

REPUBLIC OF KENYA



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**REPORT**

THE NATIONAL ASSEMBLY  
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 Ngunya

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL RAINBOW COALITION**

**FOR THE YEAR ENDED**

**30 JUNE, 2024**



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# NATIONAL RAINBOW COALITION

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)

**National Rainbow Coalition**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

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**1. Acronyms and Definition of Key Terms**

**A: Acronyms and Abbreviations**

NARC	National Rainbow Coalition
NEC	National Executive Committee
ORPP	Office of the Registrar of Political Parties
SG	Secretary General
ED	Executive Director
M.P	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
NT	National Treasury
OAG	Office of the Auditor General
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board

**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 Entity Information and Management**

### **(a) Background information**

The National Rainbow Coalition (NARC) was a coalition of Kenyan political parties in power from 2002 and 2005.

In preparation of the 2002 elections, the National Alliance of Rainbow Coalition (NARC) was formed. On December 27, 2002, NARC won a landslide victory over KANU. NARC presidential candidate Mwai Kibaki got 62% of the votes in the presidential elections, against only 31% for the KANU candidate, Uhuru Kenyatta. On December 30, 2002, Mwai Kibaki was sworn in as the third President of Kenya.

The party performed well in the August 9 2022 General Elections and qualified for the share of the Political Parties Fund. The law requires a party to win at least a single electoral seat.

### **(b) Principal Activities**

Politics and Governance in a Multi-Party Democracy.

### **National Rainbow Coalition Vision**

To attain a free, just and democratic society with equitable distribution of resources and opportunities for all.

### **National Rainbow Coalition Mission**

#### **Mission**

A NARC Government shall strive to achieve and responsibility exercise accountable political Power in Kenya through participatory democracy (at all levels of governance) and promote social justice and equity.

**National Rainbow Coalition  
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**Key Entity Information and Management (Continued)**

**Key Management**

The National Rainbow Coalition's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Secretariat	<b>Secretary General Fidellis Ngulli</b>

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Secretary General	<b>Fidellis Ngulli</b>
3.	Treasurer	<b>Alex Mutambu Nganga</b>

**(d) Entity Headquarters**

Queensway House, 6<sup>th</sup> Floor  
P.O. Box 67138 - 00200  
Kaunda Street.  
Nairobi.

**(e) Entity Contacts**

Telephone: (254) 726906465  
E-mail: [ngulliandco@gmail.com](mailto:ngulliandco@gmail.com)  
Website: [www.narc.co.ke](http://www.narc.co.ke)

**Key Entity Information and Management (Continued)**

**(f) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI, KENYA**
  
2. Family Bank (*Account for the Political Parties Fund*)  
A/c No.072000041996  
Kitui Branch

**(g) Independent Auditor**



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

**(h) 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 (NEC)**



Ref	NEC members	Details
1.		<p><b>Hon. Charity Kaluki Ngilu</b> <b>Party Leader</b></p>
2.		<p><b>Fidellis Mueke Ngulli</b> <b>Secretary General</b></p>
3.	<p>Abdulahi Mohamed Bulale</p>	<p><b>Chairperson</b></p>

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4.	Christine Jebich Ndoigo	1st Vice Chairperson (Women)
5.	Vacant	2 <sup>nd</sup> Vice Chairperson (Youth)
6.	Mohamed Abdulaziz Mohamed	National Organising secretary
7.	Daniel Loormeori Letomir	3 <sup>rd</sup> Vice Chairperson (Person Living with Disabilities)
8.	Hellen Alisi	Deputy Treasurer
9.	Alex Mutambu Nganga	Treasurer
10.	Samson Olubayi Nyongesa	Deputy Secretary General
11.	Manoah Karega Mboku	Deputy Organizing secretary
12.	Mabel Awinja Ndiya Kifworo	Publicity, Public Policy and Information Secretary
13.	Lucy Nyambura Gachini	Economic Affairs Secretary
14.	Magdalene Nzuma	Foreign Affairs and regional cooperation Secretary
15.	Cyrus Adera	Legal and Constitutional affairs Secretary
16.	Carey Francis Onyango	Director of Elections
17.	Alfelt Mumbo Abio	Deputy Director of Elections

**National Rainbow Coalition  
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**4. Key Management Team**

	<b>Management</b>	<b>Details</b>
1.		<p><b>HON. Charity Kaluki Ngilu</b> <b>Party Leader</b></p>
2.		<p><b>Fidellis Mueke Ngulli</b> <b>Secretary General</b></p>
	<p>Alex Mutambu Nganga</p>	<p>Treasurer</p>
3.		

