

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 03 MAR 2026 DAY: Tuesday

TABLED BY: Hon. Naomi Wago, MP
Deputy majority whip

CLERK-AT-TABLE: modo Atabo

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REPORT

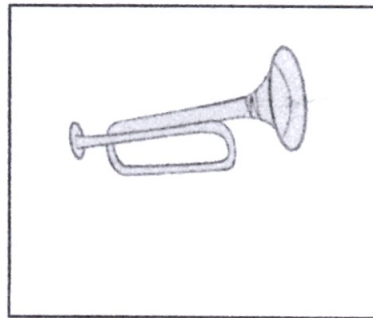
OF

THE AUDITOR-GENERAL

ON

CHAMA CHA MASHINANI

FOR THE YEAR ENDED
30 JUNE, 2025



CHAMA CHA MASHINANI

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

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

Chama Cha Mashinani is a political party in Kenya registered under the office of the Registrar of Political Parties. It changed its name from People Patriotic Party of Kenya effective from 25th April, 2016. We are committed to the National values and advocate for devolving powers and resources to the smallest unit level in the Country.

b. Principal Activities

The principal activity/mission/ mandate of the Party is to;

- Recruit and enlist members.
- Nominate candidates for elections.
- Promote representation in Parliament and county assemblies of women, persons with disabilities, youth, ethnic and other minorities, and marginalized communities.
- Sensitize the public on the functioning of the political and electoral system.
- promote and enhance national unity.
- Mobilize citizens to participate in political decisions.
- solicit and articulate public policy priorities as identified by its members; and
- shape and influence public policy.

CCM envisions a prosperous, democratic Kenya that espouses equity, justice and peace. A nation free from: poverty, diseases and ignorance, a respected member of the comity of nations.

Mission

To improve the quality of life of Kenyans by promoting people-centred democratic governance thereby ensuring equity, economic and political advancement, social justice, freedom, rule of law, peace and human dignity for sustainable prosperity.

Party Ideology

Chama Cha Mashinani [CCM] believes in the principles of Devolution, participatory Democracy, cooperative Governance, and prudent use of resources.

c. Key Management

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

No.	Designation	Responsibility
1.	NDC/NGC;	Supreme organ of the party. Deals with Party policies, regulations, constitutional changes and party colours
2.	NEC	The party decision maker, approves all the regulations, party policies and
3.	SG	<p>The party accounting officer. Deals with day to day running of the party operations, link between the outside and the party, corresponds to party communications.</p> <p>Ensure the opening of bank accounts as party mandate, Oversee the custody of all-Party assets, funds and monies, Prepare and present to the National Executive Committee the annual budget and accounts of the Party;</p> <p>Provide the National Executive Committee and the with regular statements of income and expenditure;</p>
4.	Treasurer	<ul style="list-style-type: none">• Chair the Treasury and Fundraising Committee;• Supervise and co-ordinate fundraising activities of the Party;• Prepare or cause the preparation of, and submit to the National Executive Committee, annual financial statements, and shall ensure that a duly audited Annual Statement of Accounts and shall be a signatory to financial documents.• Ensure that every person handling the party finances adhere to all procedures laid down for handling of such monies or matters related thereto.

CHAMA CHA MASHINANI
Annual Report and Financial Statements for the year ended June 30, 2025.

d. Fiduciary Management

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

No.	Designation	Name
1.	Party Leader	Hon Emily Chepkemboi Cheruiyot
2.	Secretary General	Hon Chepkemoi Emmy
3.	Chairman	Hon Mohammed Guleid
4.	Treasurer	Hon Mercy Ntutu

e. Fiduciary Oversight Arrangements

- Registrar of Political Parties

The Office of the Registrar of Political Parties (ORPP) is responsible for administration of the Political Parties Fund (PPF). The Registrar manages the PPF to ensure funds are used prudently and distributed to qualifying parties, as well as ensuring parties comply with financial and other regulations

- Governing Body/NEC

The National Executive Committee duties ; Consider and adopt policy of the party, Supervise the National Secretariat, Appoint national chief agents, national returning officers and other national election officials during national party elections and general elections, suspend or expel a party member from the party for gross misconduct as may be recommended by the national disciplinary board, Issue and send directives and instructions to and receive reports from the County executive committees, Suspend or dissolve a County committee where necessary and call for a new election where there has been a breach of this constitution or disregard of democratic principles, Manage and control all national and international property and other assets of the party, Appoint an ad hoc disciplinary board to handle disciplinary matters or disputes within the party and form an ad hoc appeals board where necessary, appoint a National Elections Board.

- Finance committee

Ensures proper use of finances in accordance with the relevant laws. The finance department is headed by the Finance Director. Their mandate includes;

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Chama Cha Mashinani party
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances

- Regulatory and legal

Chama Cha Mashinani code of conduct and the Constitution are in compliance with the government Constitution and the Office of Registrar regulations.

- Risk management.

