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**THE NATIONAL ASSEMBLY  
REPORT  
PAPERS LAID**

DATE: 28 MAY 2025 DAY: Wednesday

TABLED BY: Hon. Owen Bayo, MP  
deputy leader of the  
majority party

CLERK-AT-THE-TABLE: Esther Njiru

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL RECONSTRUCTION ALLIANCE**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
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*NATIONAL RECONSTRUCTION ALLIANCE.*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2024**

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

<b>Table of Contents.....</b>	<b>Page</b>
1. Acronyms, Abbreviations and Glossary of Term .....	ii
2. Key Party Information and Management.....	iii
3. National Executive Committee.....	vi
4. Key Management Team.....	vii
5. Chairman’s Statement.....	viii
6. Report of the Executive director.....	ix
7. Statement of Performance against Predetermined Objectives for FY 2023/2024-1.....	x
8. Corporate Governance Statement.....	xiii
9. Management Discussion and Analysis.....	xiv
10. Environmental and Sustainability Reporting .....	xv
11. Report of the National Executive Committee.....	xvi
12. Statement of the National Executive Committees Responsibilities.....	xvii
13. Report of the Independent Auditor for the National Reconstruction Alliance Party.....	xviii
14. Statement of Financial Performance for the year ended 30 June 2024 .....	1
15 Statement of Financial Position as at 30 June 2024 .....	2
16. Statement of Changes in Net Assets for the year ended 30 June 2024.....	3
17. Statement of Cash Flows for the year ended 30 June 2024.....	4
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024.....	5
19. Notes to the Financial Statements .....	6
20. Appendices.....	30

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024.**

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**1. Acronyms, Abbreviations and Glossary of Term**

**A. Acronyms and Abbreviations**

MP	Member of Parliament
MCA	Member of County Assembly
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
ED	Executive Director
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
SAGAs	Semi-Autonomous Government Agencies
NRA	National Reconstruction Alliance
WB	World Bank
CBK	Central Bank of Kenya
HR	Human Resource
SG	Secretary General
NEC	National Executive Committee
NEB	National Elections Board
NGC	National Governing Council
FY	Financial Year
PPLC	Political Parties Liaison Committee
RPP	Registrar of Political Parties

**B: Glossary of Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organisation

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

## 2. Key Party Information and Management

### (a) Background information

National Reconstruction Alliance Party is domiciled in Kenya and was registered as a political party in accordance with the constitution of Kenya and Political Parties Act of 2011 in the year 2021. The National Executive Committee is responsible for the general policy and strategic direction of the party.

### (b) Principal Activities

The organisation principal activity is to strive to promote a united party that seeks to develop a fundamentally united Kenya through the ideals and principles of democracy that promotes equality, justice, peace, freedom and equitable distribution of resources.

### (c) Key Management

NRA Party day-to-day management is under the following key organs:

No.	Designation	Name
1.	Secretary General	<b>Paul Amemba Odhiambo</b>
2.	Executive Director	<b>Brigid Chepkemoi</b>
3.	Other Directors and Managers	<b>Stephen fwamba, Natalie Atieno, Edwin Opetu</b>
4.	Legal Officers, Technical Committees, Accountants.	<b>K. walumbe, Felix otieno Odhiambo.</b>

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	National Chairperson	<b>Shadrack Kiprotich</b>
3.	Secretary General	<b>Paul Amemba Odhiambo</b>
4.	National Treasurer	<b>Fred Barasa Wechuli</b>
5.	National Organising Secretary	<b>Mwaboza Mwasambu</b>
6.	Executive Director	<b>Brigid Chepkemoi</b>

**Key Party Information and Management (continued)**

**(e) Fiduciary Oversight Arrangements**

**National Delegates convention.**

This is the highest decision making organ of the party. All decisions made must be ratified by the National delegation conference which meets once in five years and has special sittings when needed.

**National Governing Council.**

This is a standing committee of the National Delegates Convention and is the second highest decision making organ of the party. All party decisions including NEC and NEBs are deliberated and ratified by NGC before implementation also some decisions made by the NGC must be ratified by the National delegation conference after deliberation before implementation.

**National Executive Committee.**

This is mandated with the day to day running of the party affairs. It is domiciled at the party headquarters and comprises of the Party leader and their deputy, chairman of the party and their deputy, Secretary General and their deputy, National Organising secretary and their deputy, National treasurer and their deputy, National women and youth leaders and their deputy, co-opted members representing special interests and the Executive Director.

**National Management Committee.**

This is mandated with supervising the day to day conduct of the party activities, propagating party policies, supervising day to day running of the secretariat, formulate NEC agendas, appoint members of election management body and assist to conduct party elections and nominations.

**National elections board**

This is an independent organ which acts in accordance with the rules of natural justice and is mandated to deal with all party matters pertaining nominations, elections and disputes.

**Disciplinary Committee.**

This is a subcommittee of the National executive committee which helps to deal with all the indiscipline of the party. For instance all members who are supposed to pay for membership but don't pay they are summoned by the disciplinary committee.

**Branch (County) Executive Committees.**

This is entrusted to take care of the county affairs and there are chairman reports on behalf of the committee to the national executive committee on the same. This helps to deal effectively with issues on the ground.