**National Rainbow Coalition  
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**5. Chairman's Statement**

It is with great pleasure that I present the annual report and the financial statement of our National Rainbow Coalition (NARC), for the year ended 30th June 2024. The office of the Chairman notes the following developments:

**Financial Performance**

In the financial year ending 30 June 2023 NARC was allocated a total of Kes 3,087, 540 from the Political Parties fund as administered by the office of Registrar of Political Parties (ORPP).

In this financial reporting period ending 30 June 2024, the party was allocated a total Kshs 2,822,013.

**Appreciation**

On behalf of the National Rainbow Coalition NEC, and on my own behalf i would like to thank all who chose to make NARC Party and make this party great again.

Thank you and God bless you.

**National Rainbow Coalition  
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**6. Report of The Chief Executive Officer/ Secretary General**

This is the second financial year that National Rainbow Coalition (NARC) is getting funds from the political Parties Fund as provided by law vide the Political Parties Funding Regulations.

National Rainbow Coalition (NARC) is continuing to recruit more Party members in readiness for the forthcoming 2027 General Elections where strong membership database and records will play a vital in winning electoral seats.

NARC would like to thank all members who have been contributing to ensure the party coffers are sound thus ensuring that the party activities and operating bills do not suffocate the Party's programmes due to the tough economic times. Funds generated from membership drives have been scarce but we are some civic education to enlighten party members the importance of being active party members.

The party will take action to collect the accrued revenue owed by the contributions of members of County Assemblies which amounts to Kshs. 720,000. These monies are quite substantial and can sustain strategic party activities as per the yearly work plan.

It is my sincere prayer that this coming financial year 2024/2025 will see a robust engagement on how we will shore up more finances to make a successful campaign to popularise the Party.

On behalf of the National Executive Committee, I thank all who participated in actualizing our dreams as a party.

  
.....  
**Fidellis Ngulli**

**Secretary General**

**National Rainbow Coalition  
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**7. Statement of Performance Against Predetermined Objectives for FY 2023/2024**

National Rainbow Coalition has three strategic pillars within the current Strategic Plan for the FY 2023/2024. These strategic pillars are as follows:

1. Special Interests Group active participation in Democracy
2. National Growth and Development
3. Education and Scientific progression

National Rainbow Coalition develops its annual work plans based on the above three pillars. Assessment of the NEC's performance against its annual work plan is done on a quarterly basis. The National Rainbow Coalition achieved its performance targets set for the FY 2023/2024 period for its three strategic pillars, as indicated in the table below:

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Special Interest Group active participation in Democracy:	Active political party members in multi-party democracy	Proactive Women, Youth and persons living with disabilities	<ol style="list-style-type: none"> <li>1. Workshops</li> <li>2. Seminars</li> </ol>	Women and youth have been shying away from active participation in democracy. This workshops have gone a long way in motivating these members of the special interests group.
National Growth and Development	Contributing in shaping the national agenda	Parliamentary and County assemblies representatives	Active participation by our elected leaders in National Assembly and County	Our party has achieved recognition as captured by

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		participation in policy formulation.	Assembly.	hansard of the legislative houses where its elected members have done the party proud by articulating issues that affect Kenyans.
Education and Scientific progression	Educated and technological savvy Kenyans	Education policy documents and debate.	Town hall meetings and schools support.	Identified needy but intelligent students who require support to advance and actualize their dreams.

