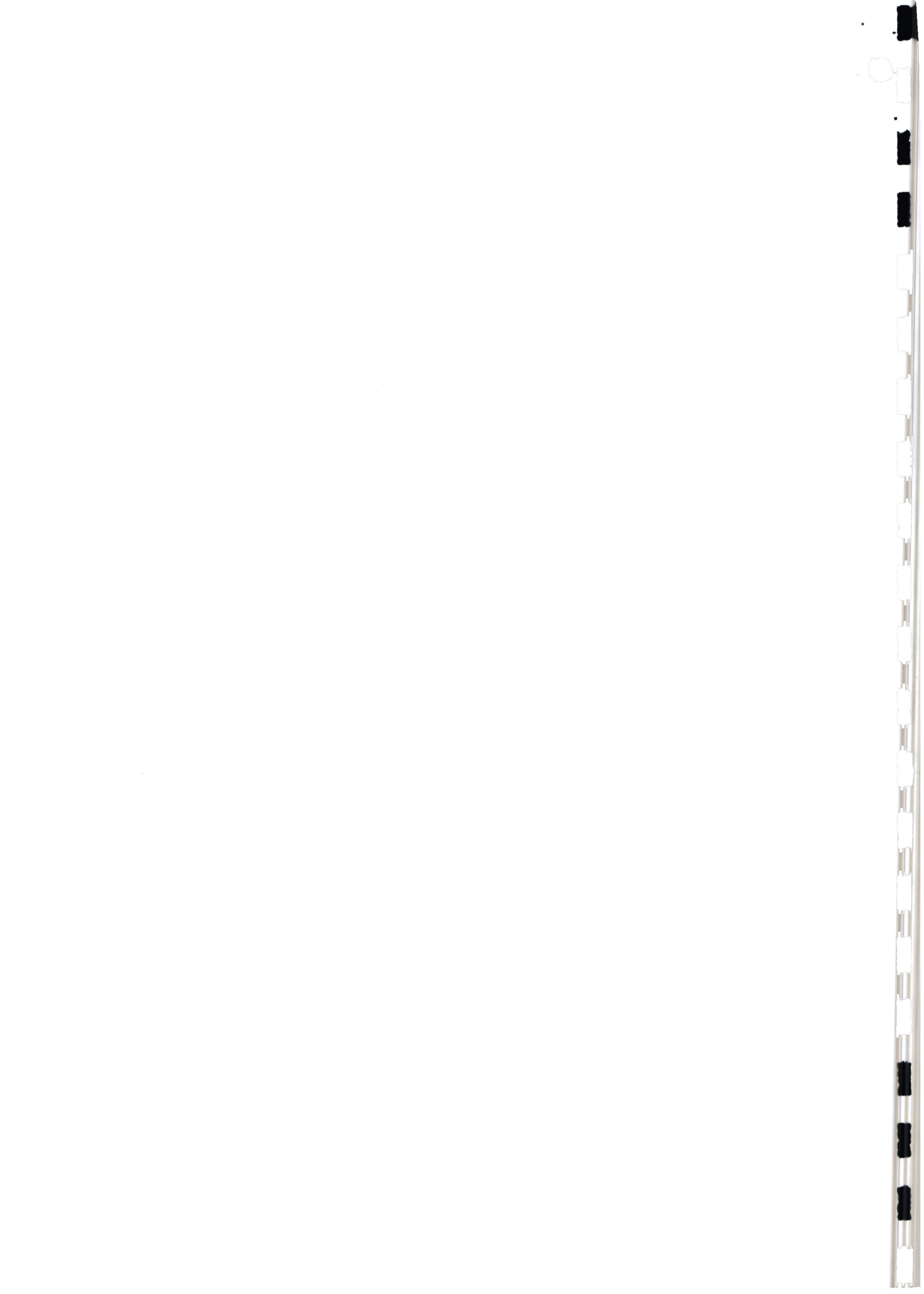
Description	2017	2016
	KShs	KShs
Furniture and fittings	241,400.00	30,000.00
Computers and accessories	17,000.00	48,000.00
<b>Total repairs and maintenance</b>	<b>258,400.00</b>	<b>78,000.00</b>



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**5. GENERAL EXPENSES**

<b>Description</b>	<b>2017</b>	<b>2016</b>
	<b>KShs</b>	<b>KShs</b>
Advertising	8,644,192.00	20,000.00
Admin expenses	1,958,479.00	949,250.00
Audit fees		-
Conferences and delegations	13,192,219.00	242,000.00
Consulting fees	141,450.00	-
Party nomination expenses	18,918,250.00	-
Electricity	14,285.00	-
Legal & professional fee	710,000.00	-
Licenses and permits		-
Travelling expenses	1,734,950.00	264,800.00
Donations	621,000.00	-
Postage	10,000.00	-
Printing and stationery	13,465,920.00	1,208,670.00
Hire charges		-
Rental	4,104,900.00	3,202,000.00
Security costs	823,000.00	500.00
Bank charges	440,125.40	46,133.00
Skills development levies		-
Software development & running exp	1,540,000.00	120,000.00
Telecommunication	87,000.00	500.00
Training	568,050.00	50,000.00
Other - Subscription to CMD	-	50,000.00
<b>Total general expenses</b>	<b>66,973,820.40</b>	<b>6,153,853.00</b>



**6. CASH AND CASH EQUIVALENTS**

Description	2017	2016
	KShs	KShs
Current account	326,530.80	948,772.00
<b>Total cash and cash equivalents</b>	<b>326,530.80</b>	<b>948,772.00</b>

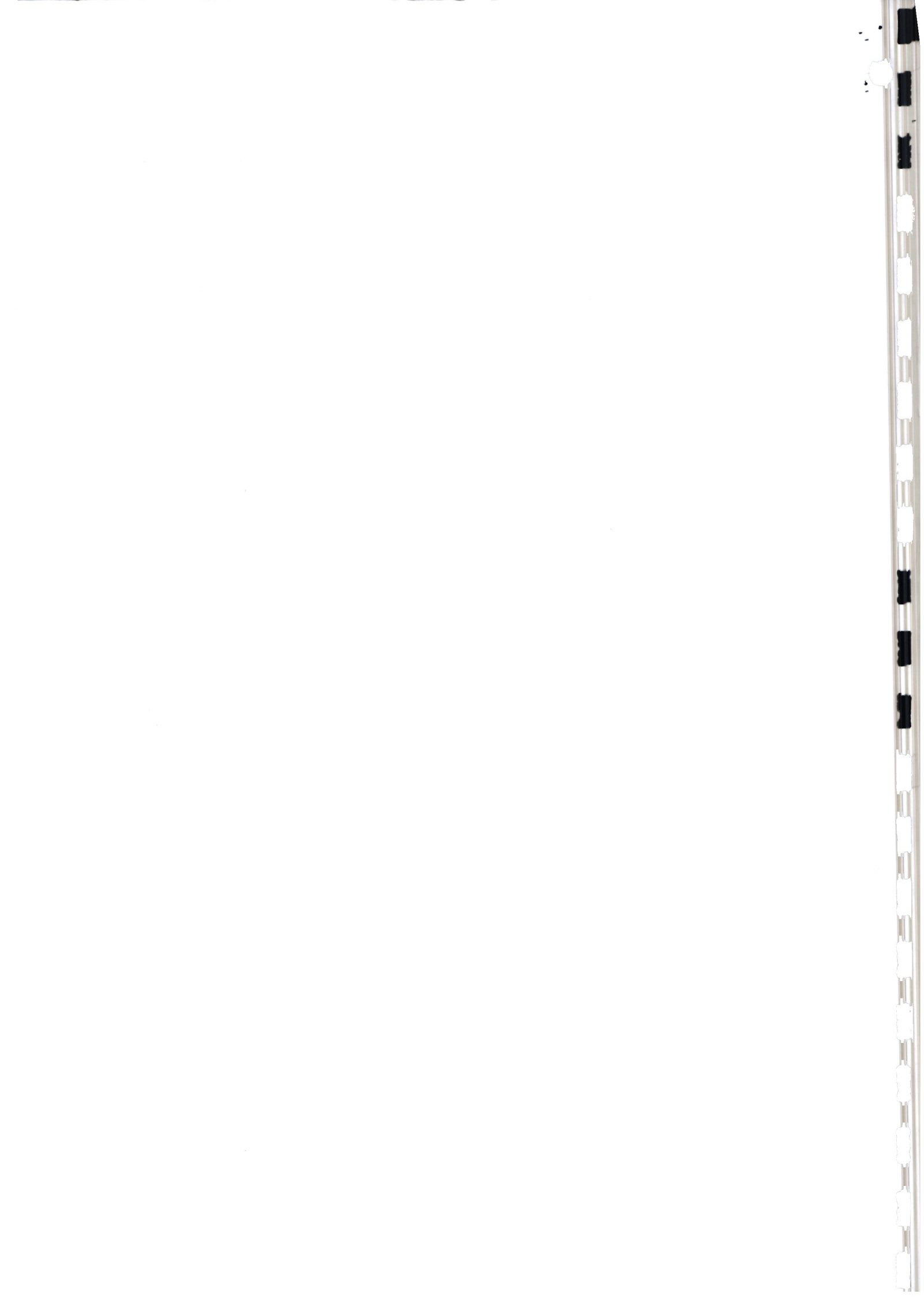
*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

