

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



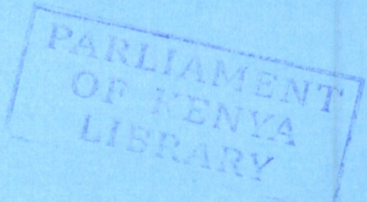
THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 17/11/2019

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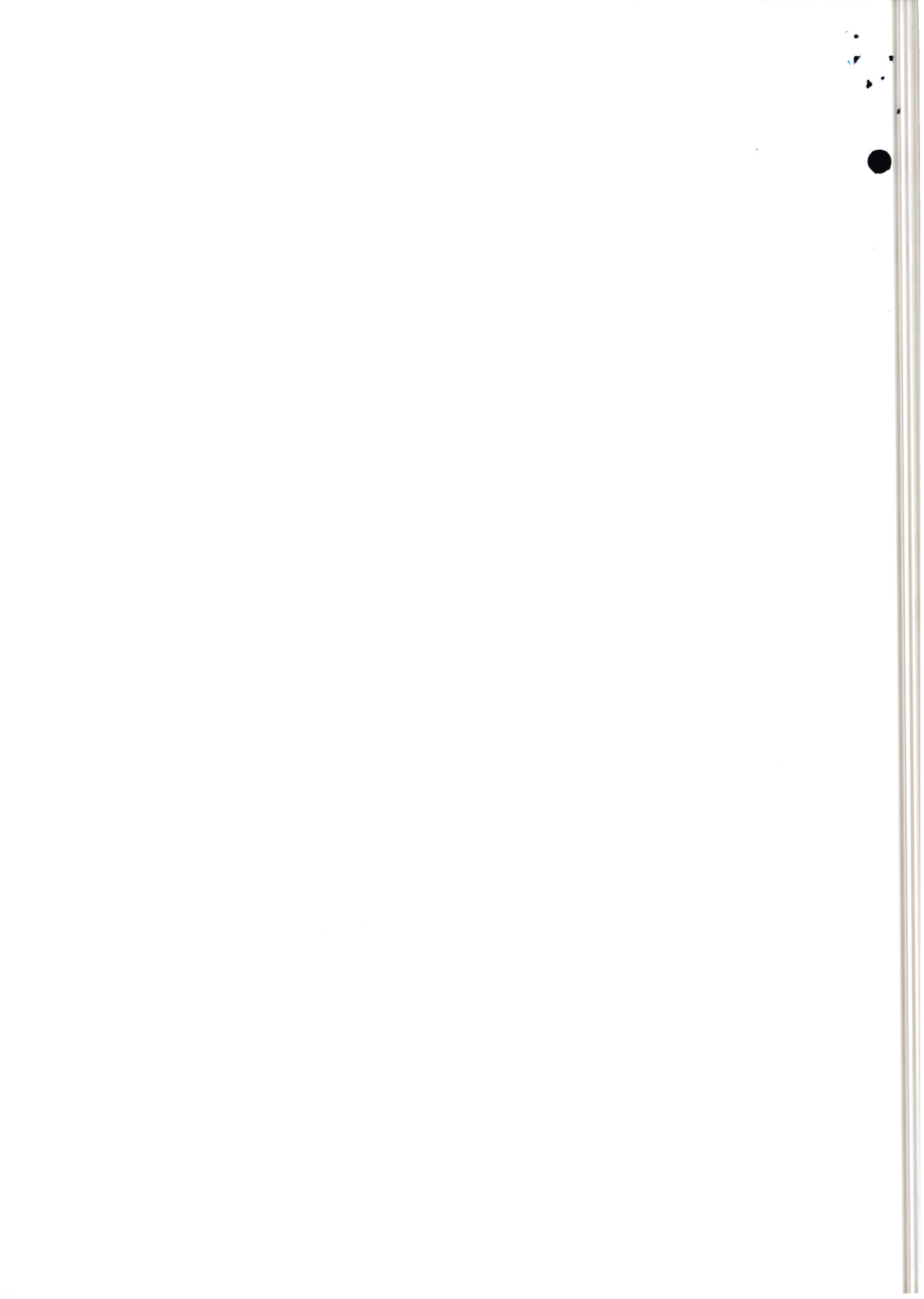
REPORT