## **8. Corporate Governance Statement**

### **Governance by the NARC NEC**

The National Rainbow Coalition is led by a powerful committee known as the National Executive Committee (NEC). Meetings are held quarterly but can be called in special circumstances to execute important and very urgent party matters as need may be. This financial year we have had three (3) NEC meetings and the attendance averaged 92%.

### **Gender Equality and Succession**

The National Executive Committee is committed to achieving its gender diversity target and is also actively prioritising the appointment of qualified female politicians in its ongoing renewal to complement the NEC's mix of skills and experience as part of its current ongoing Party growth and succession process.

Under the NEC Charter, there's no maximum tenure for a NEC member to stand for an additional term but we take into consideration factors such as new and fresh young minds joining the leadership in the Committee to facilitate smooth succession planning.

### **Roles and functions of NEC**

The NARC NEC's principal role is to govern and oversee the Party by ensuring that there is a proper governance framework in place to promote, champion and protect the Party's interests for the benefit of the entire membership of the Party and the country at large. NEC collectively oversees and appraises the strategies, performance, culture and policies of NARC, having due regard to its purpose, its responsibilities to its ordinary party members and life members alike, the interests of its stakeholders and its role in the promotion of good governance and democracy.

### **Induction, training and career development**

To ensure NEC officials receive ongoing professional development, NEC officials are provided a comprehensive program of ongoing education and training. The NEC Education Program (Program) is structured to align with the Party's strategic pillars. The Program comprises formal Political education sessions, electorate and party member's connection sessions, ground visits in the grassroots and other Party and supporter's engagement opportunities. As part of this Program, we also periodically assess the need for NEC members to undertake professional development to maintain the skills and knowledge required to perform their roles effectively.

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**Corporate Governance Statement (continued)**

**NEC performance**

The way we measure and reward performance is designed to promote our purpose-led culture. Formal performance appraisals are conducted at the end of every year.

Performance assessments were undertaken for the Secretary General and NEC Leadership Team during FY 2023-2024.

**Areas of Conflict of interest**

The National Executive Committee considers a NEC member to be independent if they are free from any interest, position or relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their independent judgement.

Conflicts of interest, including related party transactions, are a standing agenda item and are considered by the NEC and other NEC sub-committees at each Meeting and in each paper presented to the NEC or Sub-Committee. If a potential conflict is identified, the relevant official or the NEC may determine that they should not receive documents related to or take part in discussions or decisions in respect of that matter.

**NEC remuneration, ethics and conduct**

It suffices to say that NEC members or in that case any member holding a party position, except the Executive Director who heads the secretariat, is not entitled to a remuneration package but may be subject to receive an allowance in the service of the party from time to time.

Our Code of Ethics & Conduct (Code) sets out the behaviours expected of everyone at National Rainbow Coalition. The Code provides our people with principles and a framework to make informed party decisions. It also provides specific guidance on how to make the right decision and do the right thing. When our party supporters and other stakeholders interact with us, we want them to feel assured that we will act in a responsible and ethical way.

**Governance Audit**

The NARC NEC continuously reviews its performance and the performance of its Committees and individual NEC officials, and recognises the importance of this to NEC effectiveness. The annual NEC performance reviews are conducted either internally or with the assistance of an independent external consultant when resources are available.

The next audit is to take place in December 2025.

**National Rainbow Coalition  
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**9. Management Discussion and Analysis**

The accompanying unaudited interim financial statements of National Rainbow Coalition were presented by management in accordance with the International Financial Reporting Standards and generally accepted accounting principles.

Only changes in accounting policies have been disclosed in these unaudited interim financial statements.

Management acknowledges responsibility for the preparation and presentation of the unaudited interim financial statements; including responsibility for the significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to the company's circumstances.

Management has established processes which are in place to provide then sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and (ii) the unaudited interim financial statements, which is as of 30<sup>th</sup> June 2024.

The National Executive Committee (NEC) is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the company and for ensuring that management fulfils its financial reporting responsibilities. The Party shall institute an audit committee which will assist NEC in fulfilling this responsibility. The Audit committee shall meet with the management to review the financial statements together with other financial information of the company.