To ensure that the allocation given to the party are spend towards achieving goals and objectives of the party

- Procurement Committee

Ensures all matters procurement are adhered to as per the existing procurement laws.

- Parliamentary Oversight Committees

Duties of the Parliamentary Group shall include

- (i) Espousing, advancing and defending party policies and programs within parliament at all times in the discharge of their parliamentary duties and shall make its own rules and regulations to govern the conduct of its meetings and deliberations provided that such rules shall be laid before the National Executive Committee for approval.

(f) Party Headquarters

P.O. Box 14009-00800
Maruti Heights Building
5th Floor, Room 5F, Langata Road
Nairobi, KENYA

(g) Party Contacts

Telephone +254 724089842
website: info@ccm.co.ke

(h) Party Bankers

1. Cooperative Bank Limited
T Mall Branch
P.O. Box 48231-00100
Nairobi
2. Kenya Commercial Bank Ltd
Langata Road Branch
Nairobi

(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

(k) Legal Advisor

Edith Chepkorir
P. O. Box 11906-0010
Nairobi

3. The National Executive Council/Committee

Section 81 of the Public Finance Management Act, 2012 and require the Directors to prepare financial statements in respect of CCM, which give a true and fair view of the state of affairs of CCM at the end of the financial year/period and the operating results of the CCM for that year/period 2024/2025. The National Executive Committee are also required to ensure that CCM keeps proper accounting records which disclose with reasonable accuracy the financial position of Chama Cha Mashinani. The NEC are also responsible for safeguarding the assets of CCM. The NEC are responsible for the preparation and presentation of CCM financial statements, which give a true and fair view of the state of affairs of CCM for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes:

- Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of CCM;
- 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;
- Safeguarding the assets of CCM;
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

The NEC accept responsibility for CCM financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the political parties Act. The NEC are of the opinion that the CCM financial statements give a true and fair view of the state of CCM transactions during the financial year ended June 30, 2025, and of the CCM financial position as at that date. The National Executive Committee further confirms the completeness of the accounting records maintained for CCM, which have been relied upon in the preparation of CCM financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the National Executive Council have assessed CCM ability to continue as a going concern and nothing has come to the attention of the Directors to indicate that CCM will not remain a going concern for at least the next twelve months from the date of this statement.

4. Key Management/Secretariat Team

Name	Position	Responsibility
Chepkemoi Emmy	Ag. Secretary General	Accounting Officer/ Secretary to the NEC
Kiplangat Bett	Executive Director	Head of Secretariat
Gilbert Ngetich	Ag. Finance Manager	Heads Finance & Accounts
Mercy Ntutu	Head of Operations	Day to day operations

5. Party Chairman's Statement

The Chama Cha Mashinani (CCM) continues to grow in an effort to fulfil its constitutional mandate. The period under review, (2024/2025) has been both challenging and productive for Chama Cha Mashinani.

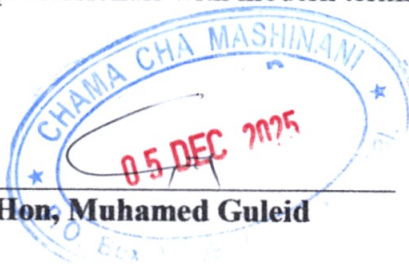
The financial report provides a short historical overview of the financial year 2024/2025 and also sets out the key activities undertaken by the Chama Cha Mashinani in the ninth year of its operation. The progress reported here is, therefore, a culmination of the efforts of many individuals and stakeholders who provided their expertise and capacity in support of the work of the party. During the comparative previous Financial Year 2024/2025, the party received exchequer allocation, but due to supplementary budget cut, we received 80% of the initial allocation.

We are committed to ensuring that the CCM envisions a prosperous, Democratic Kenya that espouses equity, justice and peace. To improve the quality of life of Kenyans by promoting people-centred democratic governance thereby ensuring equity, economic and political advancement, social justice, freedom, rule of law, peace and human dignity for sustainable prosperity.

Chama cha Mashinani will work to defend the democratic gains of the people and to advance towards a society in which the government is freely chosen by the people according to the principles of universal suffrage on a common voters' role.

We will work with Kenyans to modernize the Republic of Kenya, for the enjoyment of modern technologies, promote economic development for the benefit of all, while respecting our culture, our tradition and our heritage. Build a Kenyan nation with a common patriotism and loyalty in which the cultural, linguistic and religious diversity of the people is recognized.

We will revolutionize politics and Mold it into a noble career to attract talented citizens and professionals with modern terms and conditions of service


Hon. Muhamed Guleid

6. Report of the Secretary-General

Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a Political Party shall prepare financial statements in respect of that entity. The Accounting Officer is also required to ensure that the party keeps proper accounting records which disclose with reasonable accuracy the financial position of the company. The management is also responsible for safeguarding the assets of the party.

