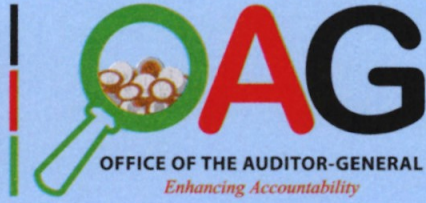


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**REPORT**

**OF**


**THE AUDITOR-GENERAL**

**ON**

**FEDERAL PARTY OF KENYA**

**FOR THE YEAR ENDED**

**30 JUNE, 2025**

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2026	DAY: WED
TABLED BY:	DEPUTY MAJORITY PARTY WHIP
CLERK-AT THE-TABLE:	ORIERO

OFFICE OF THE AUDITOR GENERAL  
P.O. Box 30084 - 00100, NAIROBI  
RECORDS OFFICE  
15 DEC 2025  
RECEIVED



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*(FEDERAL PARTY OF KENYA.)*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2025**

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

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## **1. Acronyms and Definition of Key Terms**

### **A: Acronyms**

SG	Secretary General
ED	Executive Director
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PPA	Political Parties Act
ORPP	Office of Registrar of Political Parties
IDRM	Internal Dispute Resolution Mechanism
NEC	National Executive Council
NDC	National Delegates Council
NGC	National Governing Council
PPF	Political Parties Fund
FPK	Federal Party of Kenya

### **B: Definition of Key Terms**

**Fiduciary Management-** Members of management who are directly entrusted with the responsibility of managing the organization's financial resources.

**The Secretary-General** is the accounting officer of the Political Party

**Comparative Year-** Means the prior period.

## **2. Key Political Party Information and Management**

### **(a) Background information**

The Federal Party of Kenya was fully registered under the Political Parties Act, CAP. 7D in the year 2007. The Party is domiciled in Kenya and has 25 branches across the country.

### **(b) Principal Activities**

The Federal Party of Kenya principal activity is to strive to establish the government of Kenya based on the democratic process to establish good governance and constitutional principles of a pluralistic democracy whilst promoting the rule of law.

Among other activities geared towards the goal above are;

- (a) Recruitment and enlisting of members.
- (b) Nominating candidates for both general elections by-elections across the country.
- (c) promote representation in Parliament and county assemblies of women, persons with disabilities, youth, ethnic and other minorities, and marginalized communities.
- (d) Sensitize the public on the functioning of the political and electoral system.
- (e) Promote and enhance national unity.
- (f) Mobilize citizens to participate in political decisions.
- (g) Solicit and articulate public policy priorities as identified by its members.
- (h) Shape and influence public policy.

### **(c) Key Management**

The Federal Party's day-to-day management is under the following key organs:

No.	Designation	Responsibility
1.	NDC/NGC;	Is the top most decision making organ of FPK. NGC is the executive arm of NDC.
2.	NEC	Provide strategic guidance, oversight, and ensure the organization is well-governed and accountable to its members
3.	SG	Accounting officer of the party
4.	Treasurer	Management and safeguarding party finances.

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Secretary General	<b>Kennedy Okello Oluoch</b>
2.	Head of Finance	<b>Collins Wesley Ondigo</b>
3.	National Treasurer	<b>Hon. Lucas Watitwa</b>

**(e) Fiduciary Oversight Arrangements**

The Party established an internal organ to assist in external fiduciary arrangement with constitutionally accepted bodies embedded within the structures and legal requirements of the office of the registrar of political parties. There is an internal audit committee comprised of the national treasurer, deputy treasurer, accountant and departmental directors to help the party comply with the statutory requirements of disclosure as per the International Public Sector Accounting Standards.

- **Audit and Risk Committee;** Audit Process is carried out without interferences as to guarantee the integrity of party's financial statements in accordance with the International Public Sector Accounting Standards.
- **Regulatory and legal requirements** of the government and the Party's code of conduct are in total compliance with all levels of government on disclosure and accountability of the income and expenditure
- **Risk Management** which is ensured by the committee dedicating its service in allocation of party resources in areas of full optimization and conformity with the party's objectives.

**(f) Party Headquarters**

Sha Mansion house,  
Second Floor,  
Mukhtar Dada Street,  
P.O Box 34463-00100  
Nairobi, KENYA

**(g) Party Contacts**

Tel: +254-722-302-368

Email; [federalpartyofkenya07@gmail.com](mailto:federalpartyofkenya07@gmail.com)

Website; <https://federalpartykenya.com/>

**(h) Party Bankers**

1. National Bank of Kenya  
Harambee Avenue Branch  
Nairobi, Kenya.

**(i) Independent Auditor**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**Party Legal Advisor**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya.

### 3. The National Executive Council/Committee

The national Executive committee is comprising of the holders of the following dockets within the party. The is the body responsible for the affairs of the party's day to day activities and building up towards the main goal of the party. These were the office holders up to the time of the end of the financial year 2024-2025.

Ref	Directors	Details
1.	Samwel Omukoko	Party Leader
2.	Philip Obonyo Abuba	Deputy Party Leader
3.	Kenedy Okello Oluoch	Secretary General
4.	Hon. Lucas Watitwa	National Treasurer
5.	Joel Otuoma Wanga	National Organizing secretary
6.	Collins Wesley Ondigo	Executive Director

### 4. Key Management/Secretariat Team

Name	Position	Responsibility
Kenedy Okello Oluoch	Secretary General	Accounting Officer/ Secretary to the NEC
Collins Wesley Ondigo	Executive Director	Head of Secretariat
Hon. Lucas Watitwa	National Treasurer	Heads Finance & Accounts
Collins Wesley Ondigo	Head of Operations	Heads Party operations

## **5. Chairman's Statement**

In accordance with the Public Audit act of 2015 and political parties act of 2011, we are obliged to prepare financial statements each year that are expected to present a true and fair view of the state of affairs of our party with a clear picture of our operating results.

