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Enhancing Accountability



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REPORT	
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DATE:	06 MAR 2025 Thursday
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CLERK-AT:	A. Shikato

THE AUDITOR-GENERAL

ON

PEOPLE'S EMPOWERMENT PARTY

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

30 SEP 2024

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PEOPLE'S EMPOWERMENT PARTY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

PEOPLE'S EMPOWERMENT PARTY
Annual Report and Financial Statements
for the year ended June 30, 2024.

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Key People's Empowerment Party Information and Management (continued)

(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




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3. The National Executive Committee /Council

Ref	Management	Details
1.	 <p>HON. WATSON SIMIYU National Chairman</p>	<p>Born in 1962 and has 21 years of experience as a politician and project director.</p> <p>Academic qualifications form four.</p>
2.	 <p>HON. JUSTINE KAMBALE National Treasurer</p>	<p>Born in 1974 and has 11 years of experience as a politician and accountant by profession.</p> <p>Academic qualifications form four.</p>
3.	 <p>HON. JOYCE MWAMBINGU National Secretary General</p>	<p>Born in 1982 and has 16 years of experience as a politician and business venture.</p> <p>Academic qualifications form four.</p>

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4. Key Management Team

Ref	Management	Details
1.	 <p>HON. WATSON SIMIYU National Chairman</p>	<p>Chairs all the Party meetings.</p>
2.	 <p>HON. JUSTINE KAMBALE National Treasurer</p>	<p>Keeps and prepares all the records and reports of the Party respectively.</p>
3.	 <p>HON. JOYCE MWAMBINGU National Secretary General</p>	<p>Takes the responsibility of organising and coordinating all the meetings of the Party and any other matters nationally.</p>

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7. Report of the National Executive Committee /Council

The NEC members submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the People's Empowerment Party's affairs.

i) Principal activities

The principal activities of the People's Empowerment Party are to provide the country with the participatory governance where home grown solutions on matters affecting the community are encouraged.

ii) Results

The results of the People's Empowerment Party for the year ended June 30, 2024, are set out on page 1.

iii) NEC Members

The members of the NEC Members who served during the year are shown on page vii. During the year no member retired, resigned and appointed.


iv) Surplus remission

The Party does not fall under category 3 as per Regulation 219 (2) of the Public Financial Management Regulations, to remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

v) Auditors

The Auditor-General is responsible for the statutory audit of the People's Empowerment Party in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the People's Empowerment Party for the year/period ended June 30, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the National Executive Committee /Council

.....

Name MWAMBINGU JOYCE
National Secretary General

8. Statement of NEC Members Responsibilities

Section 81 of the Public Finance Management Act, 2012 and the Political Parties Act, 2007 5th November, 2007 require the NEC Members to prepare financial statements in respect of that People's Empowerment Party, which give a true and fair view of the state of affairs of the People's Empowerment Party at the end of the financial year/period and the operating results of the People's Empowerment Party for that year/period. The NEC Members are also required to ensure that the People's Empowerment Party keeps proper accounting records which disclose with reasonable accuracy the financial position of the People's Empowerment Party. The NEC Members are also responsible for safeguarding the assets of the People's Empowerment Party.

The NEC Members are responsible for the preparation and presentation of the People's Empowerment Party's financial statements, which give a true and fair view of the state of affairs of the People's Empowerment Party for and as at the end of the financial year (period) 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 People's Empowerment Party; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the People's Empowerment Party; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The NEC Members accept responsibility for the People's Empowerment Party's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) .The NEC Members are of the opinion that the People's Empowerment Party's financial statements give a true and fair view of the state of People's Empowerment Party's transactions during the financial year ended June 30, 2024, and of the People's Empowerment Party's financial position as at that date. The NEC Members further confirms the completeness of the accounting records maintained for the People's Empowerment Party, which have been

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Statement of NEC Members Responsibilities (continued)


relied upon in the preparation of the People's Empowerment Party's financial statements as well as the adequacy of the systems of internal financial control.