OF
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
WIPER DEMOCRATIC MOVEMENT-KENYA

FOR THE YEAR ENDED
30 JUNE 2018





WIPER DEMOCRATIC MOVEMENT - KENYA

WIPER HOUSE
Kufuga Road
Kuwinda, Karen
P.O. Box 403 – 00100
Nairobi - Kenya

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WIPER DEMOCRATIC MOVEMENT-KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

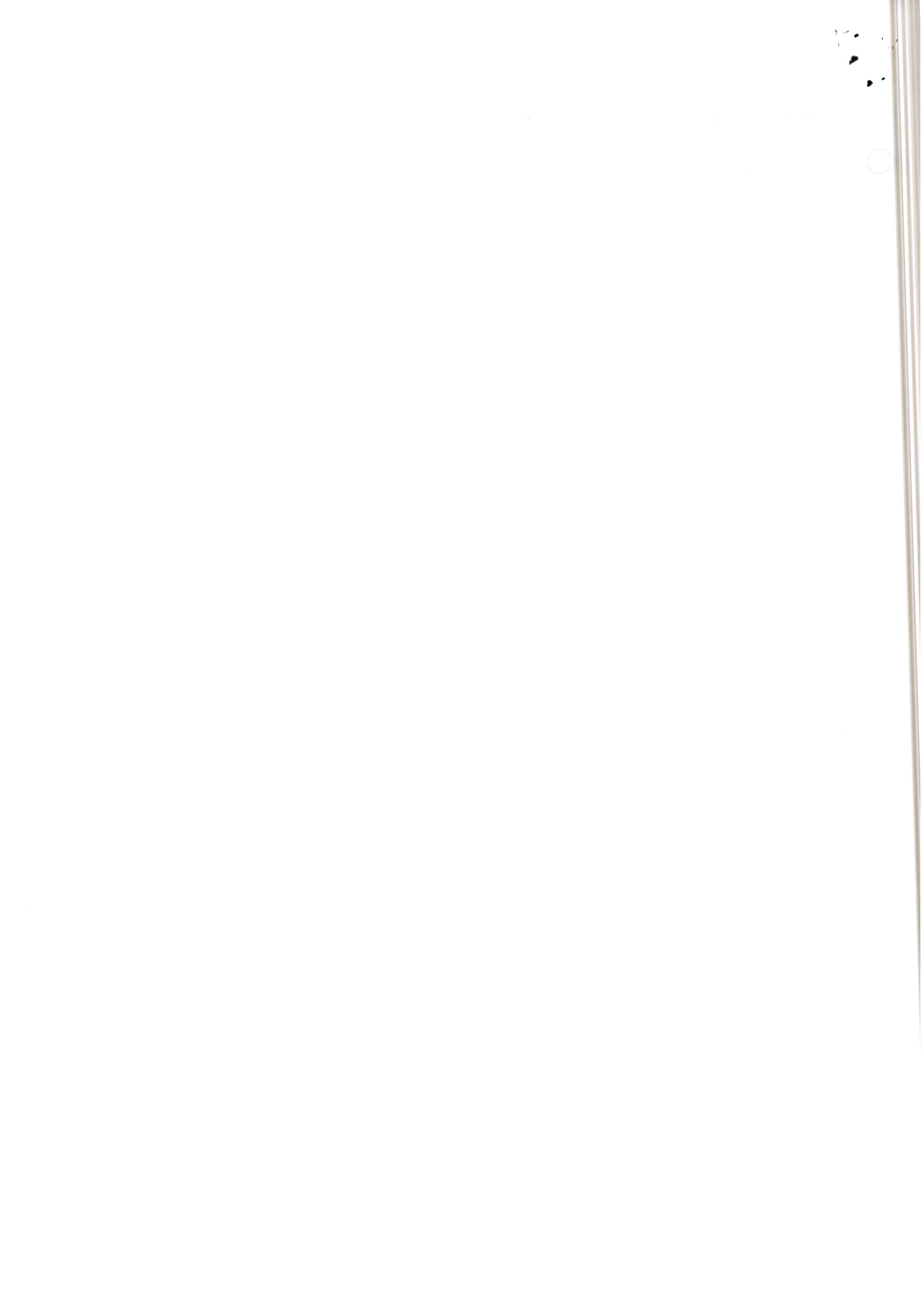
FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2018