**6 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

		2017	2016
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank		47,379.80	607,430.00
ABC Bank		279,151.00	341,342.00
<b>Sub- total</b>		<b>326,530.80</b>	<b>948,772.00</b>
<b>Grand total</b>		<b>326,530.80</b>	<b>948,772.00</b>

**7. RECEIVABLES FROM NON-EXCHANGE CONTRACTS**

Description	2017	2016
	KShs	KShs
<b>Current receivables</b>		
lost assets	958,500.00	-
Other debtors (Unaccounted cash 2016)	1,263,320.00	1,263,320.00
Other debtors (Unaccounted cash 2017)	9,149,756.00	
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>11,371,576.00</b>	<b>1,263,320.00</b>



**8. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

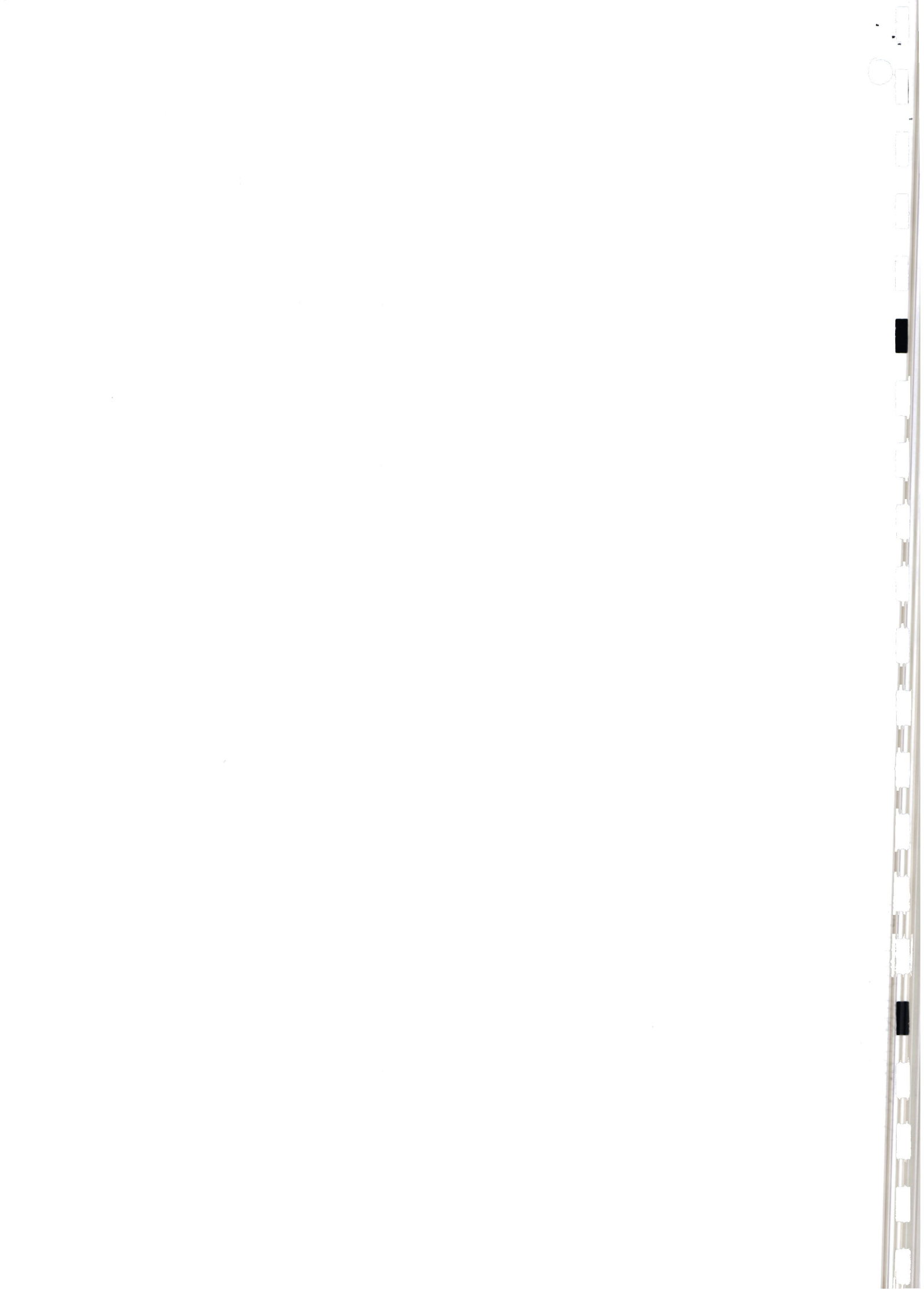
Description	2017	2016
	KShs	KShs
Other payables	2,415,154.40	-
<b>Total trade and other payables</b>	<b>2,415,154.40</b>	<b>-</b>

**9 CASH GENERATED FROM OPERATIONS**

Description	2017	2016
	KShs	KShs
Surplus/Deficit for the year before tax	7,118,391.54	2,179,879.50
<b>Adjusted for:</b>		
Depreciation	457,969.06	179,612.50
Increase in receivables	(10,108,256.00)	(1,263,320.00)
Increase in deferred income	-	-
Increase in payables	2,415,154.40	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>(116,741.00)</b>	<b>1,096,172.00</b>

**10 Currency**

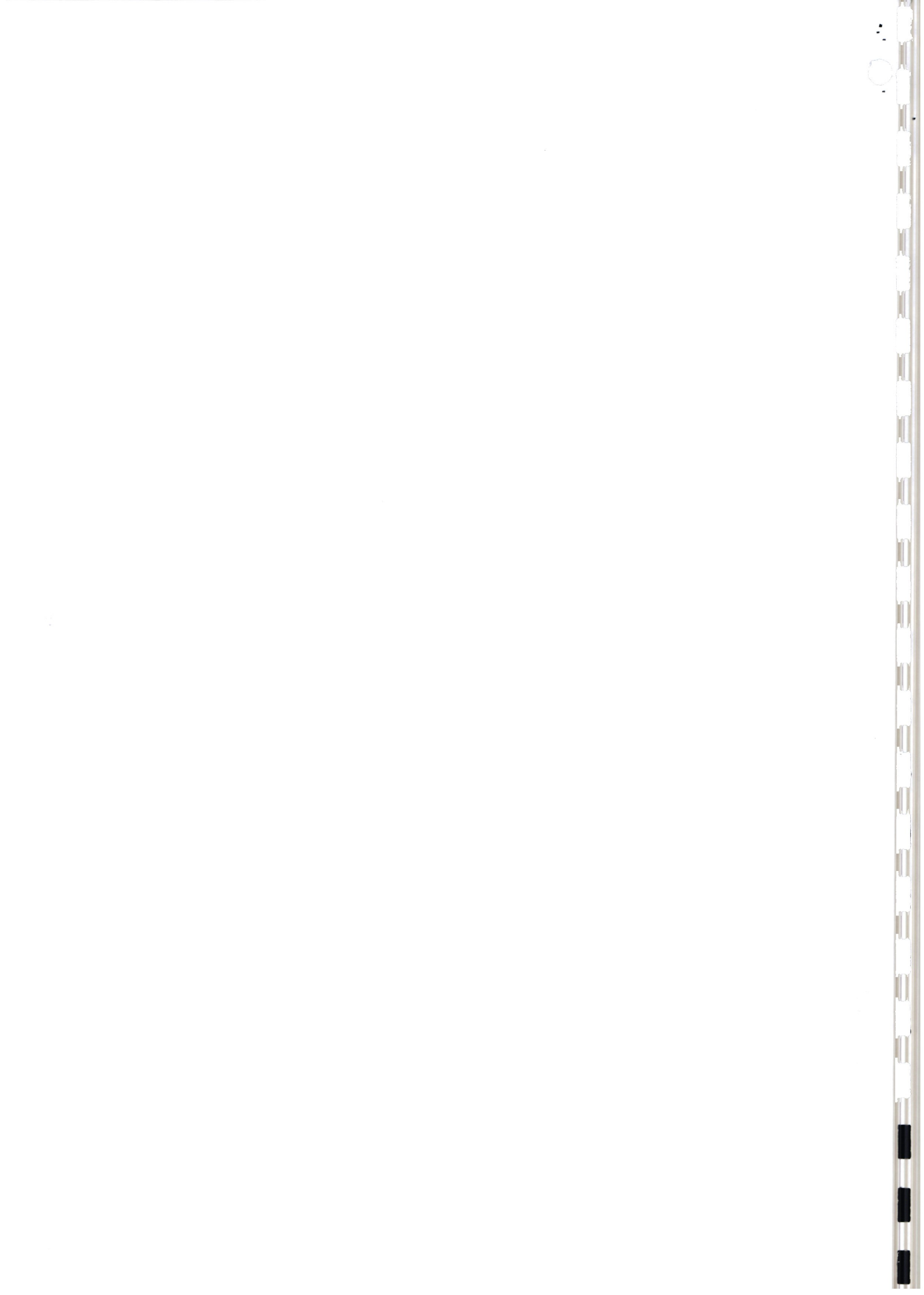
The financial statements are presented in Kenya Shillings (Kshs).