Management recognizes its responsibility for conducting the company's affairs in compliance with established financial standards, and applicable laws and regulations and for maintaining proper standards of conduct for its activities.

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

National Rainbow Coalition exists to transform lives and aspire higher dreams and good quality of life. This is our driving force behind everything we do. It is what guides us to deliver our strategy to Kenyans. Below is a brief highlight of our activities that drive towards sustainability.

### ***Sustainability strategy and profile***

Sustainable Development Goals (SDGs) 2015-2030 provides a plan of action for the people and prosperity. Four out of the seventeen goals are pertinent to management of activities being undertaken by the party.

- a) *No poverty (SDG 1)*: The Party's logo is a "sack full of dreams" and to this effect, the Party has strived to undertake an awareness exercise nationally to rally all in influential positions to advocate for job creation and better pay for all workers of this beautiful country. Poverty should be a thing of the past.
- b) *Quality education (SDG 4)*: the party believes that for the country to achieve its dream of being a developed country status, education has to be key in attaining this attainable dream.
- c) *Gender equality (SDG 5)*: the party encourages mainstreaming of gender equality in project and programmes by incorporating compliance to one third gender rule in procurement and all party engagements.
- d) *Reduced inequalities (SDG 10)*: As a party, we endeavour that all communities of Kenya will be accommodated in all activities the party undertaken.

### ***Environmental performance***

National Rainbow Coalition is working towards ensuring environmental sustainability in activities by undertaking tree planting exercise as the President advised and led by example in announcing a tree planting holiday.

The Party will seriously embark on using the youth in large numbers to sensitize people against littering in places which are not specially designated for litter.

### ***Party officials and Employee welfare***

In all of its appointments, National Rainbow Coalition takes deliberate actions to embrace Equal Employment Opportunity policies, gender mainstreaming, addresses concern around Persons Living with Disabilities (PWDs) and takes affirmative action in line with prevailing Government Policy guidelines. The Party prioritizes training to develop technical capacity of staff in the fields of governance in politics.

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

The National Executive Committee submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the National Rainbow Coalition's affairs.

**i) Principal activities**

The principal activities of the National Rainbow Coalition are public governance and advocating for multi-party democracy and just government of the people and for the people of Kenya.

**ii) Results**

The results of the Entity for the year ended June 30, 2024, are set out on page 1 to 5

**iii) Governing Committee**

The members of the governing committee who served during the year are shown on page vii and viii. During the year no member of NEC director retired/ resigned.

**iv) Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Entity did not make any surplus during the year FY 2023/2024 and hence no remittance to the Consolidated Fund.

**v) Auditors**

The Auditor-General is responsible for the statutory audit of the National Rainbow Coalition in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Section 31 (2) of the Political Parties Act, 2011. Certified Public Accountants were nominated by the Auditor General to carry out the audit of the National Rainbow Coalition for the year 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

.....

  
Fidellis Ngulli

Secretary General

**12. Statement of National Executive Committee's Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and Section 31 of the Political Parties Act, 2011, require the Party to prepare financial statements in respect of National Rainbow Coalition, which give a true and fair view of the state of affairs of the National Rainbow Coalition at the end of the financial year/period and the operating results of the National Rainbow Coalition for that year/period. The National Executive Committee members are also required to ensure that the National Rainbow Coalition keeps proper accounting records which disclose with reasonable accuracy the financial position of the National Rainbow Coalition. The NEC members are also responsible for safeguarding the assets of the National Rainbow Coalition.

The NEC Members are responsible for the preparation and presentation of the National Rainbow Coalition's financial statements, which give a true and fair view of the state of affairs of the National Rainbow Coalition 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 National Rainbow Coalition; (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 National Rainbow Coalition; (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 National Rainbow Coalition'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 Section 31 of the Political Parties Act, 2011. The NEC Members are of the opinion that the National Rainbow Coalition's financial statements give a true and fair view of the state of National Rainbow Coalition's transactions during the financial year ended June 30, 2024, and of the National Rainbow Coalition's financial position as at that date. The NEC Members further confirms the completeness of the accounting records maintained for the National Rainbow Coalition, which have been relied upon

**National Rainbow Coalition  
Annual Report and Financial Statements  
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**Statement of National Executive Committee's Responsibilities (Continued)**

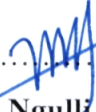
in the preparation of the National Rainbow Coalition's financial statements as well as the adequacy of the systems of internal financial control.