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

12



Table of Contents	Page
KEY ENTITY INFORMATION AND MANAGEMENT	i
KEY ENTITY INFORMATION AND MANAGEMENT.....	ii
CHAIRMAN'S STATEMENT.....	iv
CORPORATE GOVERNANCE STATEMENT.....	v
REPORT OF THE INDEPENDENT AUDITORS.....	vi
STATEMENT OF FINANCIAL PERFORMANCE.....	1
STATEMENT OF FINANCIAL POSITION.....	2
STATEMENT OF NET CHANGES OF ASSETS.....	3
STATEMENT OF CASHFLOWS.....	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUALS AMOUNTS.....	5
NOTES TO THE FINANCIAL STATEMENTS.....	6



KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Wiper Democratic Movement-Kenya was founded in 2006 by Kenyans whose vision was to change the entrenched socio-economic inequalities, bad governance, corruption, negative ethnicity and to tackle the growing poverty and marginalization of communities and disadvantaged groups.

(b) Principal Activities

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

(c) Key Management

The entity's day-to-day management is under the following key organs:

- ❖ Secretary General
- ❖ Treasurer
- ❖ Executive Director
- ❖ Chairperson

(d) Fiduciary Management

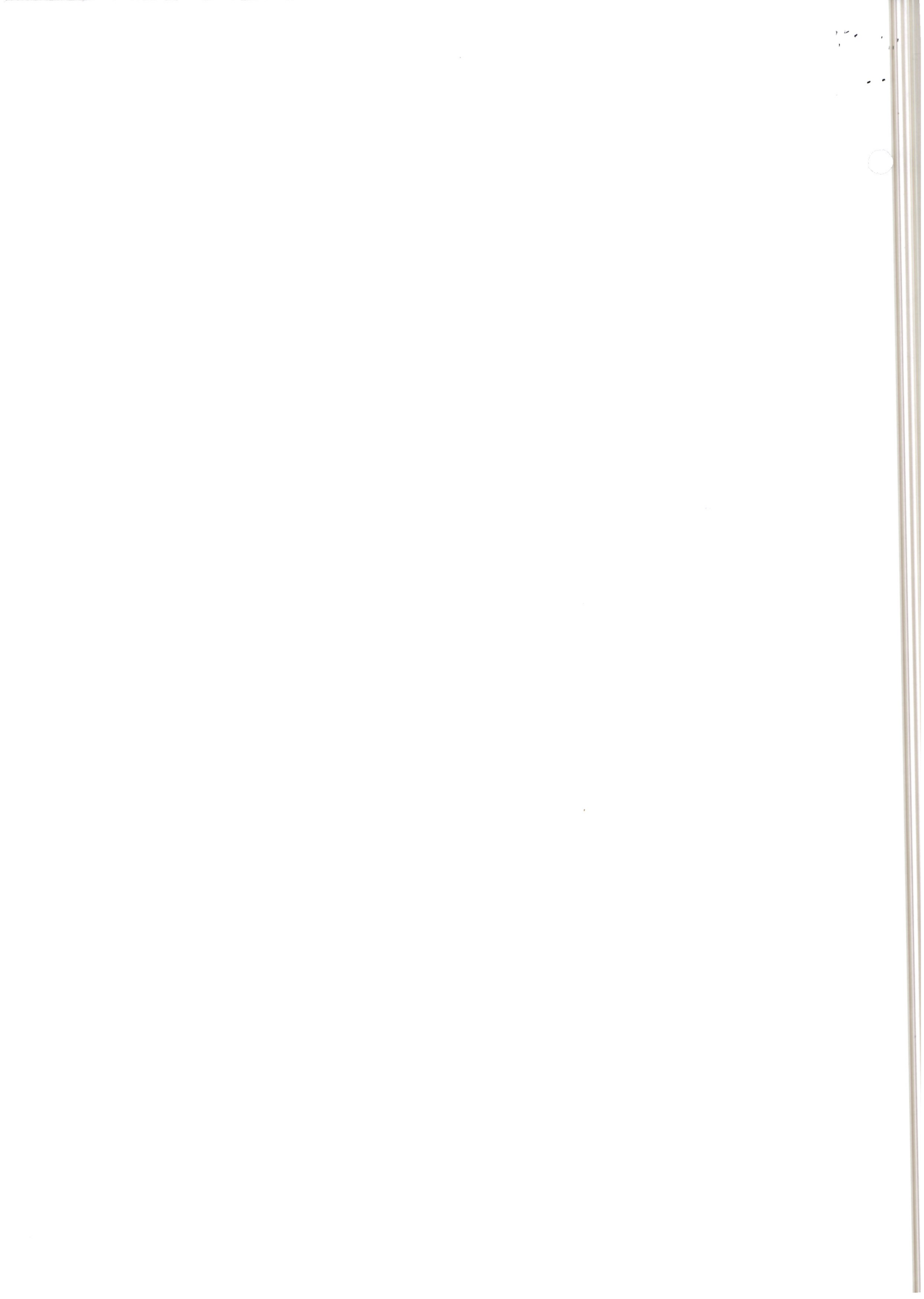
The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairperson	Gov.Prof.Kivutha Kibwana
2.	Vice Chairperson	Sen. Mutula Kilonzo
3.	Secretary General	Sen. Judith Sijeny
4.	Treasurer	Hon.Gideon Mulyungi
5.	Executive Director	Dr.Jared Siso