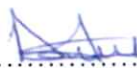
In preparing the financial statements, the NEC Members have assessed the People's Empowerment Party's ability to continue as a going concern.

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

Approval of the financial statements

The People's Empowerment Party's financial statements were approved by the Board on _____ 2024 and signed on its behalf by:


.....
Name **Simon Walaza**
Chairperson of the NEC/Council


.....
Name **Mwambi Ncw Jole**
National Secretary General

REPUBLIC OF KENYA

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NAIROBI

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON PEOPLE'S EMPOWERMENT PARTY FOR THE YEAR ENDED 30 JUNE, 2024

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.

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

The three parts of the report 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

Qualified Opinion

I have audited the accompanying financial statements of People's Empowerment Party set out on pages 1 to 34, 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, except for the effect of matters described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly, in all material respects, the financial position of People's Empowerment Party 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 Qualified Opinion

1. Inaccurate Surplus/(Deficit) for the Year

The statement of changes in net assets reflects a deficit balance of Kshs.1,864 for the year. However, the statement of financial performance indicates a deficit of Kshs.57,583, resulting in an unexplained variance of Kshs.59,447.

In the circumstances, the accuracy and completeness of the statement of changes in net assets could not be confirmed.

2. Unexplained Variance in Administration Expenses

The statement of financial performance reflects administrative expenses of Kshs.457,508, while the statement of comparison of budget and actual amounts and Note 7 to the financial statements reflect actual amount of Kshs.401,789, resulting in an unexplained variance of Kshs.55,719. Further, the statement of cash flows reflects an amount of Kshs.432,525 on administration/logistics expenses, which also differed from an amount of Kshs.401,789 reflected in the statement of financial performance. The resultant differences have not been explained or reconciled.

In the circumstances, the accuracy and completeness of the administration expenses of Kshs.457,508 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the People's Empowerment Party Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

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

The Management is responsible for the other information set out in pages v to xv which comprise of Key Entity Information and Management, Chairman's Statement, Report of the Chief Executive Officer, 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, 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 effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I

confirm that nothing else has come to my attention to cause me to believe that Public Resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with the Public Sector Accounting Standards Board Reporting Template

Review of the financial statements presented for audit revealed the following errors:

- i. On page v, section 2(a) on the background information indicates the enabling legislation as Political Parties Act, 2007 instead of the correct year, 2011. Further, the Party's establishment date is indicated as November 2007 instead of 2016.
- ii. The statement of financial position indicate Note 12 to be on net assets, however, in the summary of significant notes to the accounts, the Note is referenced to trade and other payables. Further, Note 12 also refers to cash and cash equivalents in the statement of cash flows on page 4.
- iii. The Implementation Status of the Auditor-General Recommendations in Appendix 1 on page 34 is blank as there is no disclosure on prior year issues.
- iv. The financial years in the notes to the financial statements are indicated as 2022/2024 and 2021/2023 instead of 2023/2024 and 2022/2023 respectively.
- v. The annual report and financial statements do not have important sections including Management Discussion and Analysis, Statements of Performance Against Pre-Determined Objectives, Environmental and Sustainability Reporting, or Corporate Governance Statement, as stipulated in the reporting template.

In the circumstances, the financial statements did not comply with the Public Sector Accounting Standards Board reporting template.

2. Failure to Establish Party Offices in at Least 24 Counties

As reported in the previous year, the party had not established offices in at least twenty-four (24) Counties. This was contrary to Section 7(f)(iii) of the Political Parties Act, 2011 which requires a political party to be fully registered if it has submitted to the Registrar of Political Parties the locations and addresses of its branch offices 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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

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

	Notes	2024 (K)	2023 (K)
Revenue from non – exchange transactions	6		
Political Parties Funding		458,360	501,487
Donations		100,000	2,030,000
		558,360	2,531,487
Revenue from exchange transactions	6		
Membership		380,000	239,000
Nomination Fees		-	300,000
		380,000	539,000
Total revenue		938,360	3,070,487
Expenses	7		
Promoting representation of PWDS		220,000	212,180
Promoting and participation of youth and women		200,000	182,499
Broadcasting party policies		10,852	42,780
Election expenses		50,000	2,241,000
Administration (Logistics)		457,508	357,994
Account payment		30,000	30,000
Depreciation and Amortization Expense	8	27,583	27,581
Total expenses		995,943	3,094,034
Other gains/(losses)			
Impairment loss			-
Surplus for the year		(57,583)	(23,547)