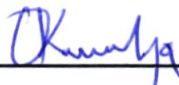
Prepared using appropriate accounting on accrual basis and policies that conform with the financial state of our party and its operating results, the finance management act of 2012, section 81 and section 31 of the political parties' act require us to prepare the financial statement and present them to office of the registrar and office of the auditor general not later than 31st August of every year.

The party further confirms the completeness of the accounting records that have been relied on in preparation of these financial statements for the year ended June 30th 2025.

I wish to thank the National Executive committee members for their prudence in managing the political party affairs through efficient resource mobilization and allocation. My loyalty to serve the party remains my stead first pilar to their commitment. To all members who have supported this party thus far, I assure them of my firm stand to the slogan that we hold true; 'Inawezekana Tukijipanga' and we are on course.

Attached herewith, the party financial statements which give true and fair view of the party financial position for the period ended 30th June 2025.

Yours Sincerely,



---

**Nahum Okwiya.**

**National Chairman FPK.**

## **6. Report of the Secretary-General**

We wish to present the report for the financial year ended 30th June 2025 in accordance with the International Public Sector Accounting Standard. During the Year, the key responsibilities of the party were:


- (I) Developing strategy for financial resource mobilization to finance party activities
- (II) Ensuring that the books of the party are properly audited
- (III) Participation in the national political activities and forums that require our party presence.
- (IV) Preparing our party for the 2027 general elections.

In accordance with the Public Audit act of 2015 and political parties act of 2011, our party managed to accomplish the following activities in the financial year 2024-2025;

- (I) Developed a work plan and budgets in respect to our party strategic goals for the current financial year.
- (II) Ensured that our books of accounts were prepared in good time and presented to the auditor general's office with a clear distinction of our revenue and expenses.
- (III) The accounts were forwarded to the auditor general on 28th August 2025 in IPSAS format of reporting as per its requirement.

The major source of our income remained the same as previous years which is government funding from the Political Parties Fund allocation.

This report is approved by the National Executive committee and signed on behalf by:



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**Kennedy Okello Oluoch.**

**SECRETARY GENERAL,  
FEDERAL PARTY OF KENYA**

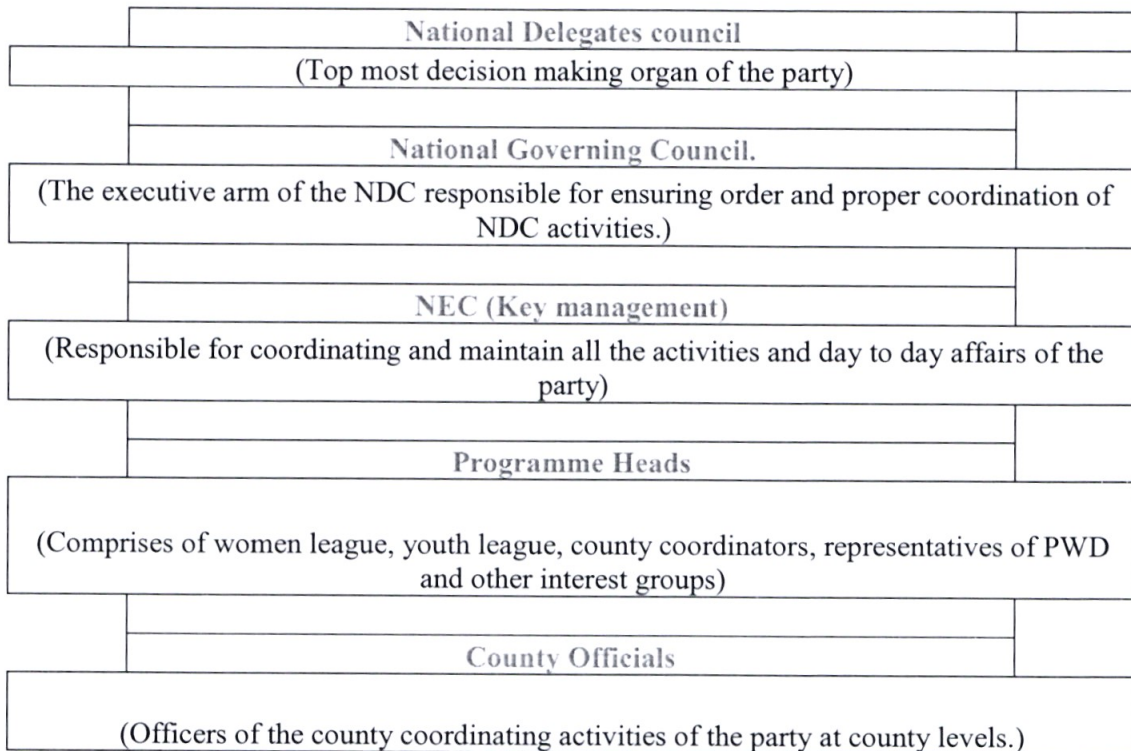
**7. Statement of Performance against Predetermined Objectives for FY 2024/2025-1**

The federal party of Kenya is on course to propagate and propel good governance in Kenya through a democratic exercise of forming government or being in coalition that will form government. As a result, the following are key highlights of our performance and growth indicators.