In preparing the financial statements, the NEC members have assessed National Rainbow Coalition's ability to continue as a going concern and nothing has come to the attention of the NEC members to indicate that National Rainbow Coalition 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 National Rainbow Coalition's financial statements were approved by the NEC on **4<sup>th</sup> September 2024** and signed on its behalf by:

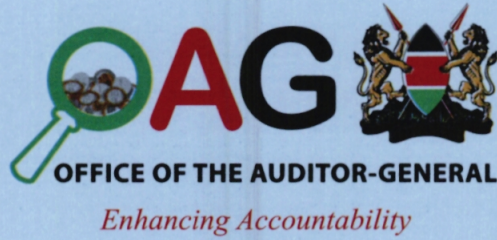
1.....   
Abdulahi Mohamed Bulale  
Chairman

2.....   
Fidellis Ngulli  
Secretary General/Accounting Officer

3.....   
Edwin Wachira  
ICPAK No. 11303  
Certified Public Accountant (K)

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON NATIONAL RAINBOW COALITION 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 Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report 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 Rainbow Coalition set out on pages 1 to 28 which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets,

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*Report of the Auditor-General on National Rainbow Coalition for the year ended 30 June, 2024*

statement of cash flow 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 audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Rainbow Coalition 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 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Rainbow Coalition 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**

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in the Use of Public Resources. However, Management had not resolved the issues as at 30 June, 2024. Further, the prior year issues were not disclosed in the financial statements. Management did not give any explanation for failure to resolve the issues or for failure to adhere to the provisions of Public Sector Accounting Standards Board template.

### **Other Information**

Management is responsible for the other information set out on page iv to xx which comprise of Key Entity Information and Management, Chairman's Statement, Report of the Chief Executive Officer /Secretary General, 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 National Executive Committee's Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Party's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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 Open Branch Offices**

As previously reported, the Party had only two (2) 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 location 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 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Party's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and 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

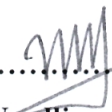
9 January, 2025


**National Rainbow Coalition  
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**2. 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>			
Revenue from other Government Entities	6(a)	2,822,013	3,087,540
Public Contributions and Donations	6(b)	980,562	923,000
<b>Total revenue</b>		<b>3,802,575</b>	<b>4,010,540</b>
<b>Expenses</b>			
Use of goods and services	7	2,555,960	696,579
Employee costs	8	450,000	450,000
Special Interests Group	9	610,000	286,040
Party Policy and Advocacy	10	205,000	350,000
Depreciation and amortization expense	11	6,959	8,842
Provision for doubtful debts	12	912,450	-
<b>Total expenses</b>		<b>4,740,369</b>	<b>1,791,461</b>
<b>Other gains/(losses)</b>			
Impairment loss		0	0
<b>Surplus/deficit for the year</b>		<b>(937,794)</b>	<b>2,219,079</b>


The notes set out on pages 23 to 26 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:

.....  
  
**Fidellis Ngulli**  
 SG/Accounting Officer

.....  
  
**Edwin Wachira**  
 ICPAK No. 11303  
 Certified Public Accountant (K)

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

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

Abdulahi Mohamed Bulale  
  
**Chairman**


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

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

	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	13	21,341	1,139,827
Account receivables	14	1,610,709	1,423,058
Provision for doubtful debts	12	(912,450)	-
<b>Total Current Assets</b>		<b>719,600</b>	<b>2,562,885</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	15	34,179	41,138
<b>Total Assets</b>		<b><u>753,779</u></b>	<b><u>2,604,023</u></b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
<b>Total Current Liabilities</b>		<b>0</b>	<b>0</b>
<b>Non-Current Liabilities</b>			
<b>Total Non- Current Liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities</b>		<b>0</b>	<b>0</b>
<b>CAPITAL EMPLOYED</b>			
Capital and Reserves		732,438	1,464,196
Accumulated Fund		21,341	1,139,827
<b>Total Net Assets</b>		<b>0</b>	<b>0</b>
<b>Total Net Assets and Liabilities</b>		<b><u>753,779</u></b>	<b><u>2,604,023</u></b>