The notes set out on pages,6 to 34 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the NEC Members by:

.....
 Name: *Mwamburwe*
 Accounting Officer

.....
 Name: *Robert Wafu*
 Head of Finance

.....
 Name: *Simile Watson*
 Chairman of the Board

Date *30/09/2024*

ICPAK M/No:
 Date *30/09/2024*

Date *30/09/2024*

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11. Statement of Financial Position as at 30 June 2024

	Notes	2024 Rshs	2023 Rshs
Assets			
Current Assets			
Cash and Cash equivalents	9	4,018	9,035
Accounts receivable	10	113,414	82,667
Total Current Assets		117,432	91,702
Non-Current Assets			
Property, Plant and Equipment	11	58,834	86,419
Total Non- Current Assets		58,834	86,419
Total Assets		176,266	178,121
Liabilities			
Current Liabilities			
Creditors and Accruals		-	-
Total Current Liabilities		-	-
Non-Current Liabilities			
Total Non- Current Liabilities		-	-
Total Liabilities		-	-
Net Assets	12		
Accumulated Surplus		62,266	64,130
Capital Fund		114,000	114,000
Total Net Assets		176,266	178,130
Total Net Assets and Liabilities		176,266	178,130

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

.....
 Name Mwagwisina
 Accounting Officer

.....
 Name Reboy wafu
 Head of Finance

.....
 Name Smith waka
 Chairman of the Board

ICPAK Member Number:

Date 30/09/2024

Date 30/09/2024

Date 30/09/2024

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12. Statement of Changes in Net Assets for the year ended 30 June 2024

Description	Retained earnings	Proposed dividends	Capital Development Grants/ fund	Total
	Ksh	Ksh	Ksh	Ksh
As at July 1, 2023	64,130	-	114,000	178,130
Surplus/ (deficit) for the year	(1,864)	-	-	(1,864)
As at June 30, 2024	62,266	-	114,000	176,266

Note:

1. For items that are not common in the financial statements, the People's Empowerment Party should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

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

	Notes	2024	2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts	6		
Political Parties Funding		458,360	501,487
Donations			2,030,000
Membership		480,000	239,000
Nomination Fees			300,000
Total receipts		938,360	3,070,487
Payments	7		
Promoting representation of PWDS		220,000	212,180
Promoting and participation of youth and women		200,000	182,499
Broadcasting party policies		10,852	42,780
Election expenses		50,000	2,241,000
Administration (Logistics)		432,525	357,994
Account payment		30,000	30,000
Total payments		943,377	3,066,453
Cash flows from/(used in) operating activities		-5,017	4,034
Increase/(decrease in Receivables)	10		-82,667
Net cash flows from/(used in) operating activities		-5,017	-78,643
Cash flows from investing activities			-
Purchase of PPE and Intangible assets			-
Proceeds from sale of PPE			-
Net cash flows from/ (used in) investing activities			-
Cash flows from financing activities			-
Net cash flows from financing Activities			-
Net increase/(decrease) in cash & Cash equivalents		-5,017	-78,643
Cash and cash equivalents at 1 July	12	9,035	87,667
Cash and cash equivalents at 30 June		4,018	9,035

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14. 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
	Ksh	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	f=d/c
Revenue						
Political Parties Fund	836,593	-	836,593	458,360	378,233	55%
MCA Contributions	440,000	-	440,000	480,000	(40,000)	109%
Total Income	1,276,593	-	1,276,593	938,360	338,233	74%
Expenses						
Election expenses	80,000	-	80,000	50,000	30,000	63%
Payment of accountant	-	-	-	30,000	(30,000)	-100%
Administrative	490,093	-	490,093	401,789	88,304	82%
Special Interest Groups	646,500	-	646,500	420,000	226,500	65%
Broad casting	60,000	-	60,000	10,852	49,148	18%
Total Expenditure	1,276,593	-	1,276,593	912,641	363,952	71%
Surplus for the period	-	-	-	25,719	(25,719)	
Capital Expenditure	-	-	-	-		