No	Program	Key Performance Indicator	Target	Achievement	Remarks
1.	Membership Recruitment	No of Members	300,000	33,867	Inadequate resources to facilitate the mobilization process.
2.	Full compliance	<ul style="list-style-type: none"> <li>• Establishment of adequate party offices</li> <li>• Utilization of PPF Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum of 24 offices in 24 counties across the county.</li> <li>• Utilization of Political Parties fund according to required allocations.</li> </ul>	We are currently working toward ensuring its achievable by end of the current financial year.	The NEC members are building towards the goal.
3.	Diversification of Party revenue sources	<ul style="list-style-type: none"> <li>• Increased income of party income</li> </ul>	<ul style="list-style-type: none"> <li>• Voluntary member contributions.</li> <li>• Subscription towards lifetime membership.</li> </ul>	Currently evaluating a plan on how to diversify revenue.	Due to reduced political activities across the country, there is limited participation of members in working in political activities.

## 8. Governance Statement

The Party structure of the party is presented in the diagram below:



- NDC shall be an annual event which shall comprise of all elected leaders in the party, the county officials and the national officials, and members of the national governing council and the key management.
- Members of the NEC shall compose of officials indicated above and shall hold meetings at least once every quarter of the year to deliberate on affairs and progress of the party.
- The committees under the Governing body/NEC, their role, the Composition of members, and meetings held
  - Establishment of the Dispute resolution committee and meetings held
  - Establishment of the Disciplinary Committee
  - Establishment of the election board
  - Finance Committee
  - Audit and Risk Committee
  - Others

**9. Management Discussion and Analysis**

Our ambition is to be able to establish a prosperous and industrialized country where citizens enjoy power and privileges that emanate from economic growth, democratic rights and social integration that comes with utmost dignity. Our public engagement goes beyond political party activities of campaigns for power in general elections or by elections rather, focuses on continuous civic education and mobilization of people for a unilateral decision of on choice of good governance.

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government Entity's performance against predetermined objectives. (This guidance statement should be removed in the final set of financial statements).

**10. Environmental and Sustainability Reporting**

**i) *Sustainability strategy and profile***

Integration and automation of some of our party records to as to minimize paper work which emanates from trees hence minimizing deforestation. Ensuring afforestation in various parts of our country.

**ii) *Environmental performance***

So far, during our baraza meetings, and remote SIG engagements, we encouraged all attendees to come along with a tree seedling which added onto the already availed seedlings through a well-wisher in Kakamega on behalf of the party which were planted by members around the meeting venue. As for our Baraza in Kakamega, we were able to plant 285 trees in the surrounding environments and community around the Kakamega social hall. We have equally been able to embrace technology and encouraged use of digital record keeping methods and use of computer for data storage to enhance efficiency and minimize over reliance on paper work which has for the years been a tool of national deforestation as trees are raw materials for paper production.

**iii) *Employee welfare***

Due to our current financial position and state considering our financial sources, we do not have a permanent party employee hence we do short-term contractual engagements with service providers based on the need during which the period of their service is entitled to emergency support or assistance in case of uncertainty during their engagement with the party.

**a) *Responsible Supply chain and supplier relations***

Our ethical market practices ensure the party gets value for money on all goods and services procured. This is through internal thorough market research before sourcing for any of the items.

**b) *Responsible marketing and advertising***

Our content for marketing materials and distribution is under the purview of the party and conforms to the regulatory requirements where we take full responsibility.

**c) Product stewardship**

Our party is fully operated under the law of the land in full conformity to the regulatory requirements which protect the interest of all citizens including our consumers.

**Corporate Social Responsibility / Community Engagements**

As part of our social responsibility, we focus on civic education to inform the general public on the importance of good governance and the power that is wielded by the constitution to them.

**11. Report of the National Executive Council/Committee**

The Council/Committee submits their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Federal Party of Kenya affairs.

**i) Principal activities**

The principal activities of the Party are reported on page (V)

**ii) Results**

The results of the Federal Party of Kenya for the year ended June 30, 2025, are set out on page 1 to 6.

**iii) Council Members**

The members of the Governing body/NEC who served during the year are shown on page ix. During the year 2025, none of the members retired/ resigned. However, there have been proposed changes that are yet to be ratified by the registrar of political parties.

**iv) Auditors**

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

By Order of the Council/Committee

  
.....

**Kennedy Okello Oluoch.**

**Secretary General**

## **12. Statement of the National Executive Council Responsibilities**

Section 31 of the Political Parties Act Cap 7D requires the NEC to prepare financial statements in respect of that Party, which give a true and fair view of the state of affairs of the Party at the end of the financial year and the operating results of the Party for that year. The NEC is also required to ensure that the Party keeps proper accounting records which disclose with reasonable accuracy the Party's financial position. NEC is also responsible for safeguarding the assets of the Party.

The NEC is responsible for the preparation and presentation of the Party's financial statements, which give a true and fair view of the state of affairs of the Party for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Party; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Party; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The NEC accepts responsibility for the Party's 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 the Political Parties Act. The NEC is of the opinion that the Party's financial statements give a true and fair view of the state of the Party's transactions during the financial year ended June 30, 2025, and of the Party's financial position as at that date. The NEC further confirms the completeness of the accounting records maintained for the Party, which have been relied upon in the preparation of the Party's financial statements, as well as the adequacy of the systems of internal financial control.

*Federal Party of Kenya.*

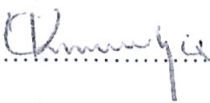
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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In preparing the financial statements, the NEC assessed the Party's ability to continue as a going concern. Nothing has come to the attention of the Directors to indicate that the Federal Party of Kenya will not remain a going concern for at least the next twelve months from the date of this statement.

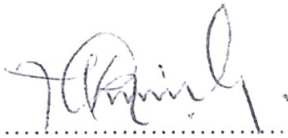
**Approval of the financial statements**

The Party's financial statements were approved by the Board on 15/12 / 2025 and signed on its behalf by:

  
.....

**Nahum Okwiya.**

**NEC Chairperson**

  
.....

