

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



**REPORT OF
THE
AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS
OF PARTY OF HOPE FOR THE YEAR
ENDED 30 JUNE 2010**

REPUBLIC OF KENYA



Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: cag@kenao.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON PARTY OF HOPE FOR THE YEAR ENDED 30 JUNE 2010

REPORT ON THE FINANCIAL STATEMENTS.

I have audited the accompanying financial statements of Party of Hope set out on pages 5 to 8, which comprise the statement of financial position as at 30 June 2010, and the statement of comprehensive income and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya, Section 8 of the Public Audit Act, 2003 and Section 34(1) of the Political Parties Act, 2007.

Management's Responsibility for the Financial Statements

The management of Party of Hope is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 4 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected

depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the party's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Party's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. Accuracy of the Financial Statements

The financial statements for 2009/2010 have no comparative figures as the party has not provided audited financial statements for the year 2008/2009. The accuracy of the opening balances for 2009/2010 financial statements could not be confirmed. Further, the statement of financial position as at 30 June 2010 has not balanced between assets and liabilities as required. As a result, the completeness and accuracy of the financial statements for 2009/2010 as a whole could not be confirmed.

2. Income

The statement of comprehensive income for the year ended 30 June 2010 reflects total income of Kshs.940,095.00. The income represents funds received from the Political Parties Fund. According to the political parties funding regulation 12(a), every political party to which moneys are allocated from the fund shall open a bank account with a bank registered in Kenya, for the funds allocated to the political party. However, no bank statement was provided to confirm whether the party has an operational bank account. Consequently, the party has contravened the law.

3. Administrative Expenses

Article 30(f) of the Political Parties Act, 2007 stipulates that moneys allocated to a registered political party from the fund may be used for purposes compatible with democracy but not more than twenty – five per cent for the administrative expenses of the party. The Party of Hope incurred administrative expenses of Kshs.1,097,495.00. Therefore, the total funds received from the Political Parties Fund was used for administrative expenses, thus contravening the law.

4. Unsupported expenses

The administrative expenses of Kshs.1,097,495.00 includes an expenditure on salaries, rent, water and electricity of Kshs.332,300.00, Kshs.360,000.00 and

Kshs.128,600.00 respectively. However, the party has not provided any supporting documents for the expenses. As a result, the authenticity and accuracy of the expenditure of Kshs.820,900.00 reflected in the statement of comprehensive income could not be confirmed as at 30 June 2010.

5. Fixed Assets

The Statement of Financial Position for the Party of Hope reflects net book value of non-current assets of Kshs.836,750.00 as at 30 June 2010. However, opening balances for fixed assets have not been confirmed in the absence of audited financial statements for the year 2008/2009 or any other documentary evidence. Further, the depreciation rates used for the fixed assets are inconsistent with International Financial Reporting Standards.

In the circumstances, the fixed assets balance of Kshs.836,750.00 could not be confirmed as at 30 June 2010.

6. Current Assets

The statement of financial position as at 30 June 2010 reflects current assets balance of Kshs.415,350.00 which comprise of inventories of Kshs.15,800.00, cash and bank of Kshs.349,550.00 and Bond and deposits of Kshs.50,000.00. The opening balances for inventories of Kshs.15,800.00 has not been confirmed in the absence of prior year audited financial statements. Besides, the accuracy and completeness of cash and bank balances and bond and deposits of Kshs.349,550.00 and Kshs.50,000.00 respectively have not been confirmed in the absence of bank statement, the bank reconciliation or any supporting documents.

As a result, the accuracy of the current assets balance of Kshs.415,350.00 could not be confirmed.

7. Equity Fund

The party's statement of financial position has a total equity funding of Kshs.10,017,500.00 being loans from promoters of Kshs.7,800,000.00 and Trustees of Kshs.2,217,500.00. However, the party has not provided any documentary evidence to support the funding. Therefore, the authenticity and accuracy of the fund balance could not be confirmed as at 30 June 2010.

8. Current Liabilities

The Statement of financial position reflects current liabilities of Kshs.101,700.00 which have not been supported. Consequently, the authenticity and accuracy of the current liabilities balance of Kshs.101,700.00 could not be confirmed as at 30 June 2010.