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024.**

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**(f) Entity Headquarters**

P.O. Box 104083-00100  
Mezzanine floor, M15E  
Madona House, Mpaka road,  
Westland, Nairobi, Kenya.  
Telephone: (254) 0790704751  
E-mail: nraparty1@gmail.com  
Website: www.nraalliance.com

**(g) Entity Bankers**

Cooperative Bank of Kenya ltd.  
COOP House Branch  
P.O. Box 48231  
GPO 00100  
**NAIROBI, KENYA.**

**(h) Independent Auditor**




Auditor-General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(i) Principal Legal Adviser**

The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya.

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024.**

**3. National Executive Committee.**

Ref	Officials	Details
1.	 Shadrack Kiprotich	Chairman
2.	 Paul Amemba Odhiambo	Secretary General
3.	 Mwaboza mwasambu	National Organising Secretary
4.	 Fred Barasa Wechuli	National Treasurer
5.	 Brigid Chepkemoi	Executive Director

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024.**

**4. Key Management Team**

	<b>Management</b>	<b>Details</b>
1.	 Shadrack Kiprotich Chairman	Professional Engineer
2.	 Paul Amemba Odhiambo Secretary General	Profession Engineer
3.	 Mwaboza Mwasambu National Organising Secretary	Business man
4.	 Fred Barasa Wechuli National treasurer	Accountant and Business person
5.	 Brigid Chepkemioi Executive Director	Professional Engineer
6.	 Edwin Opetu Director PWD Affairs	Business Man.
7.	 Natalie Atieno Director Women Affairs	Professional Engineer
8.	 Stephen Fwamba Director Youth Affairs	Professional Engineer

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024.**

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**5. Chairman's Statement**

I am delighted to present the financial report for **NATIONAL RECONSTRUCTION ALLIANCE PARTY** for the year ended 30 June 2024. I would like to congratulate members of **NRA PARTY** without whom it would not have been possible for us to achieve the results for the year under view.

As the Chairman, I appreciate the support accorded to me by my fellow party officials and I thank them for their invaluable advice and support. In the year under review we managed to hold our National delegate conference where several issues which the party was facing were corrected and ratified by members which enabled the party to run effectively.

One of the Major successes during the period under review is that as a party we managed to raise economic concerns experienced by Kenyans using court mechanisms. The current regime however continue to be insensitive to the plight of Kenyans amidst economic and market volatility raging over the country.

I would also like to thank the Government and the Registrar of Political Parties for their support, however the biggest challenge that we still face as a party is lack of enough funds to run our operations. Therefore the government through the Registrar of Political Parties should allocate enough resources from the Political Parties Fund (PPF) to enable Political Parties manage their affairs better.

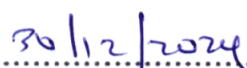
Going forward, we have embarked on very aggressive membership recruitment drive to increase our numbers across the Country. Our aim is to make inroads in areas where we do not have a presence, as we maintain a strong grip on our strongholds. Currently, NRA Party is compliant in 35 Counties across the Country.

Thank you.

..........

**MR. SHADRACK KIPROTICH**

**CHAIRMAN**

DATE..........

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024.**

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**6. Report of the Executive director.**

As mentioned above, we are delighted to present the financial report for **NATIONAL RECONSTRUCTION ALLIANCE PARTY** for the year ended 30 June 2024.

Collective responsibility from the National Delegates Conference, National Governing Council, National Executive Council (NEC) and the National Management Committee made it possible for us to achieve the results posted for the Financial Year under review.

I appreciate the support accorded to me by my fellow party members and I thank them for their invaluable support. Without them it would not have been possible to hold our National delegate conference where several issues which the party was facing were deliberated and ratified which enabled the party to run effectively.

We also want to take this opportunity to thank the Government of Kenya, specifically the Registrar of Political Parties for their invaluable support in ensuring that Political Parties operate in a level playing field that guarantees fairness for all electorates.

We experienced slight decrease in Revenue and a considerable reduction in Expenditure because there was a major budget cut during the year which made us review our activities accordingly. We continue to experience major reduction in membership collections due to hard economic times experiences in the country and throughout the world.

Thank you.



**BRIGID CHEPKEMOI**  
**EXECUTIVE DIRECTOR**

DATE.....30/12/2024.....

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024.**

**7. Statement of Performance against Predetermined Objectives for FY 2023/2024-1**

NATIONAL RECONSTRUCTION ALLIANCE PARTY has 5 strategic objectives within the current Strategic Plan for the FY 2023/2024. These strategic objectives are as follows:

- (i) Strengthening the party’s representation at National Government and County Government
- (ii) Enhancing the party’s performance at National Government and County Government
- (iii) Building the party’s institutional and organizational development capacity as a model of good governance
- (iv) Intensifying resource mobilization efforts for the work and programs of the party
- (v) Strengthening partnerships and networks with the civil society and other political parties for advancing the shared mission of good governance, rule of law and human rights

NATIONAL RECONSTRUCTION ALLIANCE PARTY developed its annual work plans based on the above 5 strategic objectives. Assessment of the party’s performance against its annual work plan is done on a quarterly basis. The party performance targets set for the FY 2023/2024 period for its 5 strategic objectives is as indicated in the table below