**Kennedy Okello Oluoch**

**Secretary General**

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON FEDERAL PARTY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Federal Party of Kenya set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net

assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Federal Party of Kenya at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Political Parties Act, 2011 (Revised, 2022) and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

Review of the financial statements revealed the following inaccuracies:

- i. Note 15 to the financial statements reflects property, plant and equipment balance of Kshs.94,522. Included is furniture and fittings balance of Kshs.57,939, being the net book of furniture. However, the asset register reflects a balance of Kshs.114,129, resulting to an unexplained variance of Kshs.9,887;
- ii. The statement of financial position reflects a deficit opening net assets balance of Kshs.5,107. However, the statement of changes in net assets reflects a net deficit opening net assets balance of Kshs.388,713, comprising revaluation reserves balance of Kshs.100,000 and the accumulated deficit balance of Kshs.488,713 resulting to an unexplained variance of Kshs.383,606;
- iii. The statement of cash flows reflects total payments of Kshs.1,058,648. However, the recomputed payments total Kshs.1,070,894, resulting to an unexplained variance of Kshs.12,246; and
- iv. The statement of budget and actual amounts reflects actual payments amounting Kshs.1097,918. However, the recasting of the statement reflects total payments of Kshs.1,088,141, resulting to a casting variance of Kshs.9,776. Further, budget reconciliation on page 6 reflects an unexplained miscellaneous balance of Kshs.11,695.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

### **2. Unsupported Receivables and Advances**

The statement of financial position reflects receivables and advances balance of Kshs.157,500 and opening balance of Kshs.153,449 as disclosed in Note 13 to the

financial statements. However, the balances were not supported with the schedules, ledgers, and aging analysis.

In the circumstances, the accuracy and completeness of the receivables and advances balance of Kshs.157,500 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Matters**

In the prior year's audit report, two (2) issues were raised under the Report on Financial Statements and Report on Effectiveness of Internal Controls, Risk Management and Governance. These include unsupported cash and cash equivalents and lack of an Internal Audit Function. Review of the status during the audit of the Party in 2024/2025 revealed that the matters remained unresolved.

### **Other Information**

Management is responsible for the Other Information set out on pages iv to xvii, which comprise of Key Political Party Information and Management, the National Executive Council, Key Management/Secretariat Team, Chairman's Statement, Report of the Secretary-General, Statement of Performance against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the National Executive Council/Committee and the Statement of National Executive Council's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Party's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed,

I conclude that there is a material misstatement of this Other Information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Prepare and Submit Quarterly Reports and Bank Reconciliation Statements**

During the year under review, the Party Management did not prepare monthly bank reconciliation statements and quarterly reports as required by Regulations 90(1) and 65 of the Public Finance Management (National Government) Regulations, 2015. The regulations require Accounting Officers to prepare monthly bank reconciliation statements by the 10<sup>th</sup> of the following month and quarterly reports by the 15<sup>th</sup> day of each quarter and submit a copy to The National Treasury, with a copy to the Auditor-General.

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

#### **2. Non-Compliance with Climate Change Financing Requirements**

Review of records revealed that the Party did not dedicate resources in its annual budget towards Climate Change activities. Further, the Party lacks systematic records of Climate Change initiatives, including project outcomes, emissions reductions, and financial tracking. This was contrary to Regulations 6(1)(d) and 15(2)(a) of the Climate Change Regulations, 2021, which require each public entity at both the National and County Governments to dedicate an amount in its annual budget towards Climate Change activities. The regulations also require each entity to designate a unit with adequate staff and financial resources and appoint a senior officer as head of the unit to coordinate the mainstreaming of the Climate Change action plan and other Climate Change statutory functions and mandates into sectoral strategies for implementation.

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

### **3. Non-Compliance with the Law on Establishment of Party Offices**

As previously reported, it was observed that the Party had only one (1) office at the Headquarters in Nairobi. This was contrary to Section 7(2)(f)(iii) of the Political Parties Act, 2011, which states that a provisionally registered Political Party shall be qualified to be fully registered if it has submitted to the Registrar the locations and addresses of the branch offices of the Political Party, which shall be in more than half of the Counties.

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

### **4. Lack of an Annual Procurement Plan**

The statement of financial performance reflects expenses of Kshs.533,804 and Kshs.231,700 on special interest groups and advocacy and electoral expenses, respectively, which involved the procurement of goods and services. However, the expenditure was not supported by an approved annual procurement plan. This was contrary to Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020, which requires a procuring entity to prepare a procurement plan for each financial year as part of the annual budget preparation process. Further, contracts for services were not supported by advertisements, bid documents, opening and evaluation minutes, the professional opinion and notifications of award as signed contracts.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Management Structures, Policies and Procedure Manuals**

During the year under review, the Party did not have an approved Management structure, policies and procedure manuals to guide administrative, financial and operational activities. This was contrary to the Second Schedule of the Political Parties Act, 2011,

which requires the Constitution of a Political Party to include, among other things, a detailed management structure and documented systems for human resources, finance, audit, administration and management policies and procedures at the Party offices.

In the circumstances, the effectiveness of the Party's internal controls and management frameworks could not be confirmed.

## **2. Lack of an Internal Audit Function**

During the year under review, the Party did not have an Internal Audit Function. This was contrary to Section 73(1)(a) of the Public Finance Management Act, 2012, which requires every National Government entity to maintain an internal auditing arrangement that adheres to the guidelines issued by the Public Sector Accounting Standards Board.

In the circumstances, the adequacy and effectiveness of the Party's internal controls and risk management could not be confirmed.