The Accounting Officer in charge of the Chama Cha Mashinani is responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of the Chama cha Mashinani party for and as at the end of the financial year ended 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 entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Chama Cha Mashinani party
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The party shall ensure full participatory democracy by all citizens, free and fair polls, endeavour to achieve universal and world peace devoid of all forms of discrimination, chauvinism, sexism, exploitation, nepotism, social bigotry and war. We will also ensure the Special interest groups are well covered and the 2/3 rd. gender rule is adhered to both at the County level and National level.

Chepkemoi Emmy

Ag. Secretary General

Date: 28.11.2025



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

The Political Party has a strategic plan running from Year 2022 to Year 2027. The Strategic Plan is implemented in annual work plans. The performance of the Party during the year is presented in the table below:

No	Program/Activity	Key Performance Indicator	Target	Achievement	Remarks
1.	Membership Recruitment	No of Members	5,000	3,000	ongoing
2.	Pwds meeting in 12 counties	Meetings	12 counties	5 counties	
3.	Cover trainings on youth forums	Meetings	10 counties	6 counties	
4.	Women forums	Meetings	10 counties	5 counties	

8. Governance Statement

Chama cha Mashinani is committed to work in accordance with existing code and is guided by the following principles;

- Nationalism and Patriotism
- Discipline and the rule of law
- Commitment to absolute fairness and opportunity for all in equal measure
- For the people
- Trusted with integrity and honesty
- Inclusivity
- Social justice and fairness
- Equity, tolerance, equality and inclusivity

Chama Cha Mashinani mission is to improve the quality of life of Kenyans by promoting people-centered democratic governance thereby ensuring equity, economic and political advancement, social justice, freedom, rule of law, peace and human dignity for sustainable prosperity.

The National Executive Committee is the highest decision-making organ and its functions includes;

- Consider and adopt policy of the party,
- Supervise the National Secretariat,
- Appoint chief agents, returning officers and other election officials during national party elections and general elections.
- suspend or expel a party member from the party for gross misconduct as may be recommended by the national disciplinary panel,
- Issue and send directives and instructions to and receive reports from the County executive committees,
- Appoint an ad hoc disciplinary panel to handle disciplinary matters or disputes within the party and form an ad hoc appeals board where necessary,
- Appoint a National Elections Board, determine the remuneration of the ad hoc/interim panel,

9. Management Discussion and Analysis

Parties to provide a trend analysis of the following information for the last three to five years

- **Membership**

The overall National party membership register is maintained at the National Secretariat and the Secretary General shall be the custodian of the register. There are 66,862 registered members. Out of this, 52,195 are in voter register and 14,667 are not in the register.

- **Budget per year**

The budget for the year was Kshs 7,585,789 which consist of Revenue from Political Parties Fund (Funded Parties), contribution from members and public contribution.

- **Revenue from Political Parties Fund (Funded Parties)**

Political parties fund amounted to Kshs 6,753,489.00

- Member's subscriptions total to Kshs 830,000 which is receipts from 6 elected and nominated ccm members.
- Members' Contributions/Donation was totalling to kshs 2,300.00
- Number of elected representatives, including SIGs- CCM has 7 elected members, one Member of Parliament and 6 members of County Assembly.
- No of Party Branches-we have 10 county branches which consist of physical offices and virtual offices

10. Environmental and Sustainability Reporting

Chama Cha Mashinani (CCM) is committed in reducing environmental impact in its operations. The party is cognizant of adverse environmental effects on sustainability practices. Sustainability is the ability to maintain or continue offering services to the country's citizens over the long term. It is using resources in a way that allows them to replenish and continue supporting life both now and in the future.

1. Sustainability strategy and profile

To ensure the sustainability of CCM, the party funds the following key thematic areas/programmes as part of its sustainable priorities.

- a. Training and advocacy: CCM focus on political education for party members through conducting sensitization forums and customized training. The intention is to empower the party members such that in years to come, the training beneficiaries at all level will be informed party members creating loyalty to the party, thereby contributing positively to democracy and strengthening the party. This strategy takes care of marginalized groups, women, youth and people living with disabilities.
- b. Representation and Participation: Among its key pillars, CCM aims to achieve representation at County and National Assembly of Special Interest Groups (SIGs) as a priority area with the intention to enhance their participation in political discourse. The strategy is to have a long-term collaborative working approach that enhances community engagement in Political participation. This is aimed at increasing the number of SIGs both at County and National Assembly electoral processes. The Party directly engages stakeholders in decision-making and fully considers members.
- c. Climate change mitigation: CCM acknowledges that all its operation has an impact on the environment. Cognizant of the Sustainable development goals, the Party has allocated part of its budget to climate change mitigation activities such as afforestation, re-afforestation, grassroots sensitization, and tree seedling production.
- d. Environmental performance: CCM is cognizant of environmental management and coordination Act Cap 387 and aspires to comply with all the requirements thereon of a public entity. The party focuses on the following key areas in environmental performance.
 - i. Water management- Minimization of water wastage through installation of smart taps, increase monitoring of water use and ensuring clean water availability in the party offices.