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

  
.....  
**Fidellis Ngulli**  
SG/Accounting Officer

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

  
.....  
**Edwin Wachira**  
ICPAK No. 11303

CPA (K)  
Date.....30/12/2024.....

  
.....  
**Abdulahi Mohamed Bulale**  
Chairman

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

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

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Capital and Reserves	Accumulated Fund	Total Net Assets	Retained earnings	Capital/Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	0	0	0	732,438	21,341	0	2,604,023	0	2,604,023
Surplus/ (deficit) for the year	0	0	0	0	0	0	(937,794)	0	(937,794)
Less: Provision for doubtful debts	0	0	0	0	0	0	(912,450)	0	(912,450)
As at June 30, 2024	0	0	0	732,438	21,341	0	753,779	0	753,779

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**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>			
Revenue from other Government Entities		2,822,013	3,087,540
Public Contributions and Donations		68,112	923,000
<b>Total receipts</b>		<b>2,890,125</b>	<b>4,010,540</b>
<b>Payments</b>			
Use of goods and services		2,555,960	696,579
Employee costs		450,000	450,000
Special Interests Group		610,000	286,040
Party Policy and Advocacy		205,000	350,000
<b>Total payments</b>		<b>3,820,960</b>	<b>1,782,619</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>(930,835)</b>	<b>2,227,921</b>
<b>Cash flows from investing activities</b>		-	-
Accounts Receivables		(698,259)	(1,423,058)
Accounts Receivables (paid)		510,608	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(1,118,486)</b>	<b>804,863</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		-	-
Cash and cash equivalents at 1 July	13	1,139,827	334,964
<b>Cash and cash equivalents at 30 June</b>	13	<b>21,341</b>	<b>1,139,827</b>

.....  
Fidellis Ngulli

SG/Accounting Officer

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

.....  
Abdulahi

Abdulahi Mohamed Bulale  
Chairman

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

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**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>						
Political Parties Fund	5,153,865	(2,331,852)	2,822,013	2,822,013	-	100%
Membership Fees	192,450	68,112	260,562	68,112	192,450	26%
Member Donations	-	-	0	-	0	0%
MCA Contributions	720,000	0	720,000	-	720,000	0%
<b>Total Income</b>	<b>6,066,315</b>	<b>(2,263,740)</b>	<b>3,802,575</b>	<b>2,890,125</b>	<b>912,450</b>	<b>76%</b>
<b>Expenses</b>						
Use of goods and services	731,852	(46,702)	685,150	685,150	-	100%
Employee costs	750,000	(300,000)	450,000	450,000	-	100%
Special Interests Group	2,584,463	(1,992,848)	591,615	610,000	(18,385)	103%
Party Policy and Advocacy	2,000,000	75,810	205,000	205,000	-	100%
<b>Total Expenditure</b>	<b>6,066,315</b>	<b>(2,263,740)</b>	<b>1,931,765</b>	<b>1,950,150</b>	<b>(18,385)</b>	<b>100%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(930,835)</b>		
<b>Capital Expenditure</b>						

## **19. Notes to the Financial Statements**

### **1. General Information**

National Rainbow Coalition is established by and derives its authority and accountability from Section 31 of the Political Parties Act, 2011. National Rainbow Coalition is regulated and funded by the Government of Kenya and is domiciled in Kenya. National Rainbow Coalition's 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 National Rainbow Coalition's 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 National Rainbow Coalition. 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.

**3. Adoption of New and Revised Standards**

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> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit</li> </ol>

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Standard	Effective date and impact:
	<p>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>

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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 cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
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>

***Early adoption of standards***

NARC did not early – adopt any new or amended standards in the financial year.