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

### **Responsibilities of the Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

Those charged with governance are responsible for overseeing the Party's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes

and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**17 December, 2025**

14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	Current FY 2024-2025	Insert Comparative 2023-2024
		Kshs	Kshs
<b>Revenue</b>			
Transfers from Political Parties Fund (PPF)	6	1,046,902	688,928
<b>Total Revenue</b>		<b>1,046,902</b>	<b>688,928</b>
<b>Expenses</b>			
Administrative Expenses	7	322,643	400,709
Special Interest Groups expenses	8	533,804	360,700
Advocacy and Electoral expenses	9	231,700	30,450
Finance Costs	10	00	11,290
<b>Total expenses</b>		<b>1,088,147</b>	<b>803,149</b>
<b>Other gains/(losses)</b>			
Impairment Loss	11	(9775)	00
<b>Surplus/Deficit</b>		<b>(51,020)</b>	<b>(114,221)</b>

The notes set out on pages 7 to 56 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the NEC by:



**Kennedy Okello Oluoch**  
Secretary General

Date 15/12/2025



**Watai Brian Wekesa**

ICPAK M/No: 3467

Date 15/12/2025



**Chairman of the Party**

Date 15/12/2025

*Federal Party of Kenya.*

**Annual Report and Financial Statements for the year ended June 30, 2025.**

**15 Statement of Financial Position as at 30 June 2025**

	Notes	Current FY	Insert Comparative
		2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	12	252	10,085
Receivables and advances	13	157,500	153,449
Inventories	14	31,640	6,900
<b>Total Current Assets</b>		<b>189,392</b>	<b>171,154</b>
<b>Non-Current Assets</b>			
Property Plant and Equipment	15	94,522	124,016
<b>Total Non- Current Assets</b>		<b>94,522</b>	<b>114,239</b>
<b>Total Assets (A)</b>		<b>283,912</b>	<b>285,393</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	16	120,000	290,500
<b>Total Current Liabilities</b>		<b>120,000</b>	<b>290,500</b>
<b>Total Liabilities (B)</b>		<b>120,000</b>	<b>290,500</b>
<b>Net Assets (A-B)</b>		<b>163,914</b>	<b>(5,107)</b>
<b>Represented by:</b>			
Revaluation Reserves		703,643	100,000
Accumulated Surplus/deficits		(539,733)	(105,107)
<b>Net Assets</b>		<b>163,912</b>	<b>(5,107)</b>

The financial statements set out on pages 1 to 6 were signed on behalf of the NEC by:

  
.....

**Kennedy Okello Oluoch**

**Secretary General**

**Date 15/12/2025**

  
.....

**Brian Wekesa Watai**

**ICPAK M/No: 3467**

**Date 15/12/2025**

  
.....

**Nahum Okwiya**

**Chairman of the Party**

**Date 15/12/025**

*Federal Party of Kenya.*

**Annual Report and Financial Statements for the year ended June 30, 2025.**

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**16. Statement of Changes in Net Assets for the year ended 30 June 2025**

<b>Description</b>	<b>Revaluation reserve</b>	<b>Accumulated Surplus</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at July 1, 2023</b>	<b>100,000</b>	<b>(374,492)</b>	<b>100,000</b>
Revaluation gain		-	<b>00</b>
Surplus/ deficit for the year	-	(114,221)	(114,221)
<b>As at June 30, 2024</b>	<b>100,000</b>	<b>(488,713)</b>	<b>(388,713)</b>
<b>As at July 1, 2024</b>		<b>(488,713)</b>	<b>(488,713)</b>
Revaluation gain	703,643	-	<b>703,643</b>
Surplus/ (deficit) for the year	-	(51,020)	(51,020)
<b>As at June 30, 2025</b>	<b>703,643,</b>	<b>(539,733)</b>	<b>163,910</b>

*Federal Party of Kenya.*

**Annual Report and Financial Statements for the year ended June 30, 2025.**

**17. Statement of Cash Flows for the year ended 30 June 2025**

	Notes	Current FY 2024-2025	Comparative FY 2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from Political Parties Fund (PPF)		1,046,902	688,928
<b>Total receipts</b>		<b>1,046,902</b>	<b>688,928</b>
<b>Payments</b>			
Administrative Expenses		293,151	380,990
Special Interest Groups expenses		533,804	260,700
Advocacy and Electoral expenses		231,701	30,450
Finance Costs		00	11,290
<b>Total payments</b>		<b>1,058,656</b>	<b>683,430</b>
<b>Net cash flows from/ (used in) operating activities</b>	18	<b>(11,754)</b>	<b>5,498</b>
<b>Cash flows from investing activities</b>			
Adjustment on depreciation on impairment		1,921	00
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing Activities</b>		<b>00</b>	<b>00</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>(9,833)</b>	<b>819</b>
Cash and cash equivalents at 1 July	18	10,085	9,986
<b>Cash and cash equivalents at 30 June 2025</b>	18	<b>252</b>	<b>10,085</b>

**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	D	e=(c-d)	f=d/c*100
<b>Carry Overs from the Previous Period</b>	00	00	00	00	-	
<b>Receipts</b>						
Transfers from Political Parties Fund (PPF)	1,217,366	00	1,217,366	1,046,902	170,464	86%
Membership Fees	100,000	00	100,000	00	100,000	0%
Public contributions and donations	50,000	00	50,000	00	50,000	0%
Investment Income	00	00	00	00	00	0%
Miscellaneous Revenue	20,000	00	20,000	00	20,000	0%
<b>Total</b>	<b>1,387,366</b>	<b>00</b>	<b>1,387,366</b>	<b>1,046,902</b>	<b>340,464</b>	<b>75.46%</b>
<b>Payments</b>						
Administrative Expenses	400,000	00	400,000	322,637	89,603	77.60%
Special Interest Groups expenses	600,000	00	600,000	533,804	66,196	88.97%
Advocacy and Electoral expenses	250,000	00	250,000	231,701	18,299	92.68%
Finance Costs	25,000	00	25,000	00	12,760	49%
Purchase of Assets	100,000	00	100,000	00	100,000	0%
Purchase of Intangible Assets	00	00	00	00	-	00
Others specify						
<b>Total Expenditure</b>	<b>1,375,000</b>	<b>00</b>	<b>1,375,000</b>	<b>1,097,918</b>	<b>286,858</b>	<b>79.13%</b>
<b>Surplus for the period</b>	<b>12,366</b>	<b>00</b>	<b>12,366</b>	<b>(51,020)</b>	<b>53,606</b>	