**Annual Work plan for the year 2023/2024.**

<b>ti m e</b>	<b>RECOMMENDE D LEGAL DEFINITIVE USES OF THE FUND</b>	<b>EXPENSES LINE INTERPRETATION</b>	<b>GOVERNMENT FUNDING</b>	<b>EXPECT ED PARTY CONTRI BUTION</b>	<b>TOTAL ESTIMAT ED EXPENSE S</b>
1	Not more than 30% of the political party fund to cover <b>Administrative</b> expenses of the party i.e 30% of Ksh 1,862,200	Rent & rates, financial cost and banking, cleaning and sanitation, telephone and communication, stationery, printing, transport, staff cost, wear & tear, hire and rentals, newspaper & publications, clubs and memberships, professional fees, Licenses and permits, repairs and maintenance, utilities, medical cover, motor running expenses, Postage and delivery, software, office security.	558,660	-	<b>558,660</b>

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024.**

2	Promoting Active Participation by citizen in Political life and civic education through the following				
	Ensuring continuous vital link between the people and organs of the state- <b>Branch</b>	Branch establishments and coordination, county offices overheads, communication, recruitment and membership, statutory requirements and Auditing of branch office holders.	53,540	-	<b>53,540</b>
	<b>Conferences</b> and meeting of the party organ.	Conferences and meeting, NEC, NDC, PG & GPG, NGC, SDC, Secretariat, Ad Hoc	350,000	-	<b>350,000</b>
	The organisation by the political party of <b>Civic education</b> on democracy and other electoral processes	Training and recruitment, civic education, seminars, retreats, workshops, ec & registrar, party to party cooperation, awareness campaigns, party strategic Plan and reviewing party contribution.	-	-	-
3	Not less than 30% of funding to promote <b>special interest groups.</b>	Conferences & meetings, workshops, retreats, trainings, seminars, civic education of the PWD, Youth League, Women League and the marginalised.	740,00	-	<b>740,000</b>

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024.**

4	Bringing the party's influence to bear on the <b>shaping of public opinion</b>	All media & publicity policy & strategy, opinion articles intelligence and media monitoring, billboards, website, alternative media, advertising, literature and Publications and party manifesto/constitution/fundraising and R/Mob.	160,000	-	<b>160,000</b>
5	<b>Covering election expenses</b> of the political party and broadcasting of the policies of the political party	Grass root elections-elections material expenses, National election board expenses, campaign promotional items, media & publicity, personnel and hires, command centres and offices hires for NEB, training of elections officials and nominations for by election, opinion polls, all media, Petitions, legal fees.	-	-	-
	<b>TOTAL AMT</b>		<b>1,862,200</b>	-	<b>1,862,200</b>

**8. Corporate Governance Statement**

As a party, we continue to inculcate Corporate Governance in all our operations. NRA PARTY is accountable to its membership and all its stake holders.

The National Executive Committee of **NATIONAL RECONSTRUCTION ALLIANCE PARTY** is responsible for the Governance of the party and is accountable to the members for ensuring that the party complies with the law and the highest standards of business ethics and corporate Governance. Accordingly, the party officials' attach very high importance to the generally accepted corporate governance practice.

The Party has defined procedures and financial controls that ensures proper reporting of financial reports according to the International Public Sector Accounting Standards (IPSAS). The party will continue to focus its attention on maintaining the highest standards of Corporate Governance and Business ethics in its operations.

Thank you. `

  
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**BRIGID CHEPKEMOI**

**EXECUTIVE DIRECTOR**

DATE...30.12.2024.....

## **9. Management Discussion and Analysis**

As a party, our ambition is to establish a Country where its citizens enjoy Social, Economic and Democratic rights as envisioned in our Vision and Mission.

Our party was established by Kenyans whose vision was to change the entrenched socio-economic inequalities, bad governance, corruption, negative ethnicity and to tackle the growing poverty and marginalization of communities and disadvantaged groups. We intend to guard these virtues jealously in order to create a just society.

One aspect we want to focus on is ensure that our activities as a Political Party impact positively on the livelihoods of Kenyans. Social responsibility if well managed can be used to improve living standards in our communities.

Our intention is:

- i. Initiate and be involved in projects that will alleviate poverty within our communities and tackle real challenges that affect our citizens
- ii. Build networks with Local partners, international partners and other Political Parties in order to improve our reputation among our stake holders.
- iii. Initiate and participate actively in programs that promote Civic Education in order to equip our members and citizens at large with important aspects that affect their daily livelihoods.

Below are some of the highlights:

### **Income Analysis**

- The party was allocated Ksh. 1,862,200 from the Political Parties Fund based on August 2022 General Elections results. However there was a major budget cut by the government, which affected most of our activities as we had to re plan again to fit the cut amount.
- The party received Ksh 1,401,430 out of the above allocation while Ksh 460,770 was released in the following financial year, halting some of the budgeted activities for the year. This was due to government supplementary budget which increased the amount to the allocated amount.
- The Party registered a major reduction in revenue generated from its Members and other party activities for the year. This is attributed to hard economic times experienced in the country also there is a attendance of elected members being reluctant to pay party dues once elected.