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11. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and Buildings Shs	Motor vehicles Shs	Furniture and fittings Shs	Computers & office equipment Shs	Other Shs	Plant and equipment Shs	Capital Work in progress Shs	Total Shs
At 31st, December 2015	-	-	977,900.00	261,000.00	-	-	-	1,238,900.00
At 1st January 2016	-	-	977,900.00	261,000.00	-	-	-	1,238,900.00
Additions	-	-	-	198,000.00	-	-	-	198,000.00
At 1st January 2017	-	-	977,900.00	459,000.00	-	-	-	1,436,900.00
Additions	-	-	271,000.00	1,193,000.00	-	-	-	1,464,000.00
Disposals	-	-	(523,000.00)	(435,500.00)	-	-	-	(958,500.00)
Transfer/adjustments	-	-	-	-	-	-	-	-
At 31st, December 2017	-	-	725,900.00	1,216,500.00	-	-	-	1,942,400.00
<b>Depreciation and impairment</b>								
At 1st, January 2016	-	-	-	-	-	-	-	-
Depreciation	-	-	(122,237.50)	(57,375.00)	-	-	-	(179,612.50)
Impairment	-	-	-	-	-	-	-	-
At 31st, December 2016	-	-	(122,237.50)	(57,375.00)	-	-	-	(179,612.50)
At 1st, January 2017	-	-	(122,237.50)	(57,375.00)	-	-	-	(179,612.50)
Depreciation	-	-	(75,457.81)	(382,511.25)	-	-	-	(457,969.06)
At 31st, December 2017	-	-	(197,695.31)	(439,886.25)	-	-	-	(637,581.56)
<b>Net book values At 31st December 2017</b>	-	-	<b>528,204.69</b>	<b>776,613.75</b>	-	-	-	<b>1,304,818.44</b>



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12 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2017	2016
	KShs	KShs
Trade payables	-	-
Payments received in advance	-	-
Employee advances	-	-
Third-party payments	-	-
Other payables	2,415,154.40	-
<b>Total trade and other payables</b>	<b>2,415,154.40</b>	<b>-</b>



100  
90  
80  
70  
60  
50  
40  
30  
20  
10  
0

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

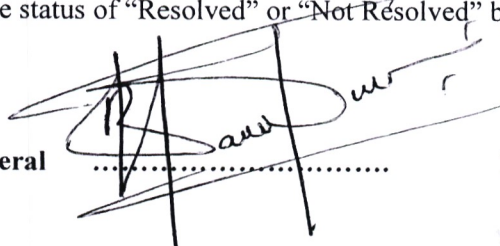
**AS AT DECEMBER 31, 2017**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the	Status: (Resolved / Not)	Timeframe: (Put a date when you
N/A	N/A	N/A	N/A	N/A	N/A

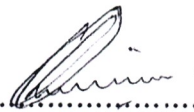
**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Secretary General .....



National Chairman.....



Date.....





**International Public Sector Accounting Standards (IPSAS)  
Annual Financial Reporting Template for  
Regulatory and Other Non – Commercial Government Owned Entities**  
(Semi - Autonomous Government Agencies and Public Funds Established by an Act of Parliament  
or a Legal Notice)

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**REGULATORY AND OTHER NON-COMMERCIAL ENTITIES**

**AMANI NATIONAL CONGRESS PARTY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
DECEMBER 31, 2016**

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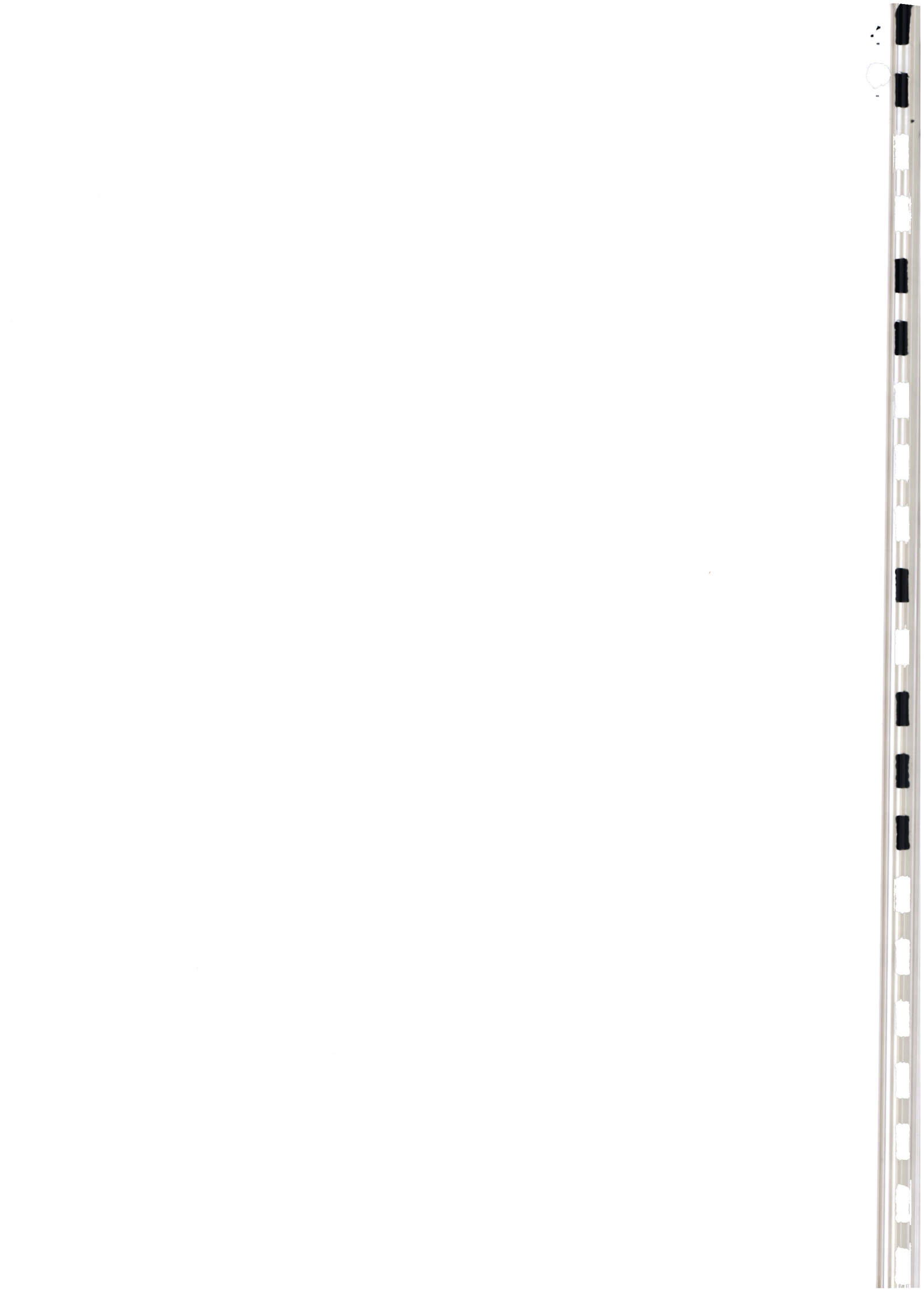
Prepared in accordance with the Accrual Basis of Accounting Method under the International Public  
Sector Accounting Standards (IPSAS)



**Amani National Congress**  
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**KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Amani National Congress was formed in 2015 as a political party after meeting the registration requirements under the newly established Registrar of Political Parties office. The National Executive Committee is responsible for the general policy and strategic direction of the Party.

**(b) Principal Activities**

The organization's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

**(c) Key Management**

The *Amani National Congress* day-to-day management is under the following key organs:

- Secretary General;
- Executive Director
- Finance & Administration Director
- Other Directors and Managers
- Accountant

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 31, December 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairman	Kelvin Lunani ( 3/4/2015 – to date )
2.	Secretary General	Godfry Osotsi (3/4/2015 to 31 <sup>st</sup> August 2017)
3.	Organizing secretary	John K. Ngasura ( 3/4/2015 – to date )
4.	Executive Director	Petronila Were Lokorio (3/4/2015 to 31 <sup>st</sup> August 2017)
5.	National Treasurer	Geoffrey Omito Anyembe ( 3/4/2015 – to date )