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Entity Headquarters

Wiper House
P.O. Box 403-00100
Kufuga Road, Karen
Nairobi, Kenya



(f) Entity Contacts

Telephone: (254) 720513513
Email:wipermovement2013@gmail.com
Website: www.wiperdmk.com

(g) Entity Bankers

Co-operative Bank of Kenya
Parliament Road Branch
P.O Box 11044-00100
Nairobi, Kenya

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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



CHAIRMAN'S STATEMENT

I am delighted to present the financial report for **WIPER DEMOCRATIC MOVEMENT-KENYA** for the year ended 30th June 2018.

I would like to congratulate the members of **WIPER DEMOCRATIC MOVEMENT-KENYA** without whom it would not have been possible for us to achieve the results for the year under review.

As the Chairman, I appreciate the support accorded to me by my fellow party officials and I thank them for their invaluable advice and support. I would also like to thank the Government and the Registrar of Political Parties for their support.

Thank you.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the process by which organizations are directed and controlled and held accountable in order to achieve long term value to all stake holders

The National Executive Committee of **WIPER DEMOCRATIC MOVEMENT-KENYA** is responsible for the Governance of the party and is accountable to the members for ensuring that the party complies with the law and the highest standards of business ethics and corporate Governance. Accordingly, the party officials attach very high importance to the generally accepted corporate governance practice.

The party has defined procedures and financial controls to ensure the reporting and accurate accounting information. These covers systems for obtaining authority for all transactions and for ensuring compliance with the laws and regulations that have significant financial implications.

The Party will continue to focus its attention on maintaining the highest standards of Corporate Governance and business ethics in its operations.

Signed on behalf of Wiper Democratic Movement-Kenya.



.....
SEN.JUDITH SIJENY.

SECRETARY GENERAL

Date..... 24/05/2019.....



**Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2018**

**REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY (WIPER DEMOCRATIC
MOVEMENT-KENYA)**



REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON WIPER DEMOCRATIC MOVEMENT - KENYA FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Wiper Democratic Movement-Kenya set out on pages 1 to 11, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Wiper Democratic Movement - Kenya as at 30 June 2018, 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 2016).

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Wiper Democratic Movement - Kenya in accordance with ISSAI 30 on 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 judgment, are of most significance in the audit of the financial statements. I have determined that there are no key audit matters to communicate in my report.

Report of the Auditor-General on the Financial Statements of Wiper Democratic Movement-Kenya for the year ended 30 June 2018

Emphasis Matter

1.0 Budget and Budgetary Performance

1.1 Revenue

The Party had budgeted for revenue totalling Kshs.20,175,000 but actual realized amounted to Kshs.15,521,520 resulting to a shortfall of Kshs.4,653,480 or 23% as tabulated below:

Revenue	Budget Kshs.	Actual Kshs.	Excess/(Shortfall) Kshs.	Variance %
Government Grants and Subsidies	6,000,000	-	(6,000,000)	100
Membership contributions	14,175,000	15,521,520	1,346,520	9
Total	20,175,000	15,521,520	4,653,480	23

The shortfall was largely attributed to failure to receive the Party's expected share of Government funding of Kshs.6 million from their coalition partner.