- ii. Waste management – The party segregates its waste re-usability and recycling processes. All waste is collected on timely basis in labelled waste bags and dropped off to collection points.
- iii. Lights – The party has put in place measures to use clean energy in the office. The party uses energy savings bulbs and ensures that lights are switched off when not in use.
- iv. Recycling – The party segregates waste for recycling purposes.
- v. Transportation – The party aspires to use low carbon emission modes of transport; pool transport is used during party activities.
- vi. Digital documentation – Through digital transformation the party has reduced the use of papers in printing.
- vii. Green energy –The party has explored the use of solar and wind energy in its operations across its activities.

2. Employee welfare

We invest in providing the best working environment for our employees. CCM recruitment is guided by Employment Act CAP 226D, Political Parties Act CAP 7D, CCM Human Resource Policy and other regulations as issued from time to time. In line with the laws and regulations, the Party offers equal opportunity to all while adhering to the one-third gender rule and special interest groups. We also recognize and appreciate our employees for exemplary performance. The reward and sanctions system is based on performance appraisal and internal Human Resource Manual.

The Party promotes a healthy lifestyle by encouraging work life balance and by ensuring all employees are registered with national health insurance provider e.g. (SHA). Employees are encouraged and supported to build on their skills and knowledge continually. CCM invests in capacity-building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross-cutting issues.

The Political Party has a safety policy in compliance with the Occupational Safety and Health Act of 2007 (OSHA) and has ensured the work environment is conducive to everybody's movement and accessibility within the office, including PWDs. The Party has also put in place disaster-mitigating measures, including fire extinguishers and accessible escape routes in case of emergency.

3. Marketplace practices

CCM is committed to fair and ethical market practices. The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants as per the party's finance and procurement manual. We support local vendors to lift them economically. Our ethical market practices ensure the party gets value for money on all goods and services procured.

CCM has put in efforts to ensure: Responsible competition practice by encouraging fair competition and zero tolerance to corruption, good business practices, including cordial Supply chain and supplier relations, by honouring contracts and respecting payment practices, Responsible marketing and advertisement, Product stewardship by safeguarding consumer rights and interests.

4. Community Engagements

CCM has endeavoured to sustain community engagement through Corporate Social Responsibility (CSR) as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community on the party mandate through civic education, public barazas, women leagues, youth leagues and PWDs leagues.

11. Report of the National Executive Council/Committee

The NEC submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of Chama Cha Mashinani affairs.

i) Principal activities

- to form the Governments both at National and County Level and serve as a political party with a view of establishing a Constitutional government that unite all the people of Kenya as one people one nation,
- Strengthening devolution, people's participation in governance, transfer of all functions that can best be performed at the local level in which resources follow functions.
- Support and advance the cause of national liberation, development, world peace, disarmament and environmentally sustainable development.

ii) Results

The results of the Entity for the year ended June 30, 2025, are set out on page 1 to 5.

iii) Council Members


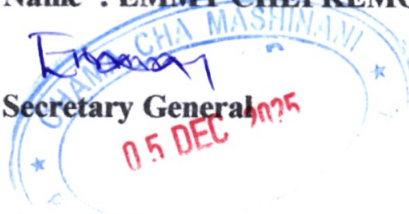
The members of the National Executive Committee who served during the year are shown on page vi. During the year 2023 Party Leader (Hon Isaac Rutto) and the Secretary General (Hon Albert Kochei) resigned and Deputy Party Leader and Director Finance were appointed to replace on acting capacity respectively with effect from May 2023.

iv) Auditors

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

By Order of the Council/Committee

Name : EMMY CHEPKEMOI.


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:

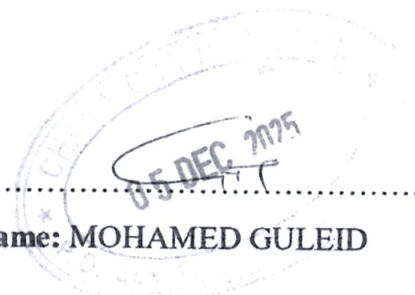
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Party;
- (iii) Designing, implementing 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.


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 Entity 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 28/11/2025 and signed on its behalf by:


.....
Name: MOHAMED GULEID

NEC Chairperson


.....
Name : EMMY CHEPKEMOI

Secretary General

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON CHAMA CHA MASHINANI FOR THE YEAR ENDED 30 JUNE, 2025

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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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

Opinion

I have audited the accompanying financial statements of Chama Cha Mashinani set out on pages 1 to 34, 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, the financial statements present fairly, in all material respects, the financial position of Chama Cha Mashinani as 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 Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Chama Cha Mashinani 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 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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Party in the 2024/2025 financial year revealed that the following five (5) issues remained unresolved:

No.	Year	Audit Issue
1	2023/2024	Under-Collection of Revenue
2	2022/2023 and 2023/2024	Failure to Establish Party Offices in at Least 24 Counties
3	2023/2024	Lack of Approved Management Policies and Procedures Manuals
4	2023/2024	Lack of Internal Audit Function
5	2023/2024	Inadequate Staffing

Other Information

Management is responsible for the Other Information set out on pages iii to xxi which comprise of Key Political Party Information and Management, 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 National Executive Council, and the Statement of National Executive Councils' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Party's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an 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. Non-Compliance with the Law on Establishment of Party Offices

As reported in the previous year, the Party operated only five Offices (5) in five Counties. Further, Management did not provide supporting evidence such as lease agreements, staff list, or reports of Party activities to confirm the establishment of offices in at least twenty-four (24) Counties. This was contrary to Section 7(f)(iii) of the Political Parties Act, 2011, which requires a Political Party to be fully registered if it has submitted to the Registrar of Political Parties the locations and addresses of the branch offices of the Party, in more than half of the Counties.

In the circumstances, Management is 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. 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 statutory Climate Change functions into sectoral strategies.

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

3. 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 10th of the subsequent month and quarterly reports by the 15th 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.

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. Under-Staffing

As previously reported, review of the Party's governance structures and staffing levels revealed that the Party had no permanent employees and relied solely on volunteers to deliver its services. Further, the Party lacked essential organisational functions and departments necessary for effective operations, including Human Resources, Procurement, Finance and Administration. This absence of key structures and personnel undermines the Party's ability to manage and oversee its activities effectively.

In the circumstances, the Party's capacity to ensure effective service delivery to the public could not be confirmed.

2. Lack of an Internal Audit Function and Audit Committee

During the year under review, the Party did not have an Internal Audit Unit, 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. Further, the Party did not establish an audit committee contrary to Section 73(5) of the Public Finance Management Act, 2012, which states that every National Government public entity shall establish an Audit Committee whose composition and functions shall be as prescribed by the regulations.

In the circumstances, the Party may not benefit from the oversight role and advice of the Internal Audit Function and Audit Committee.

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 those 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

11 December, 2025

CHAMA CHA MASHINANI
Annual Report and Financial Statements for the year ended June 30, 2025.

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

	Notes	2025	2024
		Kshs	Kshs
Revenue			
Transfers from Political Parties Fund (PPF)	6	6,753,489	4,444,228
Membership Fees, Public contribution	7	832,300	445,140
Total Revenue		7,585,789	4,889,368
Expenses			
Administrative Expenses/use of goods	8	2,610,171	4,536,559
Special Interest Groups expenses	9	2,722,000	-
Advocacy and Electoral expenses	10	2,838,000	-
Total expenses		8,170,171	4,536,559
Other gains/(losses)			
Impairment loss	11	-	118,104
Surplus/Deficit		-584,382	234,705

The notes set out on pages 7 to 33 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the NEC by:

.....
Name: EMMY CHEPKEMOI
Secretary General
Date: 05/12/2025

.....
Name: JOSECK KIUNA
Head of Finance
ICPAK M/No: P/1509
Date: 05/12/2025


.....
Name: MOHAMED GULEID
Chairman of the Party
Date: 05/12/2025



CHAMA CHA MASHINANI**Annual Report and Financial Statements for the year ended June 30, 2025.****15 Statement of Financial Position as at 30 June 2025**

	Notes	2025	2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	12	190,154	55,818
Receivables and advances	13	-	1,099,648
Inventories	14	1,000,000	1,000,000
Total Current Assets		1,190,154	2,155,466
Non-Current Assets			
Property Plant and Equipment	15	505,970	600,840
Total Non- Current Assets		505,970	600,840
Total Assets (A)		1,696,124	2,756,306
Liabilities			
Current Liabilities			
Trade and Other Payables	16	50,780	526,580
Total Current Liabilities		50,780	526,580
Non-Current Liabilities		-	-
Total Non- Current Liabilities		-	-
Total Liabilities (B)		50,780	526,580
Net Assets (A-B)		1,645,344	2,229,726
Represented by:			
Revaluation Reserves		27,144	122,014
Accumulated Surplus/deficits		1,618,200	2,107,712
Net Assets		1,645,344	2,229,726

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


 Name: EMMY CHEPKEMOI
 Secretary General

Name: EMMY CHEPKEMOI
 Secretary General


Date: 05/12/2025


 Name: JOSECK KIUNA
 Head of Finance

Name: JOSECK KIUNA
 Head of Finance

ICPAK M/No: P/1509

Date: 05/12/2025


 Name: MOHAMED GULEID
 Chairman of the Party

Name: MOHAMED GULEID
 Chairman of the Party

Date: 05/12/2025

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

Description	Revaluation reserve	Accumulated Surplus	Total
	Kshs	Kshs	Kshs
As at July 1, 2023	388,924	1,606,097	1,955,021
Revaluation gain		-	-
Transfer of excess depreciation on revaluation	(118,104)	118,104	
Surplus/ deficit for the year	-	234,705	234,705
Prior year adjustment	(148,806)	148,806	-
As at June 30, 2024	122,014	2,107,712	2,229,726
As at July 1, 2024	122,014	2,107,712	2,229,726
Transfer of excess depreciation on revaluation	(94,870)	94,870	-
Surplus/ (deficit) for the year		-584,382.00	-584,382.00
As at June 30, 2025	27,144	1,618,200	1,645,344.00