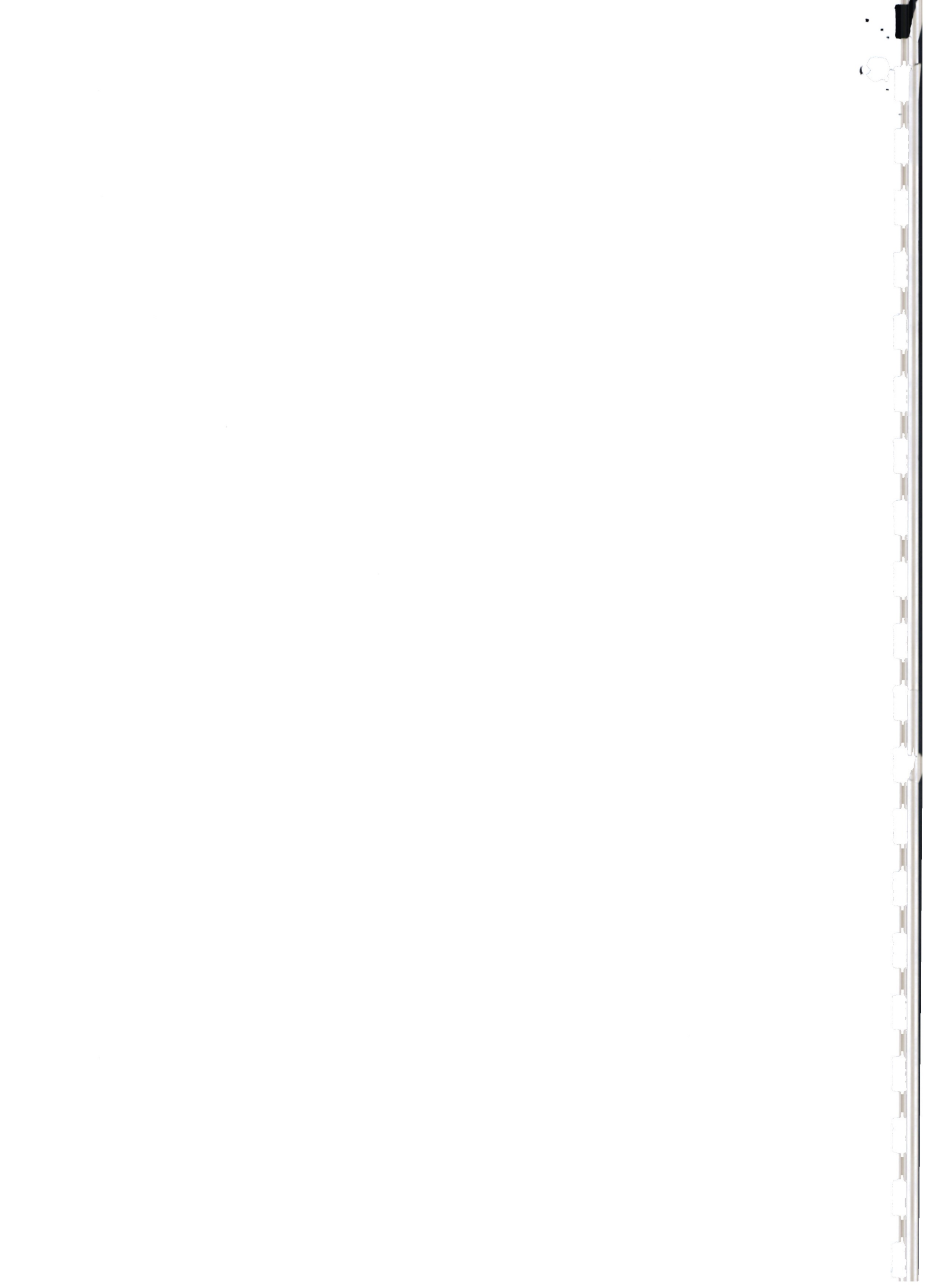
**(e) Fiduciary Oversight Arrangements**

- *Audit and finance committee activities*

The audit committee helps the National Executive Committee with corporate governance. It is a creation of the National Executive Committee of the party. Its membership is comprised of the Treasurer and two deputies, the chairperson of the Finance & Resource Mobilization and the chairperson of the Strategic Planning Committee. The primary role of the audit committee is to assist the National Executive Committee with its corporate governance oversight responsibilities in ensuring that:

- **External Auditing** processes are carried out independently without interference so as to guarantee the integrity of the party's financial statements,
- **Regulatory and Legal** requirements of the government inclusive of the Amani National Congress 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 are 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 Committee.



### **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. Amani National Congress 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 risks to property.

Controlling these risks through a formal program is necessary for the well-being of the organization and everyone in it. The jobs and services the party provide the safety of the workplace and other benefits all depend to an extent on our ability to control risks. 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 organization. Each is responsible for reporting any unsafe conditions they see. Also, each is encouraged to suggest ways in which we can operate more safely.

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

### **Purpose**

The purpose of this policy is to ensure that risks to Amani National Congress are identified, analysed, and managed so that they are maintained at acceptable levels. Risks to the confidentiality, integrity, and availability of both party information and assets are considered.

### **ANC Risk Management Mission Statement**

The Amani National Congress has a moral and legal duty to its membership, employees, and to party assets. We continue to meet our duty by ensuring that risk management plays an integral part in sound governance at both a strategic and operational level.

The National Executive Committee of the party will support the risk management efforts through setting policy and providing broad guidance on goals and objectives. However, risk management is an active process that requires cooperation by all directors, employees, and—where appropriate—the larger party membership. To that end, the National Executive Committee accepts that it must take a leadership role in seeing that appropriate measures are undertaken.

### **ANC Risk Management Goals Statement**

The National Executive Committee authorizes the establishment of a Risk Management Committee, which shall consist of Five members, the party treasurer, a member trained on fire and emergency, a member trained on public works management, and two NEC Members (to be selected by the National Executive Committee for five-year terms). The Committee shall be chaired by the party treasurer, and its responsibilities shall be:

- Identifying and assessing risks
- Selecting and implementing risk control and financing measures
- Periodically reviewing risk management efforts and reporting to the National Executive Committee

These activities shall be undertaken in the service of the risk management mission statement, and to that end risk management practices are undertaken to reduce the cost of risk to Amani National Congress and to maximize benefits of opportunities that the membership may encounter.

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.



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Controlling these risks through a formal program is necessary for the well-being of the organization and everyone in it. The jobs and services the party provides the safety of the workplace and other benefits all depend to an extent on our ability to control risks.

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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 this policy.

This Risk Policy document has received the following review and approvals from ANC Management.

**(f) Entity Headquarters**

AMANI House  
Lavington  
Loiyangalani Drive Off Convent Road  
Off James Gichuru Road  
P.O. Box 74391 - 00200  
Nairobi

**(g) Entity Contacts**

Telephone: (020) 203 3479/ (020) 2339834  
E-mail: [official@anc.or.ke](mailto:official@anc.or.ke)  
Website: [www.anc.or.ke](http://www.anc.or.ke)

**(h) Entity Bankers**

ABC Bank, Westlands, Nairobi  
KCB Bank, High Court, Nairobi

**(i) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

1. Dan Ameyo
2. Moses Chelang'a



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**NATIONAL EXECUTIVE COMMITTEE MEMBERS**

1.	Hon. Musalia Mudavadi	Party Leader (3/4/2015 to date)
2.	Kelvin Lunani	National Chairman (3/4/2015 to date)
3.	Margaret Onyango	Deputy Chairman ( 3/4/2015 to date )
4.	Hon. Godfery Osotsi	Secretary General (3/4/2015 to 31st August 2017)
5.	Joseph Mengich	Deputy Secretary General (3/4/2015 to date )
6.	Jonh K. Ngasura	National Organizing Secretary (3/4/2015 to date )
7.	Caroline Nandwa Nyakeri	Deputy Organizing Secretary ( 3/4/2015 to date )
8.	Geoffrey Omito Anyembe	National Treasurer ( 3/4/2015 to date )
9.	David Tobo Oruko	Deputy Treasurer ( 3/4/2015 to date )
10.	Rodah Atemo Atana	Women Leader (3/4/2015) – no longer a member of the party
11.	Angela Gathoni	Youth Leader (3/4/2015 to date )
12.	Petronila Were Lokorio	Executive Director (ex-officio)

**MANAGEMENT TEAM**

1.	Godfrey Osotsi	Secretary General (3/4/2015 up to 31 <sup>st</sup> August 2017)
2.	Petronila Were Lokorio	Executive Director (3/4/2015 up to 31 <sup>st</sup> August 2017)
3.	Margaret Ndanyi	Deputy ED ( June 2015 to 11 <sup>th</sup> October 2017)
4.	Geoffrey Anyembe	Treasurer ( 3/4/2015 to date )
5.	Nicholas Meli	Administrator ( 3/4/2015 to date )
6.	Honrad Makunja	Youth Desk ( November 2016 to September 2017 )



**CHAIRMAN'S STATEMENT**

I am pleased to present our Annual Financial Report for the year ending December 31, 2016

Early in the year we constituted a four-member team with research assistants to conduct an election audit. I am informed that the team is currently compiling their report. You are all aware that our Party Leader moved quickly to fill the gap in the opposition politics after the handshake


With significant political changes in the country many initiatives are going to play out inside and outside Parliament. What has not changed however is the unique ability of the party to continue to adopt to a volatile environment with unpredictable politics and continue playing its rightful role of opposition politics.