1.2 Expenditure

The Party had budgeted to spend Kshs.26,584,684 but actual expenditure amounted to Kshs.26,439,586 resulting to an under expenditure of Kshs.145,098 or 0.5% as follows:

Payments	Budget Kshs.	Actual Kshs.	Over/(Under) Kshs.	Variance %
Goods and services	5,508,128	8,609,962	3,101,834	56
Employee costs	6,628,680	5,868,440	(760,240)	11
Depreciation	216,729	216,729	-	-
Repairs and Maintenance	240,000	194,800	(45,200)	19
General Expenses	13,991,147	11,549,655	(2,441,492)	17
Total	26,584,684	26,439,586	(145,098)	0.5

The under expenditure impacts negatively on the achievement of the planned annual goals and objectives.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, 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 procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Human Resource Department

A review of human resource operations revealed that the Party did not have a Human Resource (HR) department to deal with staff matters and also lacked a HR manual to guide on recruitment, remuneration and career development of its staff.

The non-establishment of a HR Department and related manuals may impact negatively on motivation and productivity of the Party's employees.

2. Internal Controls

Political Parties are required to maintain adequate internal controls to ensure that public resources are safeguarded. The Party is therefore required to ensure existence of checks and balances in the financial transactions processing cycle and to have in place a functional internal audit unit.

It was however, observed that the Party did not have adequate personnel in the accounts department to ensure segregation of duties and also lacked an internal audit function. In addition, the Party did not have in place a financial manual detailing the accounting procedures and effective controls.

3. Information Technology Communication (ICT) Control Environment

A review of the ICT control environment showed that the Party lacked an ICT policy manual to guide on data security and ICT inventory protection. Further, there were no

proper data backup procedures and disaster recovery plans which exposes the Party to loss of data and disruption of activities in case of a disaster.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 governance.

In preparing the financial statements, management is responsible for assessing the Party's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the National Governing Council either intends to liquidate the Party or to cease operations, or have no realistic alternative but to do so.

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 the Party's 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 the entity 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with

Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Party's policies and procedures may deteriorate.

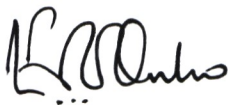
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Party's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Party to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Party to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

18 June 2019

Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2018

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2017-2018	2016-2017
		Kshs	Kshs
Revenue from non-exchange transactions			
Members Contribution	13	15,521,520	46,655,057
Political Party Fund		-	31,702,301
Nomination Fees	15	400,000	52,077,532
		15,921,520	130,434,890
Expenses			
Use of Goods and Services	4	8,609,962	4,528,520
Employee costs	5	5,868,440	6,231,760
Depreciation and amortization expense	6	216,729	496,234
Repairs and maintenance	7	194,800	80,500
General expenses	8	11,549,655	103,218,925
Total expenses		26,439,586	114,555,939
Surplus/Deficit For The Year		(10,518,066)	15,878,951

The notes set out on pages 6 to 11 and addendum attached form an integral part of these financial statements.

123
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Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2018

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018


	Notes	2017-2018	2016-2017
		Kshs	Kshs
Assets			
Current assets			
Cash at Hand	14	469,885	-
Cash at Bank	14	809,779	10,174,270
Receivables from non-exchange transactions	12	36,998,965	34,315,000
		38,278,629	44,489,270
Non-current assets			
Property, plant and equipment	9	1,080,330	1,297,060
Total assets		39,358,959	45,786,330
Liabilities			
Current liabilities			
Creditors & Accruals	10	8,584,760	3,807,650
Net assets		30,774,199	41,978,680
Total net assets and liabilities		39,358,959	45,786,330

The Financial Statements set out on page 1 to 5 were signed on behalf of the National Executive Council by:-