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

		2025	2024
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from Political Parties Fund (PPF)	6	7,853,137	4,444,228
Membership Fees and Public contribution	7	832,300	445,140
Total receipts		8,685,437	4,889,368
Payments			
Administrative Expenses	8	2,991,101	4,536,559
Special Interest Groups expenses	9	2,722,000	-
Advocacy and Electoral expenses	10	2,838,000	-
Net cash flows from/ (used in) operating activities		134,336	352,809
Increase in accounts payable		-	(182,400)
Increase in accounts receivables		-	(294,059)
Net cash flows from/ (used in) operating activities	17	134,336	(123,650)
Cash flows from investing activities			
Net cash flows from/ (used in) investing activities		-	-
Cash flows from financing activities			
Net cash flows from financing Activities		-	-
Net increase/(decrease) in cash & Cash equivalents		134,335	(123,650)
Cash and cash equivalents at 1 July 2024	12	55,818	179,468
Cash and cash equivalents at 30 June 2025	12	190,154	55,818

Notes

a). The receipts from Political Parties Fund as captured in the statement of financial performance for the year 2024/2025 was **Kshs 6,753,489**. However, there was receivables for 2023/2024 which was credited in the July 2024 of which became receipt for 2024/2025 thereby increasing cashflows to **Kshs 7,853,137** (note 8)

b). The administrative expenses in statement of cashflow is **Kshs 2,991,101**. Included was a depreciation of Kshs 94,870. There was also decrease of rent payables of Kshs 475,800. This reconciled administrative expenses in statement of financial performance **Kshs 2,610,171**.

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
Carry Overs from the Previous Period	1,099,648	-	1,099,648	1,099,648	-	100%
Receipts						
Transfers from Political Parties Fund (PPF)	7,853,138	(1,099,649)	6,753,489	6,753,489	-	97.6%
Membership Fees	960,000	(130,000)	830,000	830,000	-	102.55%
Public contributions and donations	2300	-	2300	2300	-	100%
Total	8,815,438	(1,229,649)	7,585,789	7,585,789	-	
Payments						
Administrative Expenses	3,085,403	(475,231)	2,610,171	2,610,171	-	100%
Special Interest Groups expenses	3,526,175	(804,175)	2,722,000	2,722,000	-	100%
Advocacy and Electoral expenses	2,923,860	(85,860)	2,838,000	2,838,000	-	100%
Total Expenditure	9,535,438	(1,365,266)	8,170,171	8,170,171	-	100%
Surplus for the period	(720,000)	(135,617)	(584,382)	(584,382)	-	

The statement of budget and actual amounts reflects original budget of Ksh 8,815,438 and final budget of Kshs 7,585,789 resulting to a difference of Kshs 1,229,649 This was as a result of budget cuts and austerity measures by National assembly through supplementary budget of 2024/2025.

Budget Reconciliation

No	Description	Kshs
	Actual Surplus Amounts as per the statement of Budget	(584,382)
1	Depreciation	94,870
2	Decrease in receivables	1,099,648
3	Decrease in payables	(475,800)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	134,336

19. Notes to the Financial Statements

1. General Information

Chama Cha Mashinani party 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 CCM 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 Chama Cha Mashinani. The financial statements have been prepared in accordance with the PFM Act, the Political Parties 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	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of CCM</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 45: Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>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 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.</p>
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <i>i.</i> Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should

Standard	Effective date and impact:
	<p>be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p>Applicable 1st January 2026</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>
<p>IPSAS 48: Transfer Expenses</p>	<p>Applicable 1st January 2026</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>IPSAS 49: Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</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>

Effective date and impact:
<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>Applicable 1st January 2025</p> <p>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 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.</p>
<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none">ii. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.iii. Clarifying transaction costs guidance to enhance consistency across IPSAS.iv. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>Applicable 1st January 2026</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</p>

information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.

Applicable 1st January 2026

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.

Applicable 1st January 2026

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.

Applicable 1st January 2027

The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:

- i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.
- 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.
- 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.

Notes to the financial statements (continued)

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.

a) Budget information

The original budget for the Current FY2024/2025 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by CCM upon receiving the respective approvals in order to conclude the final budget.

Budget information

Chama Cha Mashinani 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.