Budget notes

15. Notes to the Financial Statements

1. General Information

People's Empowerment Party is established by and derives its authority and accountability from Section 31 of the Political Parties Act, 2011. People's Empowerment Party is regulated and funded by the Government of Kenya and is domiciled in Kenya. People's Empowerment Party principal activity is leadership and governance through active participation in democracy.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a reducing balance 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 People's Empowerment Party accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of People's Empowerment Party. The financial statements have been prepared in accordance with the PFM Act, the Political Parties Act, 2011, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i.* New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2024:</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 a People's Empowerment Party'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"> • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2024</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting People's Empowerment Party 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 People's Empowerment Party.</p> <p>(b) The key features of the operation of those social benefit schemes;</p> <p>(c) The impact of such social benefits provided on the People's Empowerment Party's financial performance, financial position and cash flows.</p>

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Standard	Effective date and impact:
	The standard is relevant, faithful representative and comparative of the information that the People's Empowerment Party provides in its financial statements about social benefits.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Political Parties Funding, Donations, Nomination fees and Memberships fees

The People's Empowerment Party recognizes revenues from fees 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 People's Empowerment Party 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 People's Empowerment Party and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The People's Empowerment Party 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 People's Empowerment Party.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

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

Rental income

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

b) Budget information

The original budget for the Current FY was approved by the National Assembly on -. 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 People's Empowerment Party upon receiving the respective approvals in order to conclude the final budget

The People's Empowerment Party budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

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.

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 People's Empowerment 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,

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

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 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 People's Empowerment Party 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) 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 People's Empowerment Party recognizes such parts as individual assets with specific useful lives and

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

The assets are recognized and depreciated on reducing balance basis as follows:

	ITEM	RATE
a	Furniture and fittings	12.5%
b	Computers and related equipment	33%
c	Office Equipment	20%

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Research and development costs

The People's Empowerment Party expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the People's Empowerment Party 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The People's Empowerment Party does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one People's Empowerment Party and a financial liability or equity instrument of another People's Empowerment Party. At initial recognition, the People's Empowerment Party measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The People's Empowerment Party 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 People's Empowerment Party's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 People's Empowerment Party 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 People's Empowerment Party classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 People's Empowerment Party 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 People's Empowerment Party 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 People's Empowerment Party recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

b) Financial liabilities

Classification

The People's Empowerment Party classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. 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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the People's Empowerment Party.

i) Provisions

Provisions are recognized when the People's Empowerment Party 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 People's Empowerment Party expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

j) 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 People's Empowerment Party 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 People's Empowerment Party will incur in fulfilling the present obligations represented by the liability.

k) Contingent liabilities

The People's Empowerment 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.

l) Contingent assets

The People's Empowerment 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 People's Empowerment Party 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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

m) Nature and purpose of reserves

The People's Empowerment Party creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

The People's Empowerment Party recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

o) Employee benefits

Retirement benefit plans

The People's Empowerment Party provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which a People's Empowerment Party pays fixed contributions into a separate People's Empowerment Party (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

q) Borrowing costs

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

r) Related parties

The People's Empowerment Party regards a related party as a person or a People's Empowerment Party with the ability to exert control individually or jointly, or to exercise significant influence over the People's Empowerment Party, or vice versa. Members of key management are regarded as related parties and comprise the NEC Members, the CEO and senior managers.

s) Service concession arrangements

The People's Empowerment Party 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 People's Empowerment Party 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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

t) Comparative figures

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

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20xx.

Notes to the financial statements (continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the People's Empowerment Party 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 People's Empowerment Party 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 People's Empowerment Party. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the People's Empowerment Party.
- 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.