**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**

NARC 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 Entity 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 NARC 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**

NARC 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.

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

**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 NARC.

**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 NARC'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. 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 NARC upon receiving the respective approvals in order to conclude the final budget.

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

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

**Budget information (continued)**

The NARC's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 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 NARC 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.

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

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

**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 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 Entity and the same taxation authority.

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

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

**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 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.

**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**

NARC expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when NARC 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.

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

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

- v) The ability to measure reliably the expenditure during development.

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

**g) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**a) Financial assets**

**Classification of financial assets**

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

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

fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Trade and other receivables**

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

**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 NARC 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**

NARC 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. NARC recognizes a loss allowance for such losses at each reporting date.

**b) Financial liabilities**

**Classification**

NARC 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 NARC.

**i) Provisions**

Provisions are recognized when NARC 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 NARC 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. NARC 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.

**k) Contingent liabilities**

NARC 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**

NARC 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 NARC in the notes to the financial statements. Contingent assets

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

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.

**m) Nature and purpose of reserves**

NARC creates and maintains reserves in terms of specific requirements.

**Changes in accounting policies and estimates**

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

**n) Employee benefits**

**Retirement benefit plans**

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

**o) 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

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

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

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.

**p) 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.

**q) Related parties**

NARC 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 NARC, or vice versa. Members of key management are regarded as related parties.

**r) Service concession arrangements**

NARC 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, NARC 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, NARC also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**s) 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

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

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

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.

**s) Comparative figures**

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

**t) 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, 2024.

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

The preparation of NARC'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. NARC 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 NARC. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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**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 NARC.
- 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. 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. a) Revenue from other Government entities**

	National government	Public contributions and donations	2023-2024	2022-2023
	Kshs	Kshs	Kshs	
Political Parties Fund	2,822,013	-	2,822,013	3,087,540
<b>Total</b>	<b>2,822,013</b>	<b>-</b>	<b>2,822,013</b>	<b>2,822,013</b>

**b) Public Contributions and Donations**

Description	2023-2024	2022-2023
	Kshs	Kshs
Membership fees	260,562	200,000
MCA Contributions	720,000	720,000
Member donations	-	3,000
<b>Total Public Contributions and Donations</b>	<b>980,562</b>	<b>923,000</b>

**7. Use of Goods and Services**

	2023-2024	2022-2023
	Kshs	Kshs
Electricity	2,645	1,432
Printing and Stationery	1,380,000	42,000
Hire Charges	-	-
Rent expenses	1,000,000	540,000
Telecommunication	46,080	25,000
Travel, Subsistence & Other Allowances	110,000	80,000
Bank charges	12,605	8,147
General Expenses	4,630	0
<b>Total</b>	<b>2,555,960</b>	<b>696,579</b>

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

**8. Employee Costs**

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries	270,000	270,000
House Allowance	120,000	120,000
Transport allowance	60,000	60,000
<b>Total Employee Costs</b>	<b>450,000</b>	<b>450,000</b>

**9. Special Interest Groups**

Description	2023-2024	2022-2023
	Kshs	Kshs
Women League Workshop	200,000	95,000
Youth League Sensitization Workshop	195,000	95,000
Persons Living with Disabilities (PWD) sensitization	215,000	96,040
<b>Total for Special Interest Groups</b>	<b>610,000</b>	<b>286,040</b>

**10. Party Policy and Advocacy**

Description	2023-2024	2022-2023
	Kshs	Kshs
County Offices Operations	65,000	50,000
Civic Education	50,000	150,000
Recruitment of Members drives	70,000	150,000
National Executive Meeting	20,000	0
<b>Total for Policy and Advocacy</b>	<b>205,000</b>	<b>350,000</b>

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

**11. Depreciation and Amortization expense**

Description	2023-2024	2022-2023
	Kshs	Kshs
Depreciation	6,959	8,842
<b>Total Depreciation</b>	<b>6,959</b>	<b>8,842</b>

