

REPUBLIC OF KENYA



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**KENYA NATIONAL AUDIT OFFICE**

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
PARTY OF NATIONAL UNITY**

**FOR THE YEAR ENDED  
30 JUNE 2011**





## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON PARTY OF NATIONAL UNITY FOR THE YEAR ENDED 30 JUNE 2011

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Party of National Unity set out on pages 4 to 9, which comprise the statement of financial position as at 30 June 2011, statement of comprehensive income, statement of changes in equity and 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 and Section 8 of the Public Audit Act, 2003.

#### **Management's Responsibility for the Financial Statements**

Management 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 the 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 7 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 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. 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 judgement, including the assessments 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 entity'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 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. Unsupported expenditure**

The statement of comprehensive income reflects administrative expenses, seminars and meetings expenses and election expenses of Kshs.8,429,114, Kshs.12,346,100 and Kshs.3,540,900, out of which supporting analysis for Kshs.1,186,000, Kshs.11,203,100 and Kshs.960,900, respectively, were not availed for audit review. In the circumstances, it has not been possible to confirm the authenticity and propriety of expenditure totalling Kshs.13,350,000 for the year ended 30 June 2011.

#### **2. Non-disclosure of Source of Income**

The Party did not disclose its sources of income totalling Kshs.24,715,682 to the Registrar of Political Parties as required by Section 24(2) & (3) of the Political Parties Act, 2007. The Party was therefore in breach of the Law.

#### **3. Understated Income**

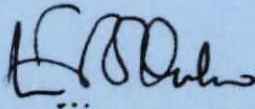
The statement of comprehensive income reflects income from Political Parties' Fund of Kshs.655,000. However, records availed for audit review showed that the party received Kshs.24,060,682 from the Fund resulting to unexplained variance of Kshs.23,405,682 for the year ended 30 June 2011.

#### **4. Cash and Bank balances**

The statement of financial position reflects cash and bank balances of Kshs.457,126 as at 30 June 2011. However, the balance could not be confirmed as bank reconciliation statements, bank confirmation certificates and petty cash survey certificate were not availed for audit verification. In the circumstances, it has not been possible to confirm that the cash and bank balances of Kshs.457,126 as at 30 June 2011 is fairly stated.

### **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.



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

**Nairobi**

**23 November 2015**

KENYA NATIONAL AUDIT OFFICE  
P. O. Box 30084 - 00100, NAIROBI.

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# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED

### 30<sup>th</sup> JUNE 2011

**PARTY OF NATIONAL UNITY**

Musa Gitau Lane, Musa Gitau Rd Off Waiyaki Way. P.O. Box 13668-00800 Nairobi.

Tel: +254 20 5205266

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**PARTY OF NATIONAL UNITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

<b>CONTENTS</b>	<b>PAGE</b>
Party Information	2
Statement of Party Officials' Responsibilities	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 to 9

**PARTY OF NATIONAL UNITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**PARTY'S INFORMATION**

**REGISTERED OFFICE**

MUSA GITAU LANE, MUSA GITAU RD, OFF WAIYAKI WAY  
P.O.BOX 13668-00800  
NAIROBI

**PARTY OFFICIALS**

**PARTY LEADER**

H.E HON. MWAI KIBAKI, CGH, MP

**CHAIRMAN**

HON GIDEON KONCHELA, EGH, MP

**SECRETARY GENERAL**

HON AMOS M. KIMUNYA, EGH, MP

**TREASURER**

HON MOHAMUD MOHAMED

**ORGANIZING SECRETARY**

HON MAINA KAMANDA, EGH

**BANKERS**

EQUITY BANK LIMITED  
NAIROBI

**AUDITORS**

**AUDITOR GENERAL**

ANNIVERSARY TOWERS, UNIVERSITY WAY  
P.O. Box 30084-00100  
NAIROBI

PARTY OF NATIONAL UNITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

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STATEMENT OF PARTY OFFICIALS' RESPONSIBILITIES

The Political Parties Act, 2011 requires the Party officials to prepare financial statements which give a true and fair view of the state of affairs of the Party as at the end of the financial year and of the results for that year. The Party officials are also required to ensure that the Party maintains proper accounting records which disclose with reasonable accuracy the financial position of the Party. The Party officials are also responsible for safeguarding the assets of the Party.

The Party officials accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with the internal financial reporting standards.