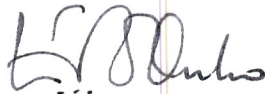
9. Cash flow statement

The Party has provided a cash flow statement with an adjustment for Kshs.32,251.00 as depreciation for non-current assets which was wrongly

computed. Further, the cash flow statement brought forward figure of Kshs.269,131.00 has not been supported. In addition, adjustments for loan from promoters - Kshs.1,061,080; Bonds and deposits (Kshs.50,000.00); Inventories (Kshs.15,800.00). Loan from Trustees of Accounts payable – Kshs.26,700.00, wages, salaries payable - Kshs.45,000.00; and rent payable - Kshs.30,000.00 have all not been supported. As a result, the completeness and accuracy of the cash flow statement could not be confirmed as at 30 June 2010.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



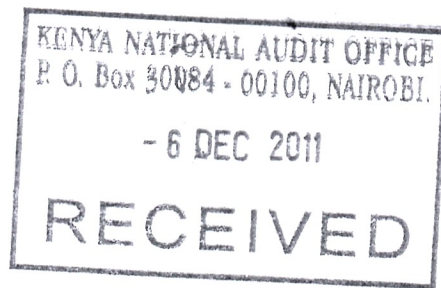
Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

15 April 2014

PARTY OF HOPE

REPORT AND FINANCIAL STATEMENT FOR
YEAR ENDED 30TH JUNE 2010



PARTY OF HOPE

CONTENTS	PAGE
Statement of Officials Responsibility	3
Officials Report	4
Balance Sheet	5
Income and Expenditure Statement	6
Notes to Financial Statement	7

PARTY OF HOPE

FINANCIAL REPORT 30TH JUNE 2010

RESPONSIBILITIES OF THE PARTY OFFICIALS

The Political Parties Act requires the officials to prepare financial statements for each financial year which gives a true and fair view of the statement of affairs of the party as at the end of the financial year and other operating financial activities of the party for that year.

It also requires the officials to ensure that the party keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the party. They are also responsible for safeguarding the assets of the party.

The officials accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with International Financial Reporting Standards (IFRS) and the manner required by the Political Parties Act 2007

The officials are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the party and of its operating results. The officials further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control, during the year ended 30.06.2010

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

Chairman 

Treasurer 

Date 30/11/2011

PARTY OF HOPE

1 PRINCIPAL ACTIVITY

This is a registered political party

2 REGISTERED OFFICE

School Lane, Westlands, Nairobi

3 OFFICIALS

I Augustino Okori Mwajame

II Titus Mutinda Ndambuki

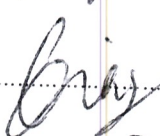
III Juliet Dianga

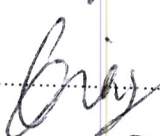
IV Abhik Pandya

4 BANKERS

Ecobank Kenya Limited

Chairman 

Treasurer 

Date  30/11/2011

PARTY OF HOPE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2010

PARTICULARS	SCHEDULE	2010 KSHS.
INCOME		
Government Political Party Fund	A	940,095
Members Contribution	B	-
		<hr/>
TOTAL INCOME		<u>940,095</u>
EXPENDITURES		
Administrative Expenses	C	1,097,495
Civic Education Expenses	D	257,800
Party Policy and Advocacy	E	95,350
		<hr/>
TOTAL EXPENDITURES		<u>1,450,645</u>
Surplus / (-) Deficit		(510,550)

OF HOPE

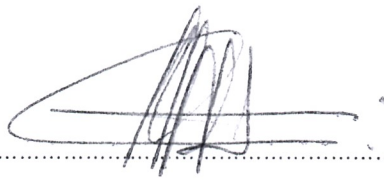
**ANCE SHEET
S AT 30TH JUNE, 2010**

NON CURRENT ASSETS	SCHEDULE	2010 KSHS.
ON CURRENT ASSETS	F	-
XED ASSETS	G	836,750
URRENT ASSETS	H	
ventories		15,800
btors		-
sh and Bank		349,550
nd and Deposits		50,000
Total		<u>415,350</u>
QUITY FUND	I	
omotors Loan Fund		7,800,000
an from Trustees		2,217,500
Total		<u>10,017,500</u>
URRENT LIABILITIES	J	
editors		101,700
Total		<u>101,700</u>
orking Capital		313,650
umulated Fund		(1,400,130)
rplus		(510,550)
TOTAL EQUITY AND LIABILITIES		<u>3,061,080</u>

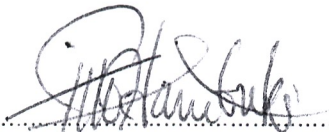
ates attached hereto form part of these accounts
 ese accounts were approved on 30/11/2011

h behalf of the Party by:

tional Chairman



cretary General



OF HOPE

LES

CHED TO INCOME AND EXPENDITURE ACCOUNT AND BALANCE SHEET AS AT 30TH JUNE, 2010

PARTICULARS

2010 KSHS.

HEDULE "A"

overnment Poitical Party Fund

ectoral Commission of Kenya

638,295

ectoral Commission of Kenya

301,800

Total

940,095

HEDULE "B"

embers Contribution

embership Fee

-

Total

-

HEDULE "C"