**12. Provision for Doubtful Debts**

Description	2023-2024	2022-2023
	Kshs	Kshs
Membership Fees	192,450	-
MCA Contributions	720,000	-
<b>Total for Provision for Doubtful Debts</b>	<b>912,450</b>	<b>-</b>

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
<b>a) Current Account</b>			
Family Bank	072000041996	21,341	299,585
<b>Sub- Total</b>		<b>21,341</b>	<b>299,585</b>
Cash In Hand as at 30 June	-	-	840,242
<b>Sub- Total</b>		<b>-</b>	<b>840,242</b>
<b>Grand Total</b>		<b>21,341</b>	<b>1,139,827</b>

**14. Accounts Receivable**

	National government	Public contributions and donations	2023-2024	2022-2023
	Kshs	Kshs	Kshs	Kshs
Transfers from other Government entities	698,259	-	698,259	510,608
Membership Fees	0	192,450	192,450	192,450
MCA Contributions	0	720,000	720,000	720,000
<b>Total</b>	<b>698,259</b>	<b>912,450</b>	<b>1,610,709</b>	<b>1,423,058</b>

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

**15. Property, Plant and Equipment at Cost**

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

Furniture and fittings 12.5%

Office Equipment 12.5%

Computers 30%

Cost	Computers	Furniture and fittings	Equipments	Total
	Kshs	Kshs	Kshs	Kshs
As At 1 July 2023	10,377	19,124	11,637	41,138
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers/Adjustments	-	-	-	-
As at 30 <sup>th</sup> June 2023	10,377	19,124	11,637	41,138
Additions	-	-	-	-
Disposals	-	-	-	-
Transfer/Adjustments	-	-	-	-
As at 30 <sup>th</sup> June 2024	10,377	19,124	11,637	41,138
<b>Depreciation And Impairment</b>				
As At 30 <sup>th</sup> 2024	10,377	19,124	11,637	41,138
Depreciation	(3,113)	(2,391)	(1,455)	(6,959)
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/Adjustment	-	-	-	-
As at 30 <sup>th</sup> June 2024	7,264	16,733	10,182	34,179
<b>Net Book Values</b>				
As at 30 <sup>th</sup> June 2023	10,377	19,124	11,637	41,138
As at 30 <sup>th</sup> June 2024	7,264	16,733	10,182	34,179

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**19. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Timeframe:</b>
1	Late submission of Financial statements	To improve on that in the next Financial Year	Implemented	1 year
2	Failure to open branch offices	To be implemented progressively	Ongoing	2022-2027



Secretary General

Date: 30/12/2024

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**Appendix II: Projects implemented by the NATIONAL RAINBOW COALITION**

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
NONE						

**Status of Projects completion**

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
	NONE						

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**Appendix III- Inter-Entity Confirmation Letter**



**NATIONAL RAINBOW COALITION**

**NATIONAL RAINBOW COALITION  
P.O BOX 67138- 00200  
NAIROBI.**

The National Rainbow Coalition (NARC) wishes to confirm the amounts disbursed to us as at 30<sup>th</sup> June 2024 as indicated in the table below.

<b>Confirmation of amounts received by NATIONAL RAINBOW COALITION as at 30<sup>th</sup> June 2024</b>							
Reference Number	Date Disbursed	Amounts Disbursed by Office of the Registrar of Political Parties (KShs) as at 30th June (Current FY)				Amount Received by NATIONAL RAINBOW COALITION (KShs) as at 30 <sup>th</sup> June (Previous FY) (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
REGISTRAR OF POLITICAL PARTIES: ROC/002000 2630	16-JUL-2023	-	1,287,677	-	1,287,677	-	1,287,677
REGISTRAR OF POLITICAL PARTIES: ROC/002000 3087	12-FEB-2024	-	836,077	-	836,077	-	836,078
<b>Total</b>			<u>2,123,754</u>		<u>2,123,754</u>	3,087,540	<u>(963,786)</u>

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

**Head of Accountants department:**

**FIDELLIS NGULLI**

Name ..... Sign  ..... Date 30/12/2024  
.....