*Federal Party of Kenya.*

**Annual Report and Financial Statements for the year ended June 30, 2025.**

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**Budget Reconciliation**

No	Description	Kshs
	Actual Surplus Amounts as per the statement of Budget	(51,020)
1	Reason for differences: Depreciation & Impairments	29,494
2	Reason for differences: Closing cash balance	10,085
3	Reason for differences: Miscellaneous	11, 693
	Closing Cash and Cash Equivalent as per the statement of Cash flows	252

## **19. Notes to the Financial Statements**

### **1. General Information**

Federal Party of Kenya is established by and derives its authority and accountability from Political Parties Act.

### **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 Federal Party of Kenya accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the FPK. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

Standard	Effective date and impact:
IPSAS 43: Leases	<b>Applicable 1<sup>st</sup> January 2025</b>  The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.  The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. This however does not affect the state the operations of FPK in all its current undertaking.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b>  The Standard requires,  Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:  Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.  This standard has no impact in the current operations of FPK.
IPSAS 45: Property Plant and Equipment	<b>Applicable 1<sup>st</sup> January 2025</b>  The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously

Standard	Effective date and impact:
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g., valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. The standard has no impact on the current operations of FPK.</p>
<p>IPSAS 46: Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>This standard has no impact in the current operations of FPK.</p>
<p>IPSAS 47: Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Standard	Effective date and impact:
<p>IPSAS 48: Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>This standard has no impact in the current operations of FPK.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>This standard has no impact in the current operations of FPK.</p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul> <p>This standard has no impact in the current operations of FPK.</p>

**iii. Early adoption of standards**

The Federal Party of Kenya did not early – adopt any new or amended standards in the financial year under consideration.

#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

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

##### **Transfers from The Political Parties Fund**

Revenues transfers from the Political Parties Fund are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Party and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance upon meeting the set conditions.

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the party.

##### **Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's

net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

### **Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

### **Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

### **b) Budget information**

The original budget for the Current FY was approved by the National Assembly on 25<sup>th</sup> June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the FPK upon receiving the respective approvals in order to conclude the final budget.

### **Budget information (continued)**

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

### **c) 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. 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 derecognition. Transfers are made to or from investment property only when there is a change in use.

**d) 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.

**e) Leases**

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

#### **f) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

#### **g) Research and development costs**

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) 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.

#### **h) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment

model for financial assets. *The FPK does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**a) Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

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

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The

entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss.

**b) Financial liabilities**

**Classification**

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

**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. 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 FPK.

**j) Provisions**

Provisions are recognized when the FPK 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 FPK 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.

**k) 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.

**l) 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.

**m) Nature and purpose of reserves**

The FPK does not create and maintains reserves as its main source of funding is the allocation from political party's fund of which any surplus is transferred back to the national treasury while any deficit is written off against the national reserve.

**n) Changes in accounting policies and estimates**

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

**o) Employee benefits**

**Retirement benefit plans**

The FPK 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.

**p) 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.

**q) 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.

**r) Related parties**

The FPK 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 FPK, or vice versa. Members of key management are regarded as related parties and comprise NEC Members and other officials as per the Party's constitution and the Political Parties Act.

**s) 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.

**t) Comparative figures**

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

**u) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

#### **5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the FPK financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

#### **Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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

#### **Useful lives and residual value**

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

The condition of the asset based on the assessment of experts employed by the FPK.

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

The nature of the processes in which the asset is deployed.

Availability of funding to replace the asset.

Changes in the market in relation to the asset

#### **Provisions**

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

**6. Transfers from Political Parties Fund (PPF)**

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
Operational Grant	1,046,902	688,928
Other Grants	00	00
<b>Total</b>	<b>1,046,902</b>	<b>688,928</b>

**7. Administrative Expenses**

Description	Note	Current FY 2024-2025	Comparative FY 2023-2024
		Kshs	Kshs
Salaries and Wages	7(a)	25,000	46,590
Office Rent		160,000	270,000
Transport & Fuel		16,420	00
Stationaries & printing		8,235	00
Consumables		00	6,500
Utilities	7(b)	13,650	8,500
Professional Fees	7(c)	30,000	16,000
Communication Charges		20,000	24,000
Courier and Postage		7,604	9,400
Depreciation		29,494	19,719
Bank charges		12,240	00
<b>Total Administrative Expenses</b>		<b>322,643</b>	<b>400,709</b>

**7(a) Salaries and Wages**

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
Salaries and wages	25,000	46,590
<b>Total Salaries and Wages</b>	<b>25,000</b>	<b>46,590</b>

**7(b) Utilities**

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
Water & Electricity.	13,650	8,500
<b>Total Utilities</b>	<b>13,650</b>	<b>8,500</b>

**7(c) Professional Fees**

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
Accountancy & Audit	30,000	16,000
<b>Total Professional Fees</b>	<b>30,000</b>	<b>16,000</b>

**8. Special Interest Groups**

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
Transport	68,000	38,500
Conference Facility	100,000	00
Food and Refreshment	20,000	00
Stationery	14,565	6,900
Accommodation	220,000	25,300
Caps/ T-shirts	23,860	00
Venue Hire	8,500	175,000
Logistics	3,879	00
Other Costs	75,000	15,000
<b>Total</b>	<b>533,804</b>	<b>260,700</b>