Our Party remains in a strong financial position despite some noted cases where party funds appear to have been misappropriated. The long outstanding experience of our Party Leader and the wealth of support he has continued to give is highly regarded. Our National Committee mandated by law to prepare financial statements in respect of Amani National Congress has exhibited a high fiduciary financial management and is currently the bench mark amongst our supporters and competitors

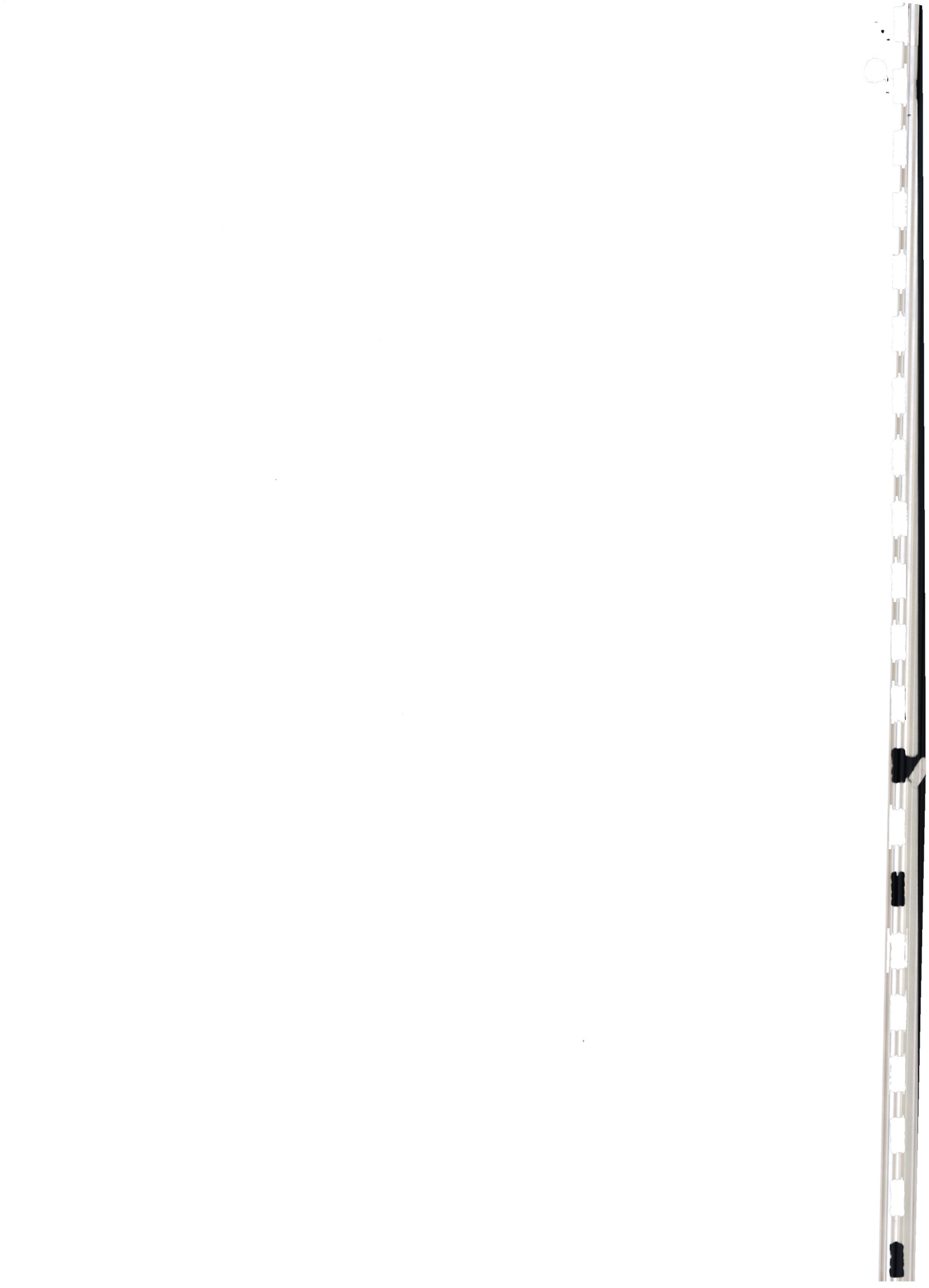
The year ending December 31, 2016 has been an extremely busy period. We are currently focusing on a more improved performance and cost reduction. The failure by the Government to fund all political parties has greatly affected our key electoral and campaign advocacy programs.

We continue to use Membership Pay bill, voluntary contributions; Donations, bequests for various cadre of party membership and receiving grants from legal sources.

**Kelvin Lulani  
National Chairman**



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## **REPORT OF THE CHIEF EXECUTIVE OFFICER**

We have once again come to the end of a financial year and are pleased to present the financial report for the year ended December 31, 2016 pursuant to the International Public Sector Accounting Standards. Our key responsibilities during the year under review included, but were not limited to:

1. The development of strategies for and realisation of financial resources for the Party;
2. Preparation of books of accounts and ensuring the same are audited;
3. Organising the meetings of all Party organs at the national level, including the National Executive Council, the National Governing Council, the Party Parliamentary Group and the youth, women and disabilities' leagues;
4. Revitalisation and re-energization of county party structures, branches and sub-branches; and
5. Post-general election stewardship.

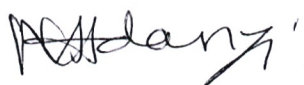
In compliance with Section 35 of the Public Audit Act 2015 and requirements of the Political Parties' Act 2011, we accomplished the following in time:

- (i) Development of a work plan and annual budget for the current financial Year in conformity with the Party's Four-year Strategic Plan; and prepared the report and accounts for the year ended December 31 for both 2016 financial year;
- (ii) Ensured the timely preparation of the books of Accounts for the year ended 31 December, 2016 and presentation of the same to the Auditor General and further ensuring that relevant income sections of the financial report were extracted and published in the local newspapers [see] in accordance with Section 29(1), which requires of us to, within three months of our financial year, publish the sources of Party funds stating:
  - a. The amount of money received from the Political Parties Fund;
  - b. The amount of money received from Party members and supporters; and
  - c. The amount and sources of donations given to the Party.
- (iii) We are further pleased to declare that the accounts were forwarded on November 27, 2018 to the Office of the Auditor General in the IPSAS format.

The key income drivers for the year under review were

- Contributions by members, supporters and elected leaders (MCAs, MPs, Governors and deputy governors) as well as Life Membership fees and nomination fees for by-elections.

On the other hand, key expenditure drivers were mainly legal fees, administrative costs, travel and bad debts provisions for MCAs and MPs and other aspirants that were not elected.



Margaret Ndanyi  
**EXECUTIVE DIRECTOR**



## **CORPORATE GOVERNANCE STATEMENT**

Amani National Congress is committed to operating in accordance with best practice in political integrity and ethics and maintaining the highest standards of financial reporting and corporate governance. The National Executive Committee is delighted to report that the party has, throughout the year, complied with the provisions set out in the Code on Corporate Governance and equally applied the main principles of the Code.

Corporate governance for the Amani National Congress has gone a long way to define how the party conducts its affairs in line with the objects for which it was founded. It has given the party its structure, which contains all set of rules that governs the ethical operating procedures and processes of the party by ensuring that we conform to the Kenyan Statutory requirements and the best practices in line the Political Parties Act 2011 in all political activities. Likewise, it has ensured the best interests of the public and party members are jealously protected. Responsibility for corporate governance is vested with the National Executive Committee of the Amani National Congress.

Much of the details are contained in the attached party Constitution which contains the following

- Identity, Vision and Mission                      Aims, objectives and Values
- Membership, Rights and Duties                  National Officials
- Party Organs    Committees
- Stewardship    Dissolutions
- Coalitions, Dispute Settlement and Amendment
- General Provisions

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Our ambition is to gradually but visibly, establishes a prosperous, industrized and modern nation in which citizens enjoy social, economic and democratic rights, and live in dignity. We envisage that our people will exploit their full potential. The sporting concerts and events will ensure that there is a continuous link between the people and the party organs – This program arises from a desire to ensure our contribution to society goes beyond purely political campaigns. Citizens have a duty to interact in a responsible way from a social and environmental perspective. In this context, one of the questions ANC aims to answer is: how do our activities improve living standards in our communities? In addition, it makes political sense in the long-term. When managed well this social responsibility can also facilitate achievement of strategically important goals for the party:

- Involvement in project work that tackles real challenges in our communities is a way through which we can increase **staff engagement**, member's loyalty and **pride**.
- Through collaboration in projects we can improve the **dynamism of relationships** with our members and competitors
- As a consequence of positive outcomes from our Corporate social activity, we can enhance ANC's **reputation** among key stakeholders nationally



**REPORT OF THE NATIONAL EXECUTIVE COMMITTEE**

The National Executive committee submit their report together with the audited financial statements for the year ended December 31, 2016 which show the state of the Amani National Congress Party affairs.

**Principal activities**

The organization's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

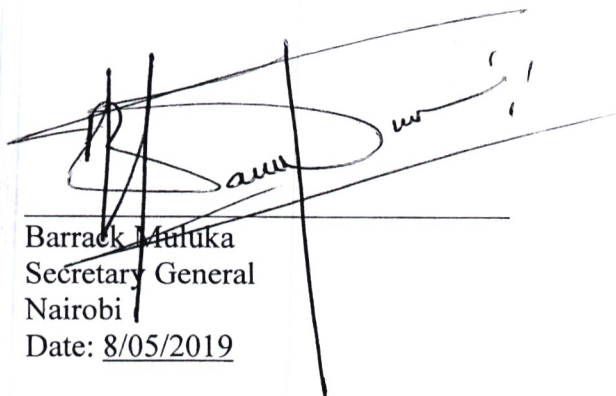
**Directors**

The National Executive Committee Members who served during the year are shown on page (vii)

**Auditors**

The Auditor General is responsible for the statutory audit of the Amani National Congress Party in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Amani National Congress Party for the year ended December 31, 2016.