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use

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

c) 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.

d) Leases

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

e) 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.

f) Research and development costs

Chama Cha Mashinani expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Chama Cha Mashinani 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.

g) 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 entity 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 (ECL) are set out in *Note xx*.

b) Financial liabilities

Classification

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

h) 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 Entity.

i) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

j) 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.

k) 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.

l) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

Chama Cha Mashinani 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.

n) 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.

o) 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.

p) Related parties

Chama Cha Mashinani regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise NEC Members and other officials as per the Party's constitution and the Political Parties Act.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

r) Comparative figures

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

s) 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 Chama Cha Mashinani 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 Entity, 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 and 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.

Notes to the Financial Statements (Continued)**6. Transfers from Political Parties Fund (PPF)**

Description	2025	2024
	Kshs	Kshs
Operational Grant	6,753,489	4,444,228
Total	6,753,489	4,444,228

The fund is to promote and enhance democracy

Reconciliation of cashflow and statement of Financial performance

	2025	2024
	Kshs	Kshs
Receipts as per the statement of Financial performance	6,753,489	4,444,228
Receivables for 2023/2024 received in the year 2024/2025	1,099,648	-
Receipt as per the statement of Cashflows	7,853,137	4,444,228

The receipts from Political Parties Fund for the year 2024/2025 was Kshs 6,753,489. The receivables for 2023/2024 was credited in the July 2024 which became receipt for 2024/2025 thereby increasing cashflows to Kshs 7,853,137.

7. Membership Fees and public contribution

Description	2025	2024
	Kshs	Kshs
Membership fees	830,000	440,000
Contribution from public	2,300	5,140
Total	832,300	445,140

Subscription fees from elected members from six Members of County assembly

8. Administrative Expenses

Description	2025	2024
	Kshs	Kshs
Office Rent	626,400	626,400
Media & publications	504,000	215,000
Office expense/Consumables	200,000	30,000
Travel and accommodations	635,000	389,040
Utilities	13,000	-
Sensitization on Special interest groups	-	1,299,000
Training and Party Policies	-	1,566,800
Communication Charges	525,000	401,000
Depreciation	94,870	-
Bank charges	11,902	9,319
Total Administrative Expenses	2,610,171	4,536,559

Reconciliation of administrative expenses in the statement of Financial performance and statement of cashflow

	2025	2024
	Kshs	Kshs
Balance s per statement of financial performance	2,610,171	4,444,228
Add rent payables paid during the year	475,800	-
Less Non cashflow item- Depreciation	(94,870)	-
Receipt as per the statement of Cashflows	2,991,101	4,444,228

The administrative expenses for the current year 2024/2025 is Kshs 2,610,171. Included was a depreciation of Kshs 94,870. There was also decrease of rent payables of Kshs 475,800. This made the cashflow to add up to Kshs 2,991,101

9. Special Interest Groups

Description	2025	2024
	Kshs	Kshs
Transport	2,722,000	-
Total	2,722,000	-

10. Advocacy and Electoral Expenses

Description	2025	2024
	Kshs	Kshs
Barazas	2,838,000	-
Total	2,838,000	-

11. Impairment Loss

Description	2025	2024
	Kshs	Kshs
PPE	-	118,104
Total	-	118,104

12. Cash and Cash Equivalents

Description	2025	2024
	Kshs	Kshs
Current Account	190,154	55,818
Total Cash and Cash Equivalents	190,154	55,818

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2025	2024
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank		30,428	51,593
Cooperative bank limited		159,726	4,225
Sub- Total		190,154	55,818
Grand Total		190,154	55,818

13. Cash Receivables and advances

Description	2025	2024
	Kshs	Kshs
Receivables 2023/2024	1,099,648	805,589
Receivables at the end	-	1,099,648
Increase/Decrease in receivables	(1,099,648)	294,059
Total Current Receivables	-	1,099,648

The receivables for the previous year 2023/2024 was Kshs 1,099,648. There were no receivables for the current year 2024/2025 therefore reducing the receivables for the current year by 1,099,648

14. Inventories

Description	2025	2024
	Kshs	Kshs
Consumable stores	1,000,000	1,000,000
Total inventories at the lower of cost and net realizable value	1,000,000	1,000,000

Inventories are ballot boxes for nomination exercise.

Detailed disclosure on inventories

	2025	2024
Opening balance	1,000,000	1,000,000
Closing balance	1,000,000	1,000,000

15. Property, Plant and Equipment

Cost Depreciation Rate	Furniture and fittings	Computers	Total
	12.50%	30%	
	Kshs	Kshs	Kshs
As At 1 July 2023	637,250	230,500	867,750
As at 30 June 2024	637,250	230,500	867,750
1 st July current Year 2024	637,250	230,500	867,750
As at 30 June 2025	637,250	230,500	867,750
Depreciation and Impairment			
At 1 July 2023	79,656	69,150	148,806
Depreciation	69,699	48,405	118,104
As At 30th June 2024	149,355	117,555	266,910
1 st July 2024	149,355	117,555	266,910
Depreciation	60,987	33,884	94,870
As at 30th June 2025	210,342.09	151,438.73	361,780.82
Net Book Values			-
As at 30 th June 2024	487,895	112,945	600,840
As at 30th June 2025	426,908	79,062	505,970