### **Expenditure Notes**

- In the year 2022/2023 the party had law suits which hindered its activities, thus no money was withdrawn until after that year ended hence, ksh 2,037,298 worth of last financial years activities were carried forward to this year, where only Ksh 120 was spent on cash basis in the same year.
- The above amount was also affected by delayed release of ksh 337,522 from the treasury where it was released on 05<sup>th</sup> July 2023, which was after the financial year end of June 2023.
- These activities were lifted to this financial year, where they could only be done starting mid-March of 2024, after implementation of party NDC directions held in September of 2023.
- Expenses are accounted for on accrual basis in line with accounting principles and concept. Thus rent for the year has been accounted for in full but accrued to be paid gradually as and when planned resources are available.
- In the current year, out of Ksh 1,862,200 allocated, Ksh 1,401,430 was disbursed on 15<sup>th</sup> May 2024 while Ksh 460,770 was released after the year ended, thus impossible to spend it in the year.
- During the year the party had approximately only three months starting mid-March to implement its work plans for the year 2022/2023 and 2023/2024, which it managed to do so successfully.
- Due to hard economic times experienced in the country, funds from members and others was not budgeted for during the year, thus there was no collection of party funds from its members.

### **10. Environmental and Sustainability Reporting**

As a party, the biggest challenge we face is lack of enough funds to run our operations smoothly. The Government through the Registrar of Political Parties should put in place plans to allocate enough resources from the Political Parties Fund (PPF) to enable Political Parties manage their affairs better. Most of the below activities were a struggle to maintain because of the above as explained.

- i) *Sustainability strategy and profile*
- ii) *Environmental performance*
- iii) *Employee welfare*

*Corporate Social Responsibility / Community Engagements*

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024.**

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

The Committee submit their report together with the financial statements for the year ended 30 June 2024, which disclose the state of affairs of the party.

**i. Registration**

The Party is domiciled in Kenya and was registered in 2021 in accordance with the constitution of Kenya and Political Parties Act of 2011. The address of the registered office is set out on page v.

**ii. Principal Activities**

The party principal activity is to strive to promote a united and democratic party that seeks to develop fundamentally united Kenya through the ideals and principles of democracy that promotes equality, justice, peace, freedom and equitable distribution of resources.

**iii. Results and Member Fund**

The Surplus/deficit for the year is attributable to the party, for the year ending June 2024 of Sh (1,188,298) and 2023: 1,138,298 has been transferred to party's members accumulated fund.

**iv. National Executive Committee Members**

The Officials who held office during the year to the date of this report are listed as above on page vi.

**v. Auditors**

The Auditor General is responsible for the statutory audit of the National Reconstruction Alliance Party in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the NRA Party for the year ended June 30, 2024.

**BY ORDER OF THE NATIONAL EXECUTIVE COMMITTEE**

**PAUL AMEMBA ODHIAMBO**

**SECRETARY GENERAL**



.....30/12/.....2024

**12. Statement of the National Executive Committees Responsibilities.**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the National Reconstruction Alliance Party –NRA is responsible for the preparation and presentation of the entity’s financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year 2024 ended on June 30, 2024. 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 entity; (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NRA accepts responsibility for the entity’s financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NRA’s financial statements give a true and fair view of the state of entity’s transactions during the financial year ended June 30, 2024, and of the entity’s financial position as at that date. The Accounting Officer in charge of the NRA further confirms the completeness of the accounting records maintained for the NRA, which have been relied upon in the preparation of the entity’s financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NRA confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity’s funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity’s financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

NRA’s financial statements were approved and signed by the Accounting Officer on **30/09/2024**.

**PAUL ODHIAMBO**

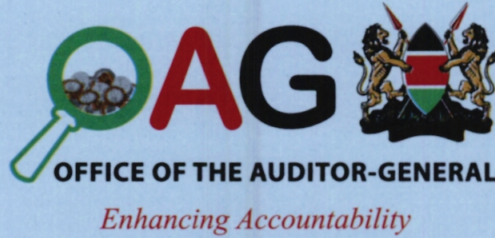
.....  
**SECRETARY GENERAL**

**SHADRACK KIPROTICH**

.....  
**CHAIRPERSON**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL RECONSTRUCTION ALLIANCE FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

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

- A. Report on the 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 the Lawfulness and Effectiveness in 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 the 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 aim to address the Auditor-General's statutory roles and responsibilities 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 National Reconstruction Alliance set out on pages 1 to 31, which comprise the statement of financial position as at 30 June,

2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 National Reconstruction Alliance as at 30 June, 2024 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 the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Reconstruction Alliance 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 Matter**

Audit issues raised in the previous year had not been resolved as at 30 June, 2024. Management did not give any explanation for failure to resolve the issues or for the failure to adhere to the provisions of the Public Sector Accounting Standards Board reporting templates.

### **Other Information**

Management is responsible for the other information set out in pages iii to xvii which comprise of Key Entity Information and Management, Chairman's Statement, Report of the Chief Executive Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the National Executive Committee and Statement of the National Executive Committee's Responsibilities. The Other Information does not include the financial statements and my audit report thereon. My

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

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, If I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter 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**

#### **Failure to Establish Party Offices in at Least 24 Counties**

As previously reported physical inspection in 38 Counties revealed that the Party had only two (2) County offices. This was contrary to Section 7(f)(iii) of the Political Parties Act, 2011 which states that a political party shall be qualified to be fully registered if it has submitted to the Registrar the locations and addresses of the Branch Offices of the Party, which shall be in more than half of the Counties.

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

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

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

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Lack of Risk Management Policies and Procedures Manuals**

A review of the internal controls and risk management strategies revealed that the Party did not have essential policies such as Finance Policy and Procedures Manual, a Risk Management Policy, Staff Establishment and Salary Structure, Remuneration Policy for Party Officials and Disaster Recovery Plan to provide formal guidance on the conduct and management of internal procedures and processes related to key operations.