By Order of the National Executive Committee



Barrack Muluka  
Secretary General  
Nairobi  
Date: 8/05/2019

**STATEMENT OF NATIONAL EXECUTIVE COMMITTEE'S RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 require the National Executive Committee to prepare financial statements in respect of that Amani National Congress, which give a true and fair view of the state of affairs of the Amani National Congress at the end of financial year December 31, 2016 and the operating results of the Amani National Congress for the particular year/period. The National Executive Committee members are also required to ensure that the Amani National Congress Party keeps proper accounting records which disclose with reasonable accuracy the financial position of the Amani National Congress. The National Executive Committee members are also responsible for safeguarding the assets of the Amani National Congress.

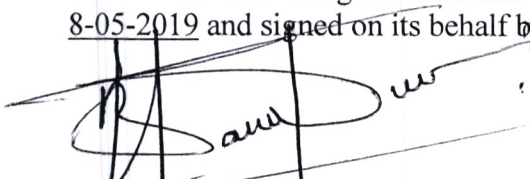
The National Executive Committee members are responsible for the preparation and presentation of Amani National Congress financial statements, which give a true and fair view of the state of affairs of the Amani National Congress for and as at the end of the financial year (period) ended December 31, 2016. 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 entity; (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 Amani National Congress; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The National Executive Committee members accept responsibility for Amani National Congress 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 National Executive Committee members are of the opinion that Amani National Congress financial statements give a true and fair view of the state of Amani National Congress transactions during the financial year ended December 31, 2016 and of Amani National Congress financial position as at that dates. National Executive Committee further confirm the completeness of the accounting records maintained for the Amani National Congress, which have been relied upon in the preparation of Amani National Congress financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Amani National Congress will not remain solvent for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

Amani National Congress financial statements were approved by National Executive Committee on 8-05-2019 and signed on its behalf by:

  
Secretary General

  
National Chairman

  
National Treasurer



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**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2016**

	Notes	2016
		Kshs
<b>Revenue from non-exchange transactions</b>		
Public contributions and donations	1	9,725,345.00
		<b>9,725,345.00</b>
<b>Total revenue</b>		<b>9,725,345.00</b>
<b>Expenses</b>		
Employee costs	2	1,134,000.00
Depreciation and amortization expense	3	179,612.50
Repairs and maintenance	4	78,000.00
General expenses	5	6,153,853.00
Finance costs		-
<b>Total expenses</b>		<b>7,545,465.50</b>
<b>Surplus before tax</b>		<b>2,179,879.50</b>
<b>Surplus/( deficit) for the period/year</b>		<b>2,179,879.50</b>
<b>Net Surplus for the year</b>		<b>2,179,879.50</b>



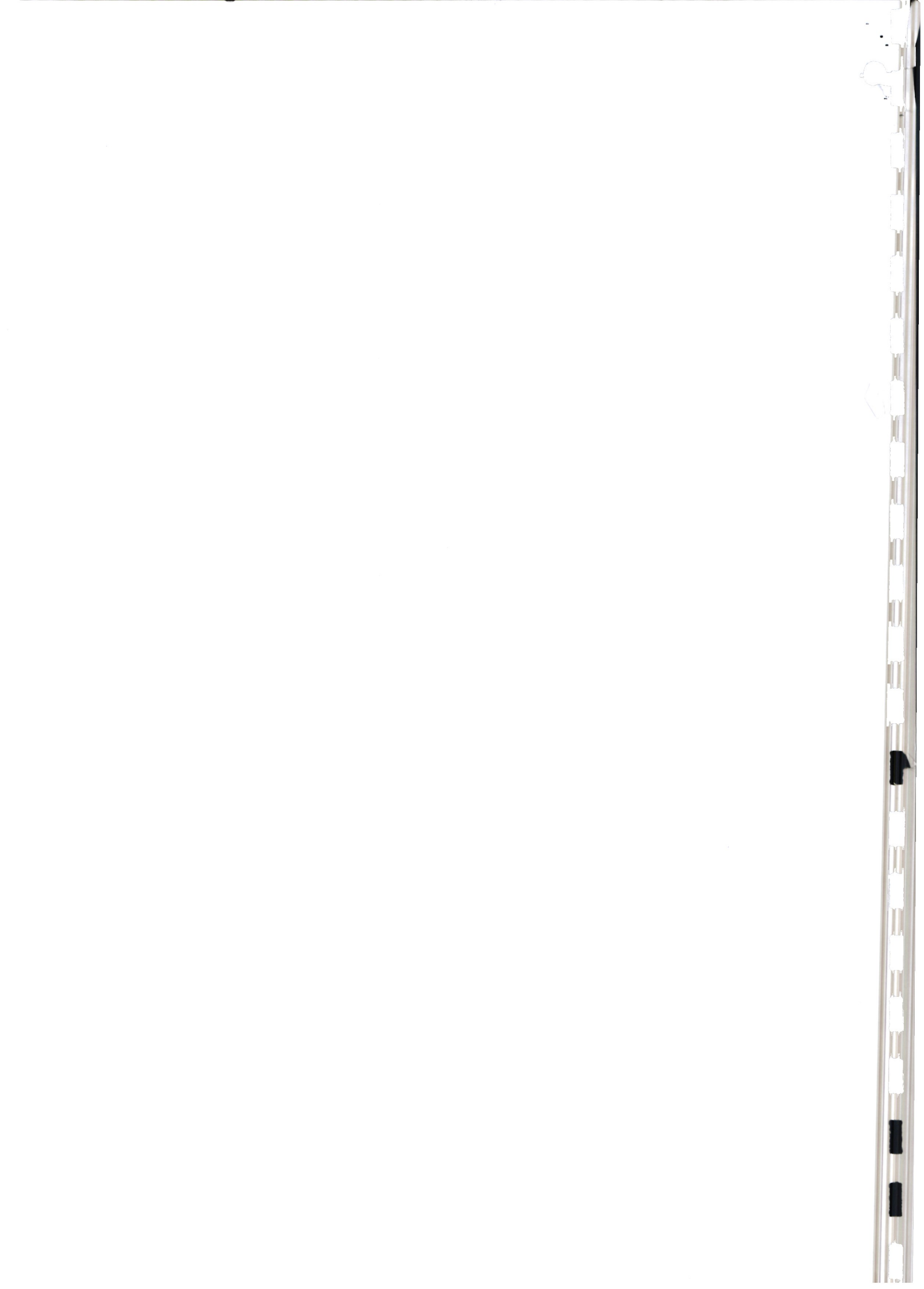
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**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2016**

	Notes	2016	2015
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	948,772.00	-
Receivables from non-exchange transactions	7	1,263,320.00	-
		<b>2,212,092.00</b>	-
<b>Non-current assets</b>			
Property, plant and equipment	10	1,257,287.50	-
		1,257,287.50	-
<b>Total assets</b>		<b>3,469,379.50</b>	-
<b>Net assets</b>		<b>3,469,379.50</b>	-
Surplus / Deficit		2,179,879.50	-
Reserves		50,600.00	-
Capital Fund		1,238,900.00	-
<b>Total net assets and liabilities</b>		<b>3,469,379.50</b>	-

Secretary General..... National Chairman..... National Treasurer.....



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STATEMENT OF CHANGES IN NET ASSETS

AS AT 31 DECEMBER 2016

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Developm ent Grants/Fund	Total
At December 31, 2015	-	-	-	50,600.00	-	1,238,900.00	1,289,500.00
At January 1, 2016	-	-	-	50,600.00	-	1,238,900.00	1,289,500.00
Total comprehensive income	-	-	-	2,179,879.50	-	-	2,179,879.50
At December 31, 2016	-	-	-	2,230,479.50	-	1,238,900.00	3,469,379.50



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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2016**

		2016
		Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Public contributions and donations		9,725,345.00
Increase in current receivables		(1,263,320.00)
<b>Total Receipts</b>		<b>8,462,025.00</b>
<b>Payments</b>		
Compensation of employees		1,134,000.00
Goods and services		-
Finance cost		46,133.00
Rent paid		3,202,000.00
Taxation paid		-
Other payments		2,983,720.00
Grants and subsidies paid		-
<b>Total Payments</b>		<b>7,365,853.00</b>
<b>Net cash flows from operating activities</b>	8	<b>1,096,172.00</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment and intangible assets		(198,000.00)
<b>Net cash flows used in investing activities</b>		<b>(198,000.00)</b>
<b>Cash flows from financing activities</b>		
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>898,172.00</b>
Cash and cash equivalents at 1 January	6	50,600.00
<b>Cash and cash equivalents at 31 December 2016</b>	<b>6</b>	<b>948,772.00</b>



**1. GENERAL INFORMATION**

The Amani National Congress was formed by and derives its authority and accountability from Political Parties Act. The entity is wholly domiciled in Kenya. The entity's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued 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 ANC's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note pages.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Amani National Congress.