Administrative Expenses

aries

332,300

nt of Party Office

360,000

ansport and Converyance

140,495

ctricity & Water

128,600

tionery, Printing, Photocopying

99,300

er Expense

36,800

preciation = 32,251/-

sc. expense = 4,549/-

Total

1,097,495

HEDULE "D"

ic Education Expenses

inars & Rallies

257,800

Total

257,800

HEDULE "E"

y Policy and Advocacy

ampaign Materials

95,350

Total

95,350

OF HOPE

SCHEDULES

ATTACHED TO INCOME AND EXPENDITURE ACCOUNT AND BALANCE SHEET AS AT 30TH JUNE, 2010

PARTICULARS

2010 KSHS.

SCHEDULE "F"

NON CURRENT ASSETS

Total

-

-

SCHEDULE "G"

FIXED ASSETS

Furniture and Fixtures

266,000

Office Equipments

170,750

Motor Vehicles

400,000

Total

836,750

SCHEDULE "H"

CURRENT ASSETS

Inventories

15,800

Debtors

-

Cash and Bank

349,550

Prepaid and Deposits

50,000

Total

415,350

SCHEDULE "I"

EQUITY FUND

Motorists Loan Fund

2,000,000

Contribution from Trustees

1,061,080

Total

3,061,080

SCHEDULE "J"

CURRENT LIABILITIES

Creditors

Amount Payable

26,700

Wages, Salary Payable

45,000

Dividend Payable

30,000

Total

101,700

OF HOPE

ULES

ACHED TO INCOME AND EXPENDITURE ACCOUNT AND BALANCE SHEET AS AT 30TH JUNE, 2010

PARTICULARS	2010 KSHS.
orking Capital	313,650
ed Assets	836,750
Total	<u>1,150,400</u>
omoters Fund	3,061,080
accumulated Fund / B/f Deficit (-)	(1,400,130)
rplus / (-) Deficit	(510,550)
otal Equity and Liabilities	3,061,080
Total	<u>1,150,400</u>

otes attached hereto form part of these accounts

ese accounts were approved on 30/11/2011

n behalf of the Party by:

ational Chairman

ecretary General

Cash flow from Operating Activities

Amount Ksh. 2010

Net Surplus / (-) Deficit	(510,550)
Adjustments for:	
Depreciation	32,251
Gain from Trustees	1,061,080
Increase in Debtors	-
Decrease in Bonds and Deposits	(50,000)
Decrease in Inventories	(15,800)
Increase in Accounts Payable	26,700
Increase in Wages, Salary Payable	45,000
Increase in Rent Payable	30,000
Change in Cash and Cash equivalents	618,681
Cash & Cash equivalents as at 1st July, 2009	269,131
Cash & Cash equivalents as at 1st June, 2010	<u>349,550</u>

STATEMENTS OF THE ACCOUNTS FOR THE YEAR ENDED 30th JUNE 2010

NOTE-1 (A) SIGNIFICANT ACCOUNTING POLICIES

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

(i) Basis of preparation

The final statement of the Party have been prepared accordance and comply with the standards issued by the International Financial Standards (IFRS) under the Historical cost convention

(ii) Depreciation

Depreciation is provided for on fixed assets using the reducing balance method

The following are the rates used:

a.	Lease Hold Structure	10.00%
b.	Office Furniture and Fittings	12.50%
c.	Office Equipment	12.50%
d.	Computers and Printers	30.00%
e.	Motor Vehicles	25.00%

(B) ADMINISTRATIVE EXPENSES

KSH.

(i)	Salaries	332,300
	Rent of Party Office	360,000
	Transport and Converyance	140,495
	Electricity & Water	128,600
	Stationery, Printing, Photocopying	99,300
	Other Expense	36,800
	Legal Fees	
	Bank Charges	
	Maintenance Charges	
	Depreciation	
	TOTAL	1,097,495

OTE-2

FIXED ASSETS

	Lease Hold Structure	Office Furniture and Fittings	Office Equipment	Comput ers and Printers	Motor Vehicles	TOTAL
Cost at 01.07.2009						
Additions						
Gross Block as at 30.06.2010		272,821	175,128		421,053	869,001
Accumulated Depreciation		0	0		0	
Depreciation Charged for the year		6,821	4,378		21,053	32,251
Depreciated as at 30.06.2010		6,821	4,378		21,053	32,251
Net Block (Book Value) as at 30.06.2009		266,000	170,750		400,000	836,750

OTE-3

BANK & CASH

KSH.

Ecobank Kenya Limited	333,637
Cash in Hand	15,913