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Notes to the Financial Statements (Continued)

6. Revenue.

Description	2022/2024	2021/2023
	Kshs	Kshs
Revenue from Non -Exchange transactions		
Political Parties Funding	458,360	501,487
Donations	100,000	2,030,000
Revenue from Exchange transactions		
Membership	380,000	239,000
Nomination Fees		300,000
Total revenue	938,360	3,070,487

7. Expenses

Description	2022/2024	2021/2023
	Kshs	Kshs
Promoting representation of PWDS	220,000	212,180
Promoting and participation of youth and women	200,000	182,499
Broadcasting party policies	10,852	42,780
Election expenses	50,000	2,241,000
Administration (Logistics)	401,789	357,994
Account payment	30,000	30,000
Depreciation and Amortization Expense	27,583	27,581
Total expenses	940,224	3,094,034

8. Depreciation and Amortization Expense

Description	2022/2024	2021/2023
	Kshs	Kshs
Property, plant and equipment	27,581	27,581
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	27,581	27,581

9. Cash and Cash Equivalents

Description	2022/2024	2021/2023
	Kshs	Kshs
Current Account	2,518	8,034
Cash in Hand	1,500	1,001
Total Cash and Cash Equivalents	4,018	9,035

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Notes to the Financial Statements (Continued)

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2022/2024	2021/2023
		Kshs	Kshs
a) Current Account			
Equity Bank, etc.	0020171919401	2,518	8,034
b) Others		-	-
Cash in Hand		1,500	1,001
Sub- Total			-
Grand Total		4,018	9,035

10. Receivables from Non -Exchange Transactions

(a) Receivables from Non-Exchange Transactions (Current)

Description	2022/2024	2021/2023
	Kshs	Kshs
Receivables		
Political Parties Fund	113,414	82,667
Total Current Receivables	113,414	82,667

11. Property, Plant and Equipment

Cost	Furniture and fittings	Computers and accessories	Total
	Kshs	Kshs	Kshs
As At 1July 2023	50,000	64,000	114,000
Additions	-	-	-
Disposals	-	-	-
As at 30th June 2024	50,000	64,000	114,000
Depreciation and Impairment			
At 1July 2023	6,250	21,333	27,583
Depreciation	6,250	21,333	27,583
Impairment	-	-	-
As at 30th June 2024	12,500	42,666	55,166
Net Book Values	43,750	42,667	86,417
As at 30th June 2023	43,750	42,667	86,417
As at 30th June 2024	37,500	21,334	58,834

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Notes to the Financial Statements (Continued)

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 30th June 2020). The assets were revalued by - professional valuers on this date -. These amounts were adopted by the Board on - with concurrence from the National Treasury.

11 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	Net Value
	Kshs	Kshs	Kshs
Furniture and fittings	50,000	12,500	37,500
Computers and accessories	64,000	42,667	42,667
Total	114,000	55,167	80,167

12. Trade and Other Payables

Description	2024	2023
	Kshs	Kshs
Creditors and Accruals	-	10,000
	-	-
Total	-	10,000

13. Financial Risk Management

The People's Empowerment Party's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The People's Empowerment Party'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 People's Empowerment Party 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 People's Empowerment Party's financial risk management objectives and policies are detailed below:

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Notes to the Financial Statements (Continued)

i) Credit risk

The People's Empowerment Party 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, considering 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 People's Empowerment Party's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	KShs	KShs	KShs	KShs
As at 30th June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
As at 30 June 2023				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

Financial Risk Management

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

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the People's Empowerment Party's directors, who have built an appropriate liquidity risk management framework for the management of the People's Empowerment Party's short, medium and long-term funding and liquidity management requirements. The People's Empowerment Party manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the People's Empowerment Party under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
As at 30th June 2023				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-

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Description	Less than 1	Between 1-3	Over 3	Total
	month	months	months	
	Kshs	Kshs	Kshs	Kshs
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

iii) Market risk

The People's Empowerment Party has put in place an internal audit function to assist it in assessing the risk faced by the People's Empowerment Party 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 People's Empowerment Party'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 People's Empowerment Party'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 People's Empowerment Party's exposure to market risks or the way it manages and measures the risk.

a). Foreign currency risk

The People's Empowerment Party 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 People's Empowerment Party 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.