In the circumstances, effectiveness of risk management, internal controls and governance strategies put in place by the Party could not be confirmed.

### **2. Goods not Taken on Charge**

The statement of financial performance reflects an amount of Kshs.315,000 in respect to party promotion and advocacy as disclosed in Note 9 to the financial statements. Included in this amount is Kshs.250,000 relating to items purchased that were not received, inspected and taken on charge as a basis for ensuring that all procured items are properly accounted for and put into proper use.

In the circumstances, the existence of effective internal controls on management of assets could not be confirmed.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the 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**

**7 January, 2025**

**NATIONAL RECONSTRUCTION ALLIANCE PARTY**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024.**

**14. Statement of Financial Performance for the year ended 30 June 2024**

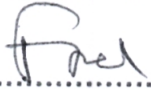
	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	1,862,200	2,037,418
<b>Total revenue</b>		<b>1,862,200</b>	<b>2,037,418</b>
<b>EXPENSES</b>			
General expenses use of goods and services	7	615,733	600,120
Campaigns and Elections	8	-	240,000
Party Promotion and advocacy	9	315,000	59,000
Promoting active citizen participation	10	768,540	-
Special interest group	11	1,351,225	-
<b>Total expenses</b>		<b>3,050,498</b>	<b>899,120</b>
<b>Surplus/(deficit) for the period/year</b>		<b>(1,188,298)</b>	<b>1,138,298</b>
Remission to National Treasury		-	-
<b>Net Deficit/Surplus for the year</b>		<b>(1,188,298)</b>	<b>1,138,298</b>

The notes set out on pages 6 to 28 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the National Executive Committee by:

  
 .....

**Name: Paul Odhiambo**  
**Secretary General**

Date 30/12/2024

  
 .....

**Name: Fred Wechuli**  
**National Treasurer**

Date 30/12/2024

  
 .....

**Name: Shadrack Kiprotich**  
**Chairperson**


Date 30/12/2024

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

**15 Statement of Financial Position as at 30 June 2024**

	Notes	2023-2024	2022-2023
		Ksh	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	12	2,488	1,704,776
Receivables from Non Exchange Transactions	14	460,770	337,522
<b>Total Current Assets</b>		<b>463,258</b>	<b>2,042,298</b>
<b>Total Non- Current Assets</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS.</b>		<b>463,258</b>	<b>2,042,298</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	15	513,258	904,000
<b>Total Current Liabilities</b>		<b>513,258</b>	<b>904,000</b>
<b>Non- Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Non- Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>513,258</b>	<b>904,000</b>
<b>NET ASSETS</b>			
Reserve		(1,188,298)	1,138,298
Accumulated Surplus/ Members accumulated Fund		1,138,298	-
Capital Fund		-	-
<b>Total Net Assets</b>	16	<b>(50,000)</b>	<b>1,138,298</b>
<b>TOTAL NET ASSETS AND LIABILITIES.</b>		<b>463,258</b>	<b>2,042,298</b>

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

  
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**Secretary General**

**Date 30/12/2024**

  
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**Date 30/12/2024**

  
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**Chairperson**

**Date 30/12/2024**

**NATIONAL RECONSTRUCTION ALLIANCE PARTY**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024.**

**14. Statement of Financial Performance for the year ended 30 June 2024**

	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	1,862,200	2,037,418
<b>Total revenue</b>		<b>1,862,200</b>	<b>2,037,418</b>
<b>EXPENSES</b>			
General expenses use of goods and services	7	615,733	600,120
Campaigns and Elections	8	-	240,000
Party Promotion and advocacy	9	315,000	59,000
Promoting active citizen participation	10	768,540	-
Special interest group	11	1,351,225	-
<b>Total expenses</b>		<b>3,050,498</b>	<b>899,120</b>
<b>Surplus/(deficit) for the period/year</b>		<b>(1,188,298)</b>	<b>1,138,298</b>
Remission to National Treasury		-	-
<b>Net Deficit/Surplus for the year</b>		<b>(1,188,298)</b>	<b>1,138,298</b>

The notes set out on pages 6 to 28 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the National Executive Committee by:

  
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Date 30/12/2024

  
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**Chairperson**

Date 30/12/2024

**NATIONAL RECONSTRUCTION ALLIANCE PARTY**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024.**

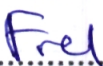
**17. Statement of Cash Flows for the year ended 30 June 2024**

	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	1,862,200	2,037,418
<b>Total receipts</b>			<b>2,037,418</b>
<b>Payments</b>			
General expenses use of goods and services	7	615,733	600,120
Campaign and Elections	8	-	240,000
Party promotion and advocacy	9	315,000	59,000
Promoting active citizen participation	10	768,540	-
Special interest group	11	1,351,225	-
<b>Total payment</b>		<b>3,050,498</b>	<b>899,120</b>
<b>Add back Depreciation and amortization expense</b>		<b>-</b>	<b>-</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>(1,188,298)</b>	<b>1,138,298</b>
<b>Changes in working capital</b>			
Decrease/(Increase) in Receivables	14	(123,248)	(337,522)
(Decrease)/Increase in Payables	15	(390,742)	904,000
<b>Cash generated from Operations</b>	18	<b>(1,702,288)</b>	<b>1,704,776</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets		-	-
<b>Net cash flows from/(used in) investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>(1,702,288)</b>	<b>1,704,776</b>
Cash and cash equivalents at 1 July		1,704,776	-
<b>Cash and cash equivalents at 30 June</b>	12	<b>2,488</b>	<b>1,704,776</b>

.....  .....