Executive Director
Dr. Jared Siso

Date 24/05/2019



Secretary General
Sen. Judith Sijeny

Date 24/05/2019



Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2018

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2018

	Revaluation reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2016	-	26,099,729	-	26,099,729
Revaluation gain	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-
Total comprehensive income	-	15,878,951	-	15,878,951
Capital/Development grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-
At June 30, 2017		41,978,680	-	41,978,680
At July 1, 2017	-	41,978,680	-	41,978,680
Revaluation gain	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-
Total comprehensive income	-	(10,518,066)	-	(10,518,066)
Capital/Development grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-
Transfers from accumulated fund	-	686,415	-	686,415
As at June 30, 2018	-	30,774,199	-	30,774,199

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**Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2018**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

		2017-2018	2016-2017
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Membership Contributions	13	15,521,520	46,655,057
Nomination Fees	15	400,000	31,702,301
Political Party Fund		-	52,077,532
Total Receipts		15,921,520	130,434,890
Payments			
Goods and Services	4	8,609,962	4,528,520
Employee costs	5	5,868,440	6,231,760
Depreciation and amortization expense	6	216,729	496,234
Repairs & Maintenance	7	194,800	80,500
General Expenses	8	11,549,655	103,218,925
Total Payments		26,439,586	114,555,939
		(10,518,066)	15,878,951
Adjusted for:			
Changes in receivables	12	(3,153,650)	(27,540,000)
Changes in payables	10	4,777,110	3,330,310
Net cash flows from operating activities		(8,894,606)	(8,330,739)
Cash flows from investing activities			
Net cash flows used in investing activities		-	1,152,900
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents			
		(8,894,606)	(9,483,369)
Cash and cash equivalents at 1 JULY		10,174,270	19,657,639
Cash and cash equivalents at 30 JUNE		1,279,664	10,174,270

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation)



Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2018

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2018

	Original budget	Actual on comparable basis	Performance difference
	2017-2018	2017-2018	2017-2018
Revenue	Kshs	Kshs	Kshs
Membership Contributions	14,175,000	15,521,520	1,346,520
Government grants and subsidies	6,000,000	-	6,000,000
Total income	20,175,000	15,521,520	
Expenses			
Goods & Services	5,508,128	8,609,962	3,101,834
Employee Costs	6,628,680	5,868,440	760,240
Depreciation	216,729	216,729	-
Repairs & Maintenance	240,000	194,800	45,200
General Expenses	13,991,147	11,549,655	2,441,492
Total Expenses	26,584,684	26,439,586	
Deficit for the period	(6,409,684)	(10,518,066)	



NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Wiper Democratic Movement-Kenya is established by and derives its authority and accountability from Political Parties Act.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the party's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the party.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Fees, taxes and fines

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

ii) 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 entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

b) Budget information

The party'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

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**Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2018**

comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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 Entity 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.

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) Inventories

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

f) Provisions

Provisions are recognized when the Entity 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 Entity 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.