**9. Advocacy and Electoral Expenses**

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
Media and Publicity	42800	00
Advertisement	00	28,450
Barazas	20,500	00
Printing Cost	155,000	00
Other Costs	13,400	2,000
<b>Total</b>	<b>231,700</b>	<b>30,450</b>

**10. Finance Costs**

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
Interest on bank overdrafts	00	11,290
<b>Total finance costs</b>	<b>00</b>	<b>11,290</b>

**11. Impairment Loss**

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
PPE	9,775	00
<b>Total</b>	<b>9,775</b>	<b>00</b>

**12. Cash and Cash Equivalents**

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
Current Account	252	(3,194)
Others (Specify)	00	13,279
<b>Total Cash and Cash Equivalents</b>	<b>252</b>	<b>10,085</b>

**Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	Insert Current FY 2024-2025	Comparative FY 2023-2024
		Kshs	Kshs
<b>a) Current Account</b>			
National Bank	7700126461	252	(3,194)
<b>Sub- Total</b>		<b>252</b>	<b>(3,194)</b>
<b>b) On - Call Deposits</b>			
<b>c) Cash Balance</b>		00	13279
<b>Sub- Total</b>		<b>252</b>	<b>13,279</b>
<b>Grand Total</b>		<b>252</b>	<b>10,085</b>

**13. Receivables and advances**

Description	Insert Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
<b>Receivables</b>		
Member contributions	77,500	153,449
Rent deposit	76,000	00
Garbage Deposit	4,000	00
<b>Total Current Receivables</b>	<b>157,500</b>	<b>153,449</b>

**14. Inventories**

Description	Insert Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
Consumable stores	31,640	6,900
<b>Total inventories at the lower of cost and net realizable value</b>	<b>31,640</b>	<b>6,900</b>

**Detailed disclosure on inventories**

	Current FY 2024-2025	Comparative FY 2023-2024
Opening balance	6,900	17,709
Additional Inventory in the year	73,950	10,740

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Inventory expensed in the year	49,210	21,549
<b>Closing balance</b>	<b>31,640</b>	<b>6,900</b>

**15. Property, Plant and Equipment**

<b>Cost</b>	<b>Furniture and fittings</b>	<b>Computers</b>	<b>Other Assets (specify)</b>	<b>Capital Work in progress</b>	<b>Total</b>
<b>Depreciation Rate</b>	<b>10%</b>	<b>25%</b>	<b>0%</b>		
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
As At 1 July 2023	124,016	129,419	00	00	253,435
As at 30 <sup>th</sup> June 2024.	124,016	129,419	00	00	253,435
1 <sup>st</sup> July 2024	124,016	129,419	00	00	253,435
As at 30 <sup>th</sup> June 2025.	124,016	129,419	00	00	253,435
<b>Depreciation And Impairment</b>					
At 1 July 2024	48,778	80,641	00		129,419
Depreciation	7,524	12,195	00		19,719
Impairment	9,775	00	00		9,775
<b>As At 30<sup>th</sup> June 2025.</b>	<b>56,300</b>	<b>92,836</b>	<b>00</b>		<b>158,913</b>
1 <sup>st</sup> July 2024	124,016	129,419	00	00	253,435
Depreciation	(56,302)	(92,836)	00		(149,138)
Impairment	9,775	00	00		(9,775)
As at 30 <sup>th</sup> June 2025	57,939	36,583	00		94,522
Net Book Values					
<b>As at 30<sup>th</sup> June 2024</b>	<b>75,238</b>	<b>48,778</b>	<b>00</b>	<b>00</b>	<b>124,016</b>
<b>As at 30<sup>th</sup> June 2025</b>	<b>57,939</b>	<b>36,583</b>	<b>00</b>	<b>00</b>	<b>94,522</b>

**Valuation**

Land and buildings/ Equipment (be specific) were not valued during the financial year 2024-2025. These amounts were adopted are based on purchase price less the depreciation to get the net book values posted in the statement of financial position.

**25 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Computers And Related Equipment	129,419	(92,836)	36,583
Office Equipment, Furniture, And Fittings	124,016	(66,077)	57,939
<b>Total</b>	<b>253,435</b>	<b>(158,913)</b>	<b>94,522</b>

**16. Trade and Other Payables**

Description	Current FY 2024-2025		Comparative FY 2023-2024	
	Kshs		Kshs	
Trade payables	120,000		290,500	
Other payables	00		00	
<b>Total trade and other payables</b>	<b>120,000</b>		<b>290,500</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>Current FY 2024-2025</b>	<b>% of the Total</b>	<b>Comparative FY 2023-2024</b>	<b>% of the Total</b>
Under one year	120,000	100%	290,500	100%
<b>Total (tie to above total)</b>	<b>120,000</b>		<b>290,500</b>	

The income movement is as follows:

**17. Income**

	National government	International funders	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs

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Balance Brought Forward	00	00	00	<b>00</b>
Additions	1,046,902	00	00	1,046,902
Balance Carried Forward	<b>1,046,902</b>	<b>00</b>	<b>00</b>	<b>1,046,902</b>

**18. Cash Generated from Operations**

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
<b>Surplus for the year</b>	<b>(51,020)</b>	<b>(114,221)</b>
<b>Adjusted for:</b>		
Depreciation	19,719	19,719
Impairment	9,775	00
Contribution for movement adjust	157,449	154,640
<b>Working capital adjustments</b>		
Increase in inventory	24,740	10,809
Increase in receivables	0	79,801
Increase in deferred income	00	00
Increase in payables	(170,500)	(145,250)
Increase in payments received in advance	00	00
<b>Net cash flow from operating activities</b>	<b>(9,833)</b>	<b>5,498</b>