The Party 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 as at 30 June 2011 and of the operating results for the year then ended. The Party officials further confirms the accuracy and completeness of the accounting records maintained by the Party which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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

Signed on behalf of the National Executive Committee by:

  
SECRETARY GENERAL

DATE: \_\_\_\_\_

**PARTY OF NATIONAL UNITY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2011**

		2011 Kshs	2010 Kshs
	Notes		
<b>Income</b>			
Political Parties Fund		655,000	638,295
Donations Received		24,060,682	1,543,410
<b>Total Income</b>		<b>24,715,682</b>	<b>2,181,705</b>
<b>Expenditure</b>			
Administrative Expenses	4	8,429,114	1,861,502
Advertising & Publicity Expenses		164,584	86,487
Seminars and Meetings Expenses		12,346,100	417,315
Election Expenses		3,540,900	-
<b>Total Expenditure</b>		<b>24,480,698</b>	<b>2,365,304</b>
<b>Surplus / Deficit for the year</b>		<b>234,984</b>	<b>(183,599)</b>

**PARTY OF NATIONAL UNITY  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011**

	Note	2011 Kshs	2010 Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2	<u>826,416</u>	<u>991,375</u>
<b>Current Assets</b>			
Cash and Bank Balances	3	<u>457,126</u>	<u>57,182</u>
		<u>457,126</u>	<u>57,182</u>
<b>TOTAL ASSETS</b>		<u><u>1,283,542</u></u>	<u><u>1,048,557</u></u>
Represented by:			
Accumulated Fund		<u><u>1,283,542</u></u>	<u><u>1,048,557</u></u>

  
SECRETARY GENERAL

DATE:

PARTY OF NATIONAL UNTIY  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 30 JUNE 2011

	Accumulated Fund
	2010 Kshs
As at 1 July 2009	1,232,156
Surplus / (Deficit) for the year	(183,599)
As at 30 June 2010	<u><u>1,048,557</u></u>
	2011 Kshs
As at 1 July 2010	1,048,557
Surplus / (Deficit) for the year	234,984
As at 30 June 2011	<u><u>1,283,541</u></u>

**PARTY OF NATIONAL UNITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	Kshs.	Kshs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year	234,984	(183,599)
Adjustment for Non-Cash Movements		
Add: Depreciation	164,960	208,625
	<u>399,944</u>	<u>25,026</u>
(Increase) / Decrease in Debtors and Prepayments	-	-
Increase / (Decrease) in Creditors and Accruals	-	(39,440)
	<u>399,944</u>	<u>(14,414)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Non Current Assets	-	-
	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	<u>-</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	399,944	(14,414)
<b>CASH AND CASH EQUIVALENTS AS AT 1 JULY</b>	57,182	71,596
	<u>457,126</u>	<u>57,182</u>
<b>CASH AND CASH EQUIVALENTS AS AT 30 JUNE</b>	<u>457,126</u>	<u>57,182</u>

**PARTY OF NATIONAL UNITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**1. a) SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**b) Basis of preparation**

The financial statements are prepared in accordance with International Financial Reporting Standards.

**c) Depreciation**

Depreciation is calculated on a reducing balance basis to write off the cost of each asset, to its residual value over its estimated useful life.

The Party's policy is to provide no depreciation in the year of acquisition and full depreciation at the year of disposal using the following rates:

	<u>Rate %</u>
Computers and Accessories	30
Furnitures and Fittings	12.5
Office Equipment	12.5

**2. NON CURRENT ASSETS**

	Computers and Accessories Kshs	Furniture and Fittings Kshs	Office Equipment Kshs	Total Kshs
<b>Cost</b>				
At 01 July 2010	234,500	374,500	382,375	991,375
Additions	0	0	0	0
	234,500	374,500	382,375	991,375
<b>Depreciation</b>				
At start of year	70,350	47,797	46,813	164,960
Charge for the year	70,350	46,813	47,797	164,959
	140,700	94,610	94,610	329,919
<b>Net book value</b>				
As at 30 June 2011	164,150	327,688	334,578	826,416

PARTY OF NATIONAL UNITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011

	2011 Kshs	2010 Kshs
<b>3</b>		
<b><u>Cash and Bank Balances</u></b>		
Petty Cash	345,782	20,492
Cash at Bank	111,344	36,690
	<u>457,126</u>	<u>57,182</u>
<b>4</b>		
<b><u>Administrative expenses</u></b>		
Bank Charges	4,650	10,733
Depreciation	164,960	208,625
Electricity & Water	0	28,650
General Office Expenses	410,000	22,200
Printing & Stationery	14,492	76,375
Professional Fees	1,744,000	-
Telephone Expenses	0	60,301
Repairs & Maintenance	305,484	18,129
Salaries & Wages	3,783,500	1,136,323
Security	85,028	45,588
Transport & Travel costs	1,917,000	254,578
	<u>8,429,114</u>	<u>1,861,502</u>