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Notes to the Financial Statements (Continued)

Financial Risk Management

Financial Risk Management

The carrying amount of the People's Empowerment Party's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2024			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2024			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Notes to The Financial Statements (Continued)

Financial Risk Management

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

Description	Change in currency rate Kshs	Effect on Profit before tax Kshs	Effect on Equity/Net assets Kshs
2024			
Euro	10%	-	-
USD	10%	-	-
2023			
Euro	10%	-	-
USD	10%	-	-

a) Interest rate risk

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

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 People's Empowerment Party'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 People's Empowerment Party considers relevant and observable market prices in its valuations where possible.

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

Description	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
As at 30 June 2024				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land and Buildings	-	-	-	-
Total	-	-	-	-
As at 30th June 2023				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land and Buildings	-	-	-	-
Total	-	-	-	-

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.

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Notes to The Financial Statements (Continued)

Financial Risk Management

iv) Capital Risk Management

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

Description	2022/2024	2021/2023
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Capital Reserve	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	(-)	(-)
Net Debt/(Excess Cash And Cash Equivalents)	-	-
Gearing	%	%

14. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the People's Empowerment Party, holding 100% of the People's Empowerment Party's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the People's Empowerment Party, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs

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Notes to The Financial Statements (Continued)

- iv) Key management.
- v) Board of directors.

Description	2022/2023	2021/2023
	KShs	KShs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to govt agencies	-	-
Rent income from govt. Agencies	-	-
Water sales to govt. Agencies	-	-
Others (specify) e.g. interest and bank charges	-	-
Total	-	-
B) purchases from related parties		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. Agencies	-	-
Others (specify)	-	-
Total	-	-
b) Grants /transfers from the government		
Grants from national govt	-	-
Grants from county government	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for - employees	-	-
Payments for goods and services for -	-	-
Total		
d) Key management compensation		
Directors' emoluments	-	-
Compensation to key management	-	-
Total	-	-

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Notes to The Financial Statements (Continued)

15. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2022/2024	2021/2023
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	-	-
Assets Arising from Determination of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Receivables from Other Government Entities	-	-
Others (Specify)	-	-
Total	-	-

Contingent Liabilities

Description	2022/2024	2021/2023
	Kshs	Kshs
Contingent Liabilities	-	-
Court Case xx against the People's Empowerment Party	-	-
Bank Guarantees in Favour of Subsidiary	-	-
Contingent Liabilities arising from Contracts Including PPPs	-	-
Others (Specify)	-	-
Total	-	-

16. Capital Commitments

Capital Commitments	2022/2024	2021/2023
	Kshs	Kshs
Authorised for	-	-
Authorised and Contracted for	-	-
Total	-	-

17. Events after the Reporting Period

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

18. Ultimate and Holding People's Empowerment Party

The People's Empowerment Party is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of -. Its ultimate parent is the Government of Kenya.

Notes to The Financial Statements (Continued)

19. Currency

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

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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: (For a date when you expect the issue to be resolved)

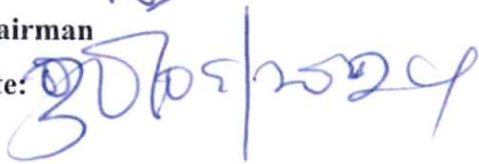
Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your People's Empowerment Party responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



.....
Chairman

Date:



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Appendix II: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Political Parties Funding	-	Recurrent	458,360	458,360	-	-	-	-	458,360
Ministry of Planning and Devolution	-	Development	-	-	-	-	-	-	-
USAID	-	Donor Fund	-	-	-	-	-	-	-
Ministry of Planning and Devolution	-	Direct Payment	-	-	-	-	-	-	-
Total			458,360	-	-	-	-	-	458,360

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