The financial statements have been prepared in accordance with the PFM Act 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 but not yet effective in the year ended December 31, 2016.**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non exchange transactions which are covered purely under Public Sector combinations as amalgamations.

**ii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2016.

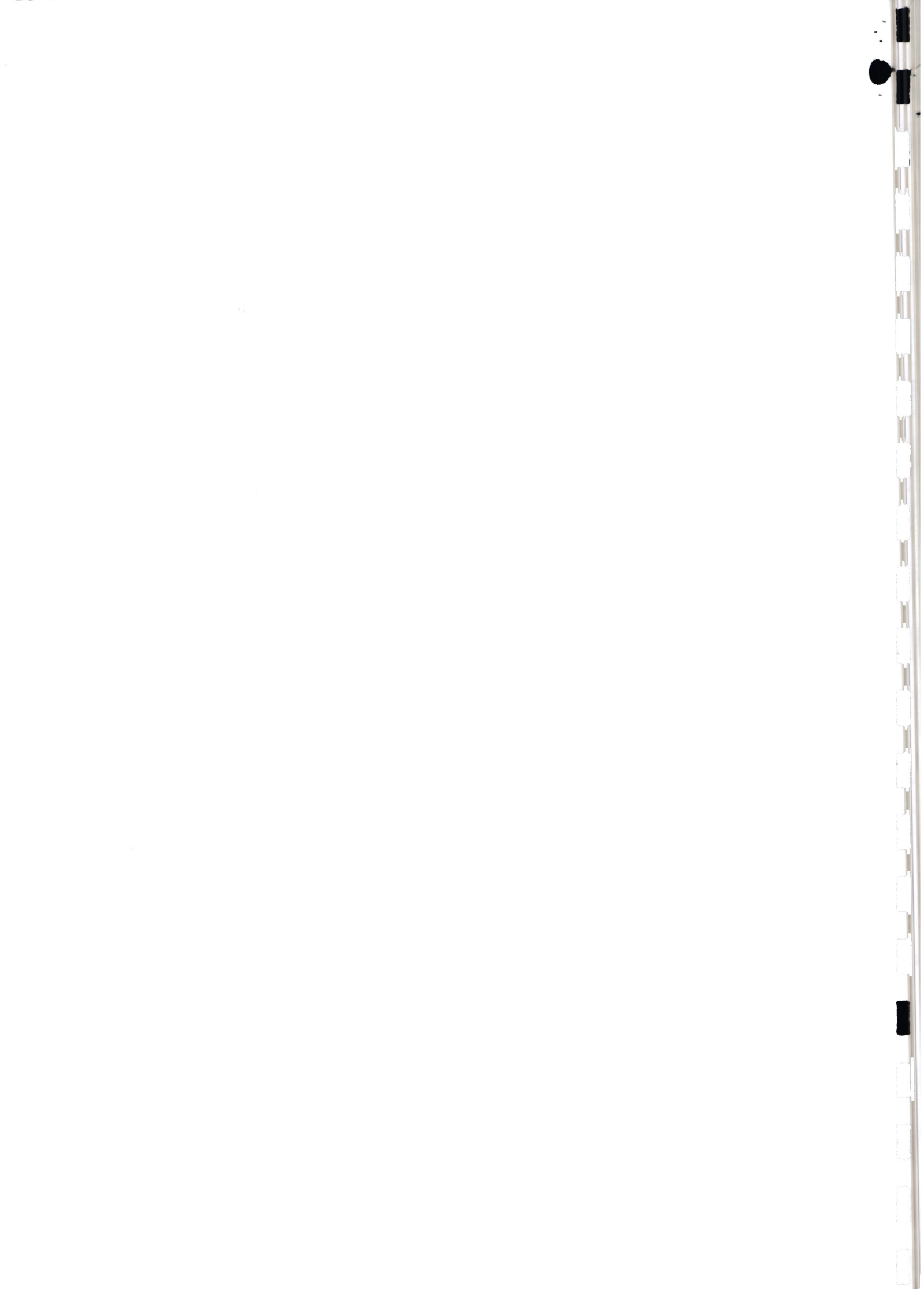
**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.



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Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

**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 entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

**b) Budget information**

There was no budget for FY 2016 which was to be approved by the National Executive Committee. Our estimates are purely based on the provision of the Political Parties Act, 2011. The Act requires the party to establish head office - which head office must be accessible and secure. The said office must be conspicuous, spacious and not in the backstreet. We are further required to establish more than 24 county offices across the country. The overheads and the running of these offices run into millions every month. Added to this are administrative costs, election and campaign expenses, conferences and meetings and party policy and advocacy.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of financial performance has not been presented because there were no budget estimates prepared for the two years under consideration.

**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 Entity 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.



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**For the year ending December 31, 2016**

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***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 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 entity and the same taxation authority.



#### **5. Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

#### **6. Property, plant and equipment**

All property, plant 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 entity 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. *Useful lives and residual values*

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

The condition of the asset based on the assessment of experts employed by the Entity

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The principal accounting policies adopted in the preparation of these accounts are set below:

##### **I. Basis of preparation**

The final statements of the Party have been prepared in accordance and comply with the standards issued by the International Financial Standards (IFRS) under the Historical cost convention and Kenyan Government IPSAs.

##### **II. Depreciation**

Depreciation is provided for on fixed assets using the reducing balance method except for the Leasehold Structure that is to be written off over 10years period.

The following are the rates used :

- Lease Hold Structure - to be written off over 10 years
- Office Furniture and Fittings 12.5%
- Office Equipment 12.5%
- Computers and Printers 30%
- Motor Vehicles 25%

#### **7. Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at



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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 Entity 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 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 Entity 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 Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

#### **8. Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

#### **9. Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

#### **10. Financial instruments**

##### ***Financial assets***

##### ***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and



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receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

***Impairment of financial assets***

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or



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deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**i) 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:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor 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 Entity.

**j) Provisions**

Provisions are recognized when the Entity 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 Entity 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.

***Contingent liabilities***

The Entity 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.

***Contingent assets***

The Entity 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 Entity 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



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

**n) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**o) Related parties**

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

**p) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular,



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where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**q) 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.

**11. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Entity's 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: e.g

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. 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.

The National Executive Committee sitting in September 2018 resolved to write off all the unrecoverable debts. These unrecoverable debts are attributable basically to

1. Members of the county assembly who did not make it back to the assembly
2. Members of Parliament and County Assembly who have since died



**1. PUBLIC CONTRIBUTIONS AND DONATIONS**

Description	2016	2015
	KShs	KShs
Membership fee		-
Members subscriptions	4,693,845.00	
Nomination & petition Fee		
Donations & harambee		
Founder contribution	5,031,500.00	
Other	-	-
<b>Total transfers and sponsorships</b>	<b>9,725,345.00</b>	-

**2. EMPLOYEE COSTS**

Description	2016	2015
	KShs	KShs
Salaries and wages	1,134,000.00	-
<b>Employee costs</b>	<b>1,134,000.00</b>	-

**3. DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2016	2015
	KShs	KShs
Property, plant and equipment	179,612.50	-
<b>Total depreciation and amortization</b>	<b>179,612.50</b>	-

**4. REPAIRS AND MAINTENANCE**

Description	2016	2015
	KShs	KShs
Furniture and fittings	30,000.00	-
Computers and accessories	48,000.00	-
Other	-	-
<b>Total repairs and maintenance</b>	<b>78,000.00</b>	-



5. GENERAL EXPENSES

Description	2016	2015
	KShs	KShs
Advertising	20,000.00	-
Admin expenses	949,250.00	-
Conferences and delegations	242,000.00	-
Travelling expenses	264,800.00	-
Printing and stationery	1,208,670.00	-
Hire charges	-	-
Rental	3,202,000.00	-
Security costs	500.00	-
Bank charges	46,133.00	-
Skills development levies	-	-
Software development & running exp	120,000.00	-
Telecommunication	500.00	-
Training	50,000.00	-
Other - Subscription to CMD	50,000.00	-
<b>Total general expenses</b>	<b>6,153,853.00</b>	<b>-</b>

6. CASH AND CASH EQUIVALENTS

Description	2016	2015
	KShs	KShs
Current account	948,772.00	50,600.00
<b>Total cash and cash equivalents</b>	<b>948,772.00</b>	<b>50,600.00</b>

6 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2016	2015
		KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank		607,430.00	-
ABC Bank		341,342.00	50,600.00
<b>Sub- total</b>		<b>948,772.00</b>	<b>-</b>
<b>Grand total</b>		<b>948,772.00</b>	<b>50,600.00</b>