15 (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	230,500	151,438	79,062
Office Equipment, Furniture, And Fittings	637,250	210,342	426,908
Total	867,750	361,780	505,970

16. Trade and Other Payables

Description	2025		2024	
	Kshs		Kshs	
Rent Trade payables	50,780		526,580	
Total trade and other payables	50,780		526,580	
Ageing analysis: (Trade and other payables)		% of the Total		% of the Total
	2025		2024	
	Under one year	100%	526,580	100%
	Total (tie to above total)	-	526,580	100%

Trade payables movement schedule

Description	Kshs
Rent Balance at the beginning	526,580
Decrease in rent payables	475,800
Rent payable at the end	50,780

Trade payables reduced from Kshs 526,580 in the year 2023/2024 to Kshs 50,780 by end of year 2024/2025.

17. Cash Generated from Operations

Description	2025	2024
	Kshs	Kshs
Surplus for the year	-584,382	234,705
Adjusted for:		
Depreciation	94,870	118,104
Working capital adjustments		
Increase in receivables	1,099,648	(294,059)
Increase in deferred income	-	-
Increase in payables	(475,800)	(182,400)
Increase in payments received in advance	-	-
Net cash flow from operating activities	134,336	(123,650)

18. 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 Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the 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
As at 30th June 2025				
Bank balances	55,818	-	-	-
Total	55,818	-	-	-
As at 30 June 2024		-	-	-
Receivables	1,099,648	-	-	-
Bank balances	190,154	-	-	-
Total	1,289,802	-	-	-

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 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 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.

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	50,780	-	-	50,780
Total	50,780	-	-	50,780
As at 30th June 2024				
Trade payables	-	156,600	369,980	526,580
Total	-	156,600	369,980	526,580

iii) Market risk

Chama Cha Mashinani has put in place an internal audit function to assist it in assessing the risk faced by the Entity 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 Entity's 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. Chama Cha Mashinani 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 Entity's exposure to market risks or the way it manages and measures the risk.

a) Interest rate risk

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

Chama Cha Mashinani 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.

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 Chama Cha Mashinani 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 Chama Cha Mashinani considers relevant and observable market prices in its valuations where possible.

Notes to the Financial Statements (Continued)

iv) Capital Risk Management

The objective of the Chama Cha Mashinani capital risk management is to safeguard the Chama Cha Mashinani ability to continue as a going concern. Chama Cha Mashinani capital structure comprises of the following funds:

Description	2025	2024
	Kshs	Kshs
Revaluation Reserve	27,144	122,014
Retained Earnings	1,618,200	2,107,712
Total Funds	1,645,344	2,229,726
Less: Cash and Bank Balances	190,154	55,818
Excess Cash and Cash Equivalents	1,455,190	2,173,908
Gearing	0%	0%

19. Related Party Disclosures

Nature of related party relationships

Chama Cha Mashinani and other parties related Chama Cha Mashinani 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

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Description	2025	2024
	Kshs	Kshs
a) Grants /transfers from the government		
Grants from Political Parties Fund	6,753,489	4,444,228
Members Contribution and Public Contribution	832,300	445,140
Total	7,585,789	4,889,368
b) Key management compensation		
Allowances to NEC Members	525,000	401,000
Compensation to key management	635,000	389,040
Total	1,160,000	790,040

20. 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
OAG/GJL/AUD/7/2CCM/2023/2024(36)	Under collection of own revenue	Own Source Revenue from ksh 445,140 to ksh 832,300	Partly Resolved	
OAG/GJL/AUD/7/2CCM/2023/2024(36)	Unresolved Prior year matters	We have prepared our accounts in accordance with the Accrual Basis of Accounting Method under IPSAS	Resolved	
OAG/GJL/AUD/7/2CCM/2023/2024(36)	Failure to establish Party offices in at least twenty-four counties	Working together with NEC to achieve the target by year 2026	Unresolved	2026
OAG/GJL/AUD/7/2CCM/2023/2024(36)	Lack of approved management policies and procedures manuals	We have established Finance & Procurement policy and manual and a strategic plan to 2027	Resolved	
OAG/GJL/AUD/7/2CCM/2023/2024(36)	Lack of internal audit Function	The internal audit function has been established	Resolved	
OAG/GJL/AUD/7/2CCM/2023/2024(36)	Inadequate Staffing	The Party have enough staff working as volunteers and party is working on employing staff	Resolved	

Emmy Chepkemoi

Secretary General



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Date: 28th November 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	1,099,648	7th August 2024	FY 2023/24
2	Political Parties Fund	1,963,284.25	2nd October 2024	FY 2024/2025
3	Political Parties Fund	1,963,284.25	14th November 2024	FY 2024/2025
4	Political Parties Fund	1,963,284.25	3rd March 2025	FY 2024/2025
5	Political Parties Fund	863,636.25	28th My 2025	FY 2024/2025