**Name: Paul Odhiambo**  
**Secretary General**

Date 30/12/2024

.....  .....

**Name: Fred Wechuli**  
**National Treasurer**

Date 30/12/2024

.....  .....

**Name: Shadrack Kiprotich**  
**Chairman**

Date 30/12/2024

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	B	C=(a+b)	D	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Transfers from Other Governments entities	3,398,866	(1,536,666)	1,862,200	1,862,200	-	100%
<b>Total Income</b>	<b>3,398,866</b>	<b>(1,536,666)</b>	<b>1,862,200</b>	<b>1,862,200</b>	<b>-</b>	<b>100%</b>
<b>Expenses</b>						
Administration expenses	1,019,000	(460,340)	558,660	615,733	(57,073)	110%
Campaigns and Elections	-	-	-	-	-	0%
Special Interest group	1,200,000	(460,000)	740,000	1,351,225	(611,225)	183%
Party promotion and advocacy	600,000	(440,000)	160,000	315,000	(155,000)	199%
Promoting Active citizen participation	579,866	(176,326)	403,540	768,540	(365,000)	190%
<b>Total Expenditure</b>	<b>3,398,866</b>	<b>(1,536,666)</b>	<b>1,862,200</b>	<b>3,050,498</b>	<b>(1,188,298)</b>	<b>164%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,188,298)</b>	<b>1,188,298</b>	

Budget notes

1. The government failed to release all amounts on time thus some activities budgeted during the year failed to happen due to lack of funds and will accrue to the next financial year of 2024/2025.
2. There was party grass root elections wrangles which delayed utilisation of money as planned for year 2022/2023 where most activities were lifted to this financial year. This has since successfully been accomplished during this financial year of 2023/2024.
3. Financials are on accrual basis while budgets are on cash basis. Thus when Accounts are done on accrual basis, sometimes administration expenses in the statement of financial performance surpasses the set limit of 30% further creating unpaid bills in the statement of financial position. A good example is Rent and Employee salary which amounts are fixed.

**19. Notes to the Financial Statements**

**1. General Information**

National Reconstruction Alliance Party is established by and derives its authority and accountability from Political parties Act of 2011. The party is registered and domiciled in Kenya. The party principal activity is to strive to promote a united democratic party that seeks to develop a fundamentally united Kenya through the ideals and principles of democracy that promotes equality, justice, peace, freedom and equitable distribution of resources.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *NRA Party* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 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 *NRA*. The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act 2011 and Political Party Act 2011, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

**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 2023.*

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p>

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></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 cash flows 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>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

- iii. *Early adoption of standards*

National Reconstruction Alliance Party has adopted these new standards as at 1<sup>st</sup> January, 2023. We will adopt the Standards falling due in 1<sup>st</sup> January 2025.

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees, taxes and fines**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *NRA* 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 over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

The *NRA* 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 *NRA*.

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

**Summary of Significant Accounting Policies (Continued)**

**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 NRA's right to receive payments is established.

**Rental income**

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

**b) Budget information**

The original budget for the Current FY 2022-2023 was approved by the National Assembly on 29<sup>th</sup> July 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget.

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 actuals as per the statement of financial performance has been presented under section of these financial statements.

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

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

**Summary of Significant Accounting Policies (Continued)**

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *NRA* party operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the

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

**Summary of Significant Accounting Policies (Continued)**

**Deferred tax (Continued)**

Liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *NRA* and the same taxation authority.

**Sales tax**

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 5 year 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.

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

**Summary of Significant Accounting Policies (Continued)**

**e) 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.

**a) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *NRA*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *NRA* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *NRA* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *NRA*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**b) 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.

**c) Research and development costs**

The *NRA* expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the *NRA* 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.

**d) 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 Party'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

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

---

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

**Summary of Significant Accounting Policies (Continued)**

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 cash flows 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.

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

**Summary of Significant Accounting Policies (Continued)**

**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 NRA 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.

**b) Financial liabilities**

**Classification**

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

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

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

**Summary of Significant Accounting Policies (Continued)**

**e) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *NRA*.

**f) Provisions**

Provisions are recognized when the *NRA* 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 *NRA* 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.

**g) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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

**Summary of Significant Accounting Policies (Continued)**

**h) Contingent liabilities**

NRA Party 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.

**i) Contingent assets**

NRA Party 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.

**j) Nature and purpose of reserves**

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

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

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

**l) Employee benefits**

**Retirement benefit plans**

The *NRA* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an NRA pays fixed contributions into a separate NRA (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.

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

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

**Summary of Significant Accounting Policies (Continued)**

**m) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**n) Borrowing costs**

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

**o) Related parties**

The *Party* 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 party, or vice versa. Members of key management are regarded as related parties and comprise the chairperson, the secretary general, the National organising secretary, the national treasurer and Executive director and other directors and technical team.

**p) Service concession arrangements**

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

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

**Summary of Significant Accounting Policies (Continued)**

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**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, 2023.