7. RECEIVABLES FROM NON-EXCHANGE CONTRACTS

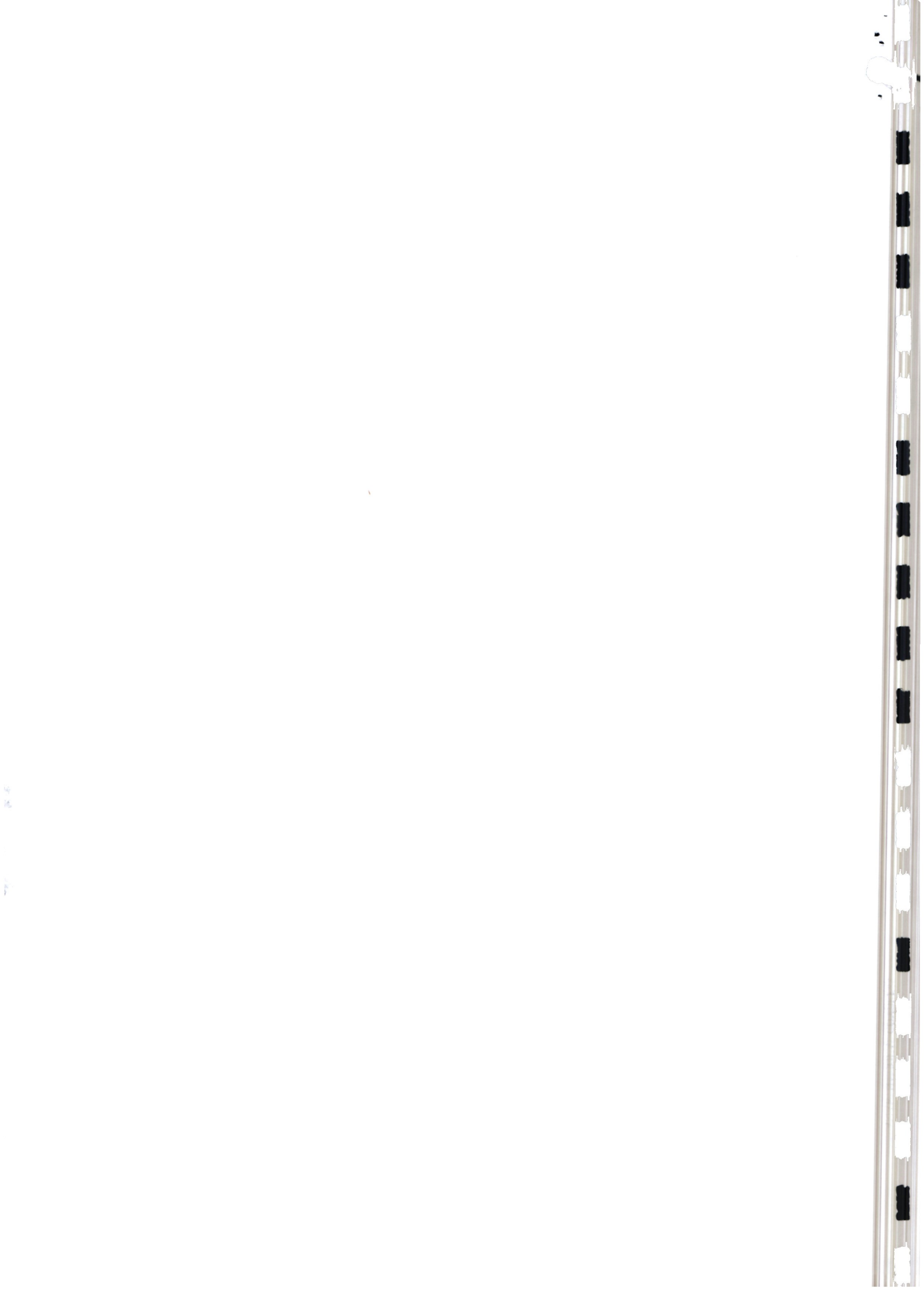
Description	2016	2015
	KShs	KShs
<b>Current receivables</b>		
Other debtors (Unaccounted cashflow)	1,263,320.00	-
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>1,263,320.00</b>	<b>-</b>

8. CASH GENERATED FROM OPERATIONS

Description	2016	2015
	KShs	KShs
Surplus/Deficit for the year before tax	2,179,879.50	
<b>Adjusted for:</b>		
Depreciation	179,612.50	-
Increase in receivables	(1,263,320.00)	-
<b>Net cash flow from operating activities</b>	<b>1,096,172.00</b>	<b>-</b>

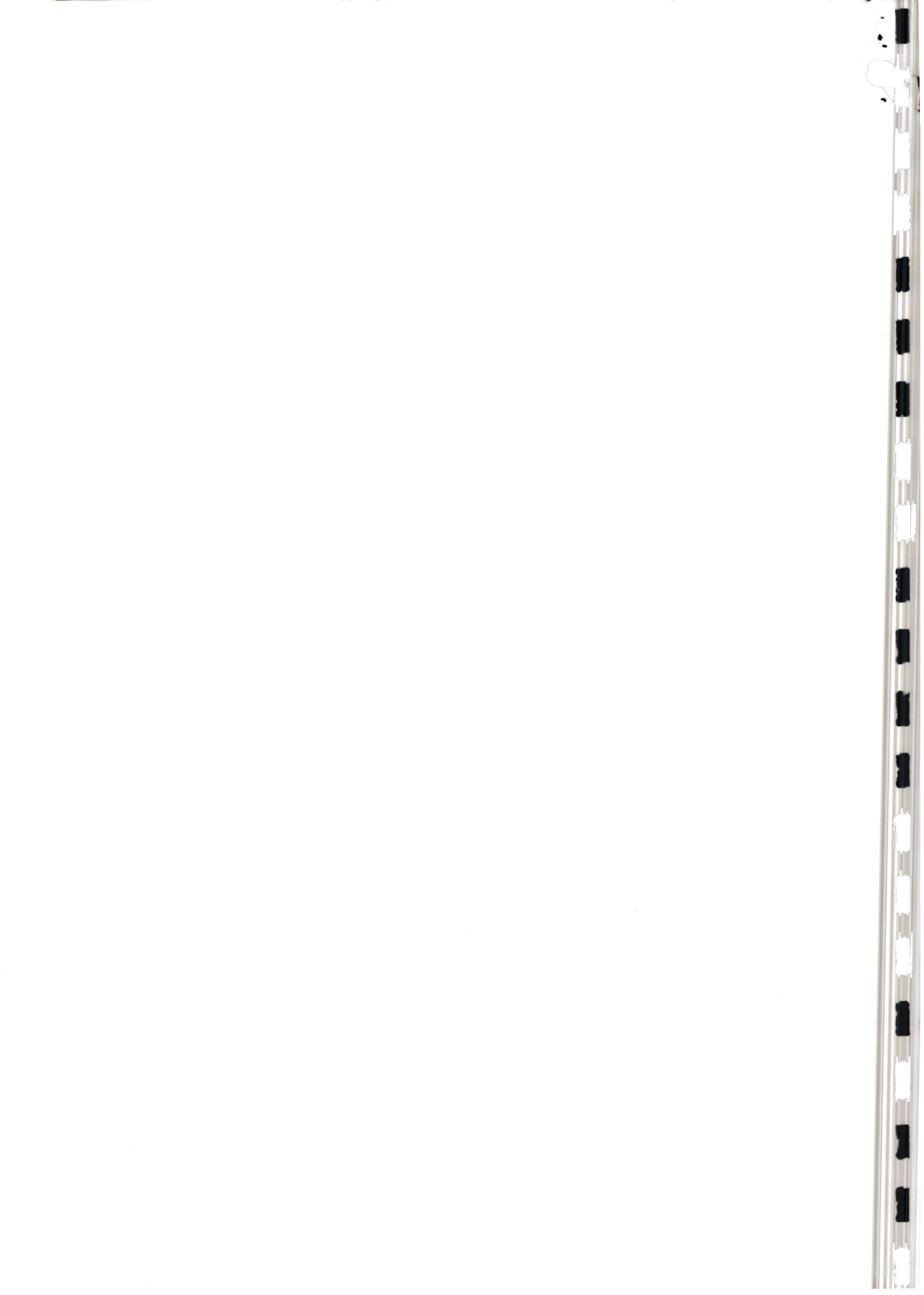
9. CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).



## 10. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and Buildings		Motor vehicles and fittings		Furniture and fittings		Computers & office equipment		Other		Plant and equipment		Capital Work in progress		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 31st, December 2015	-	-	-	-	977,900.00	-	261,000.00	-	-	-	-	-	-	-	1,238,900.00	-
At 1st January 2016	-	-	-	-	977,900.00	-	261,000.00	-	-	-	-	-	-	-	1,238,900.00	-
Additions	-	-	-	-	-	-	198,000.00	-	-	-	-	-	-	-	198,000.00	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31st, December 2016	-	-	-	-	977,900.00	-	459,000.00	-	-	-	-	-	-	-	1,436,900.00	-
<b>Depreciation and impairment</b>																
At 1st, January 2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	(122,237.50)	-	(57,375.00)	-	-	-	-	-	-	-	(179,612.50)	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31st, December 2016	-	-	-	-	(122,237.50)	-	(57,375.00)	-	-	-	-	-	-	-	(179,612.50)	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net book values At 31st December 2016</b>	-	-	-	-	<b>855,662.50</b>	-	<b>401,625.00</b>	-	-	-	-	-	-	-	<b>1,257,287.50</b>	-



**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

**AS AT DECEMBER 31, 2016**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status:  <i>(Resolved / Not Resolved)</i>	Time frame:  <i>(Put a date when you expect the issue to be resolved)</i>
N/A	N/A	N/A	N/A	N/A	N/A

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Secretary General .....

National Chairman.....

Date.....