**19. Financial Risk Management**

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

**i) Credit risk**

The FPK has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial

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investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025.</b>				
Receivables	153,449	00	153,449	00
Bank balances	00	00	00	00
<b>Total</b>	<b>153,449</b>	<b>00</b>	<b>153,449</b>	<b>153,449</b>
<b>As at 30 June 2024</b>				
Receivables	153,449	00	153,449	153,449
Bank balances	00	00	00	00
<b>Total</b>	<b>153,449</b>	<b>00</b>	<b>153,449</b>	<b>153,449</b>

**Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from xxx. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash

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flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Trade payables	40,000	80,000	00	<b>120,000</b>
Employee benefit obligation	00	00	00	00
<b>Total</b>	<b>40,000</b>	<b>80,000</b>	<b>00</b>	<b>120,000</b>
<b>As at 30<sup>th</sup> June 2024</b>				
Trade payables	00	290,500	00	290,500
<b>Total</b>	<b>00</b>	<b>290,500</b>	<b>00</b>	<b>290,500</b>

## **Financial Risk Management**

### **iii) Market risk**

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

### **a) Foreign currency risk**

The FPK has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The FPK manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**Notes to the Financial Statements (Continued)**

**Financial Risk Management**

**Financial Risk Management**

The carrying amount of the FPK foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**Current FY 2024-2025.**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>			
<b>Financial Assets</b>			
Cash	252	00	252
<b>Total Financial Assets</b>	<b>252</b>	<b>00</b>	<b>252</b>
<b>Financial Liabilities</b>			
Trade And Other Payables	120,000	00	120,000
<b>Total Financial Liabilities</b>	<b>120,000</b>	<b>00</b>	<b>120,000</b>

**Financial Risk Management**

The following table demonstrates the effect on the FPK statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>Current 2025</b>			
Euro	10%	00	00
USD	10%	00	00
<b>Previous 2024</b>			
Euro	10%	00	00
USD	10%	00	00

**b) Interest rate risk**

Interest rate risk is the risk that the FPK's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the FPK's deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**Financial Risk Management**

**Sensitivity analysis**

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 00.00.

**Financial Risk Management**

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the FPK market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The FPK considers relevant and observable market prices in its valuations where possible.

### **Financial Risk Management**

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

There were no transfers between levels during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

### **iv) Capital Risk Management**

The objective of the FPK capital risk management is to safeguard the FPK's ability to continue as a going concern. The FPK capital structure comprises of the following funds:

<b>Description</b>	<b>Current FY 2024-2025</b>	<b>Comparative FY 2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation Reserve	703,643	100,000
Retained Earnings	<b>(539,733)</b>	488,713
<b>Total Funds</b>	<b>163,910</b>	<b>388,713</b>
<b>Gearing</b>	100%	100%

## **20. Related Party Disclosures**

### **Nature of related party relationships**

Entities and other parties related to the FPK include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

### **Related parties include:**

- i) Office of the Registrar of Political Parties
- ii) NEC Members
- iii) Secretary General
- iv) The Treasurer
- v) Executive Directors

Description	Current FY 2023-2025	Comparative FY 2023-2024
	Kshs	Kshs
<b>a) Grants /transfers from the government</b>		
Grants from Political Parties Fund	1,046,902	688,928
Other grants	00	00
<b>Total</b>	<b>1,046,902</b>	<b>688,928</b>
<b>b) Key management compensation</b>		
<b>Total</b>	<b>00</b>	<b>00</b>

## 21. Contingent Assets and Contingent Liabilities

### *Contingent Asset*

Following the recent ruling by the court petitioned by ODM party where political parties were granted a shareable sum of Ksh. 550 million. Our party is expected to receive a share of that allocation as per the formular devised by the registrar of political parties on allocation of political parties' fund.

## 22. Events after the Reporting Period

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

**20. Appendices**

**Appendix I: Implementation Status of Auditor-General’s Recommendations**

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

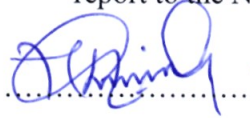
<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
01	Unsupported Cash and Cash equivalent.	We were able to provide a bank statement that reflected the bank balance and bord of survey for the cash at hand which was in custody of the Secretary general who confirmed he had the cash and utilised in the party activities in the current financial year under review	Resolved	Fully settled.
02	Unresolved Prior year Issues.	We were able to resolve all the prior year issues. During that period, we had issues in the internal management hence we didn’t have introductory and exit meeting. As well as the financial statements prepared did not conform to IPSAS reporting guidelines.  Our funds were withheld from the PPF and upon resolving all pending matters, we were able to receive our full allocation for the financial year 2022-2023 after submitting all relevant documentations that addressed all the queries.	Resolved	Fully resolved
03	Internal Audit Function.	The mater has been in consideration and a committee was set up to look into the matter hence we are currently having a fully operational internal audit function.	Resolved.	Fully resolved.

**Annual Report and Financial Statements for the year ended June 30, 2025.**

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**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 Management signs;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for the implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to the National Treasury.

  
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Secretary General

Date: 15/12/2025

**Appendix II: Transfers from Political Parties Fund**

No	Source of Funds (Entity)	Amount	Date Received	Financial Year the funds relates to
1	Political Parties Fund	304,341.50	15 November 2024	FY 2024/25
2	Political Parties Fund	304,341.50	22 November 2024	FY 2024/25
3	Political Parties Fund	304,341.50	03 March 2025	FY 2024/25
4	Political Parties Fund	133,877.50	15 November 2024	FY 2024/25