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

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

**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 NRA 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

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

---

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

**Summary of Significant Accounting Policies (Continued)**

**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:

- a) The condition of the asset based on the assessment of experts employed by the NRA.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) 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.

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

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

**6. Transfers from Other Government entities**

Description	2023-2024	2022-2023
	KShs	KShs
<b>Transfer from government</b>		
Government Political Fund	1,401,430	1,699,896
Accrued transfer owing from Government	460,770	337,522
<b>Total Transfer from Government</b>	<b>1,862,200</b>	<b>2,037,418</b>

**7. General Expenses – Use of Goods and Services.**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>ADMINISTRATION EXPENSES</b>		
Bank charges	7,240	120
Printing and stationery	8,493	-
Rent	600,000	600,000
<b>Total Administration Expenses</b>	<b>615,733</b>	<b>600,120</b>

**8. Campaigns and Elections.**

Description	2023-2024	2022-2023
	Kshs	Kshs
Party election expenses	-	-
Legal fees	-	240,000
<b>Total Campaigns and Elections</b>	<b>-</b>	<b>240,000</b>

**9. Party Promotion and Advocacy**

Description	2023-2024	2022-2023
	Kshs	Kshs
Website upgrade and maintenance	30,000	59,000
Publicity and advertising	35,000	-
Printing and Branding party materials for distribution.	250,000	-
<b>Total Party Promotion and advocacy</b>	<b>315,000</b>	<b>59,000</b>

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

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

**10. Promoting active citizen participation**

Description	2023-2024	2022-2023
	Kshs	Kshs
Civic education	165,000	-
Conferences and meeting	450,000	-
Branch support and Membership	153,540	-
<b>Total Party Promotion and advocacy</b>	<b>768,540</b>	<b>-</b>

**11. Special interest groups**

Description	2023-2024	2022-2023
	Kshs	Kshs
Marginalised Groups	352,000	-
PWD League	352,000	-
Women League	323,613	-
Youth League	323,612	-
<b>Total Party Promotion and advocacy</b>	<b>1,351,225</b>	<b>-</b>

**12. Cash and Cash Equivalents**

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank Balances	2,488	1,704,776
Cash in Hand and in transit	-	-
<b>Total Cash And Cash Equivalents</b>	<b>2,488</b>	<b>1,704,776</b>

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

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

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
<b>a) Current Account</b>			
Cooperative Bank	01192866722301	2,488	1,704,776
<b>Sub- Total</b>		<b>2,488</b>	<b>1,704,776</b>
<b>b) Others(Specify)</b>			
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>2,488</b>	<b>1,704,776</b>

**14. Receivables from Non Exchange Transactions**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Receivables</b>		
Receivables from government transfer	460,770	337,522
<b>Total Current Receivables</b>	<b>460,770</b>	<b>337,522</b>

**15. Trade and Other Payables**

Description	2023-2024	2022-2023
	Kshs	Kshs
K. Walumbe & company advocates	-	240,000
Madona House	513,258	600,000
Maxweb Technologies	-	59,000
F Munuku	-	5,000
<b>Total trade and other payables</b>	<b>513,258</b>	<b>904,000</b>

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

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

**16. Property, plant and Equipment.**

**(a) Valuation**

Land and buildings/ Equipment (be specific) were valued by professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30<sup>th</sup> June 2020).

**(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:

All categories of PPE are initially recorded at cost, and are stated at historical cost less accumulated depreciation. Depreciation is charged on a reducing balance basis over the estimated useful life of the asset. The following rates of depreciation are used based on the estimated useful lives:-

Computer 30%

Furniture and fittings 12.50%

Office equipment 12.50%

**17. Employee Benefit Obligations**

**Retirement benefit Asset/ Liability**

The party has not yet enrolled to any retirement benefit scheme for its members due to lack of enough funds.

**18. Cash Generated from Operations.**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>(1,188,298)</b>	<b>1,138,298</b>
<b>Adjusted for:</b>		
Depreciation	-	-
<b>Working capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	(123,248)	(337,522)
Increase in deferred income	-	-
Increase in payables	(390,742)	904,000
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>(1,702,288)</b>	<b>1,704,776</b>

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

**19. Financial Risk Management**

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

**i) Credit risk**

The 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.

**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 NRA's short, medium and long-term funding and liquidity management requirements. The NRA manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the NRA 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.

**iii) Market risk**

The *NRA* 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. The

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

---

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

Entity's 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) Foreign currency risk**

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

**b) Interest rate risk**

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

**Sensitivity analysis**

The *NRA* 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.

**Fair value of financial assets and liabilities**

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

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

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

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

**Financial Risk Management**

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.
  - **Financial Risk Management**
    - The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:
    - There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.
  - **iv) Capital Risk Management**
    - The objective of the Entity’s capital risk management is to safeguard the Entity’s ability to continue as a going concern. The Entity capital structure comprises of the following funds.

**20. Events after the Reporting Period**

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

**21. Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

**20. Appendices**

**Appendix 1: 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: Resolved / Not Resolved	Timeframe: Date to be resolved
	<b>Inaccuracies in the statement of financial performance.</b>			
1.	Budgetary control and performance.	Political parties through the Office of the Registrar and the leadership Of political parties liaison committee have continually pursued the matter with treasury and parliament to air our views and cushion political parties over Budget cuts.	Not resolved	N/A
	<b>Report on lawfulness and effectiveness in use of public Resources.</b>			
1.	Late submission of financial statement.	This was contributed by the fact that the party had court cases which derailed the process as required by law. The cases were resolved and the process was done.	Resolved	
2.	Failure to Establish Adequate Party Offices.	We are committed to keep our branch offices running as required by law. However budget limitations is experienced. There is no enough funds to sustain Branch expenses thus landlords have closed down most of the said premises while volunteers end up abandoning the course making the need challenging. Political parties have continued to engage the registrar of political parties to find a lasting sustainable solution.	Not resolved	N/A

NATIONAL RECONSTRUCTION ALLIANCE PARTY  
 Annual Reports and Financial Statements  
 For the year ended June 30, 2024.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: Resolved / Not Resolved	Timeframe: Date to be resolved
	<b>Report on effectiveness of internal controls, Risk management and Governance.</b>			
1.	Lack of internal controls, Risk Management and Governance.	We will commit to re organize ourselves for the purpose of Managing our internal controls. Also we are committed to develop Document as advised where it is work in progress. However budget limitation is experienced where there is no enough funds to adequately employ staff for this Purpose where most of times the party depends on volunteers to help run its affairs. Also resources must be allocated towards the development of several documents as advised and there is no funds to employ expertise as would be Required, making the process challenging.	Not Resolved	30 <sup>th</sup> June 2025.



Paul Amemba Odhiambo

Secretary General

National Reconstruction Alliance Party

Date: 30/12/2024

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

**Appendix 2: Transfers from Other Government Entities as at June 30<sup>th</sup> 2024.**

Name of the MDA/Donor	Date received as per	Nature: Recurrent/Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Office of the registrar of political parties	<u>31/05/2023</u> & <u>02/06/2023</u>	Recurrent	1,401,430	1,862,200	-	-	460,770	-	1,401,430
<b>Total</b>			<b>1,401,430</b>	<b>1,862,200</b>	<b>-</b>	<b>-</b>	<b>460,770</b>	<b>-</b>	<b>1,401,430</b>

*NATIONAL RECONSTRUCTION ALLIANCE PARTY*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**

**Appendix 3: Transfer Confirmation Letter from office of the registrar of political parties.**



REPUBLIC OF KENYA  
Telephone: +254(0)204022000  
Mobile: 0772281357  
Email: [info@orpp.or.ke](mailto:info@orpp.or.ke)  
Website: [www.orpp.or.ke](http://www.orpp.or.ke)  
When replying please quote

**Ref:** RPP/FRP/084/4 (33)

Secretary General  
National Reconstruction Alliance (NRA)  
P.O. Box 104083 - 00101  
**NAIROBI**

Dear Sir,

**RE: REVIEW OF THE POLITICAL PARTIES FUND (PPF) ALLOCATION FOR THE FY 2023/24**

Reference is made to letter Ref. No. RPP/FRP/084/4 (23) dated 18<sup>th</sup> December, 2023 which this Office had informed you of your reviewed PPF allocation for the FY2023/24.

This is to inform you that the Political Parties Fund budget has been reviewed during Supplementary Estimates No. 2 of FY2023/24 from the earlier communicated budget allocation of **Kshs. 608,300,000** to **Kshs. 808,300,000** hence an additional **Kshs. 200,000,000**.

Owing to the above, your party allocation of the PPF for the FY2023/24 has been revised from the earlier communicated amount of **Kshs. 1,401,430** to a revised amount of **Kshs. 1,862,200**.

Based on the revised allocation and taking into consideration that **Kshs. 1,401,430** has already been disbursed to your party, the balance of **Kshs. 460,770** will be disbursed once received from the National Treasury.

You'll be required to acknowledge in writing receipt of the funds in line with Regulation 10 (2) of the Political Parties (Funding) Regulations 2019.

Yours faithfully,

**Ann N. Nderitu, CBS**  
Registrar of Political Parties/CEO



OFFICE OF THE REGISTRAR  
OF POLITICAL PARTIES  
ORPP  
Strengthening Political Parties  
Lion Place, 1<sup>st</sup> & 4<sup>th</sup> Floor  
Off Waiyaki Way  
P.O. Box 1131-00806  
Sarit Centre, Nairobi.

**Date:** 18<sup>th</sup> June, 2024

**NATIONAL RECONSTRUCTION ALLIANCE PARTY**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024.**


National Reconstruction Alliance Party wishes to confirm the amounts disbursed as at 30<sup>th</sup> June 2024 as indicated in the table below.

**Confirmation of amounts received by NRA Party as at 30<sup>th</sup> June 2024.**

Amounts Disbursed by Office of the registrar of political parties as at 30th June 2024 - Ksh.							
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)	Amount Received by NRA as at 30 <sup>th</sup> June 2023 (E)	Differences (F)-(D-E)
S07282424	05/07/2023	337,522	-	-	337,522		337,522
S16755926	15/05/2024	1,401,430	-	-	1,401,430	-	1,401,430
<b>Total</b>		<b>1,738,952</b>	<b>-</b>	<b>-</b>	<b>1,738,952</b>		<b>1,738,952</b>

In confirm that the amounts shown above are correct as of the date indicated.

**Secretary General:**

Name Paul Amemba Odhiambo, Sign  Date 30/12/2024

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