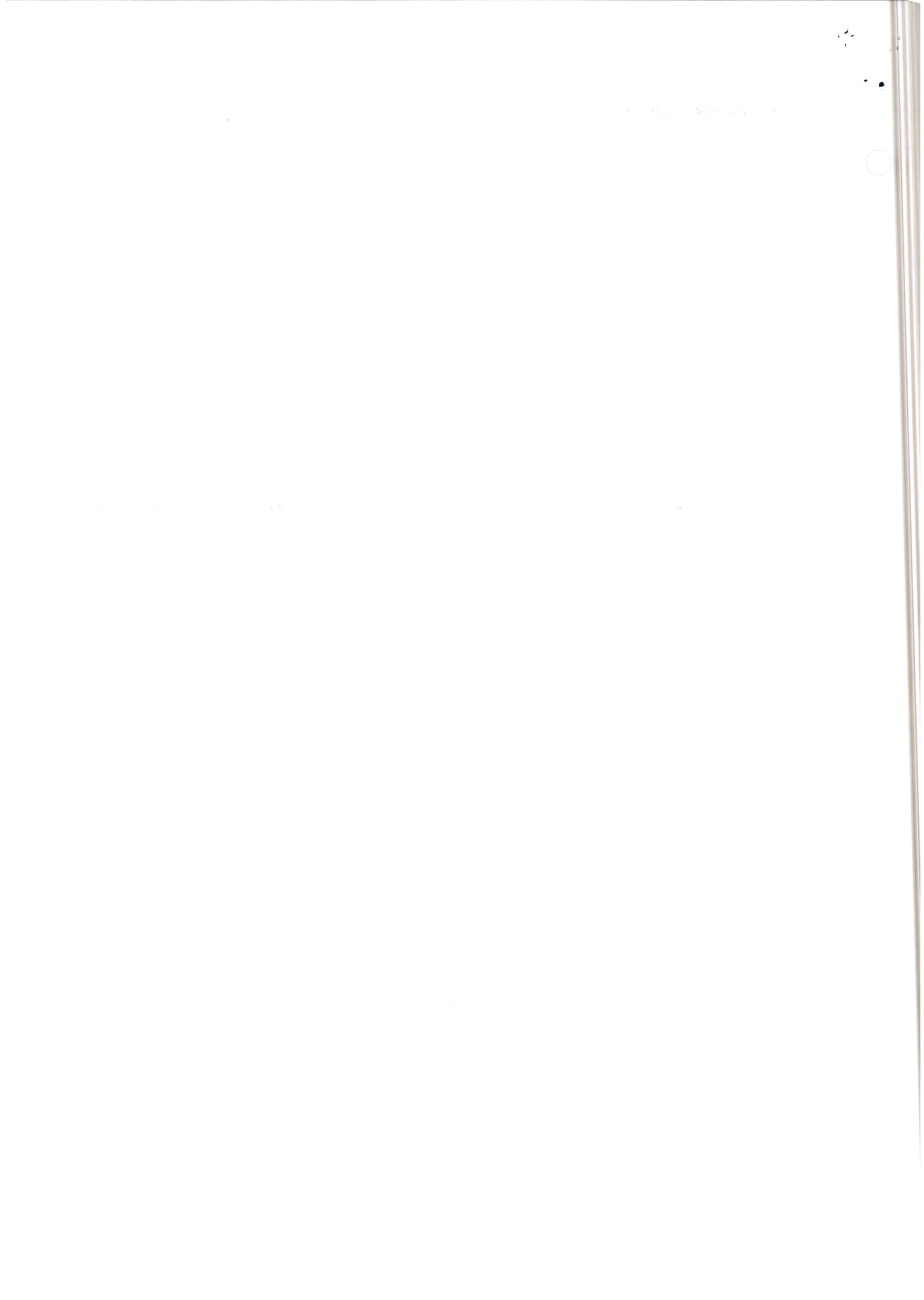
The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Contingent liabilities

The Entity 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.

ii) Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.



Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (continuation)

4. USE OF GOODS AND SERVICES

Description	2017-2018	2016-2017
	Kshs	Kshs
Utility Costs	162,652	102,000
Security	958,610	640,320
Professional services	7,488,700	3,786,200
Total good and services	8,609,962	4,528,520

5. EMPLOYEE COSTS

Description	2017-2018	2016-2017
	Kshs	Kshs
Salaries and wages	5,868,440	6,231,760
Employee costs	5,868,440	6,231,760

6. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2017-2018	2016-2017
	Kshs	Kshs
Property, plant and equipment	216,729	496,234
Total depreciation and amortization	216,729	496,234

7. REPAIRS AND MAINTENANCE

Description	2017-2018	2016-2017
	Kshs	Kshs
Vehicles	194,800	80,500
Total repairs and maintenance	194,800	80,500

8. GENERAL EXPENSES

Description	2017-2018	2016-2017
	Kshs	Kshs
Branding	48,900	8,259,180
Audit fees	50,000	50,000
Conferences and delegations	904,800	9,300,582
Office Expenses	1,761,480	1,504,800
Postage	10,000	10,960
Transport & Accommodation	428,171	6,604,653
Rental	6,346,700	7,436,700
Bank Charges	50,204	68,467
Media Relations	-	414,500
Nomination Expenses	1,501,000	62,660,783
Campaign Expenses	-	4,510,000
Other	448,400	2,398,300
Total general expenses	11,549,655	103,218,925

Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2018

9. PROPERTY, PLANT AND EQUIPMENT

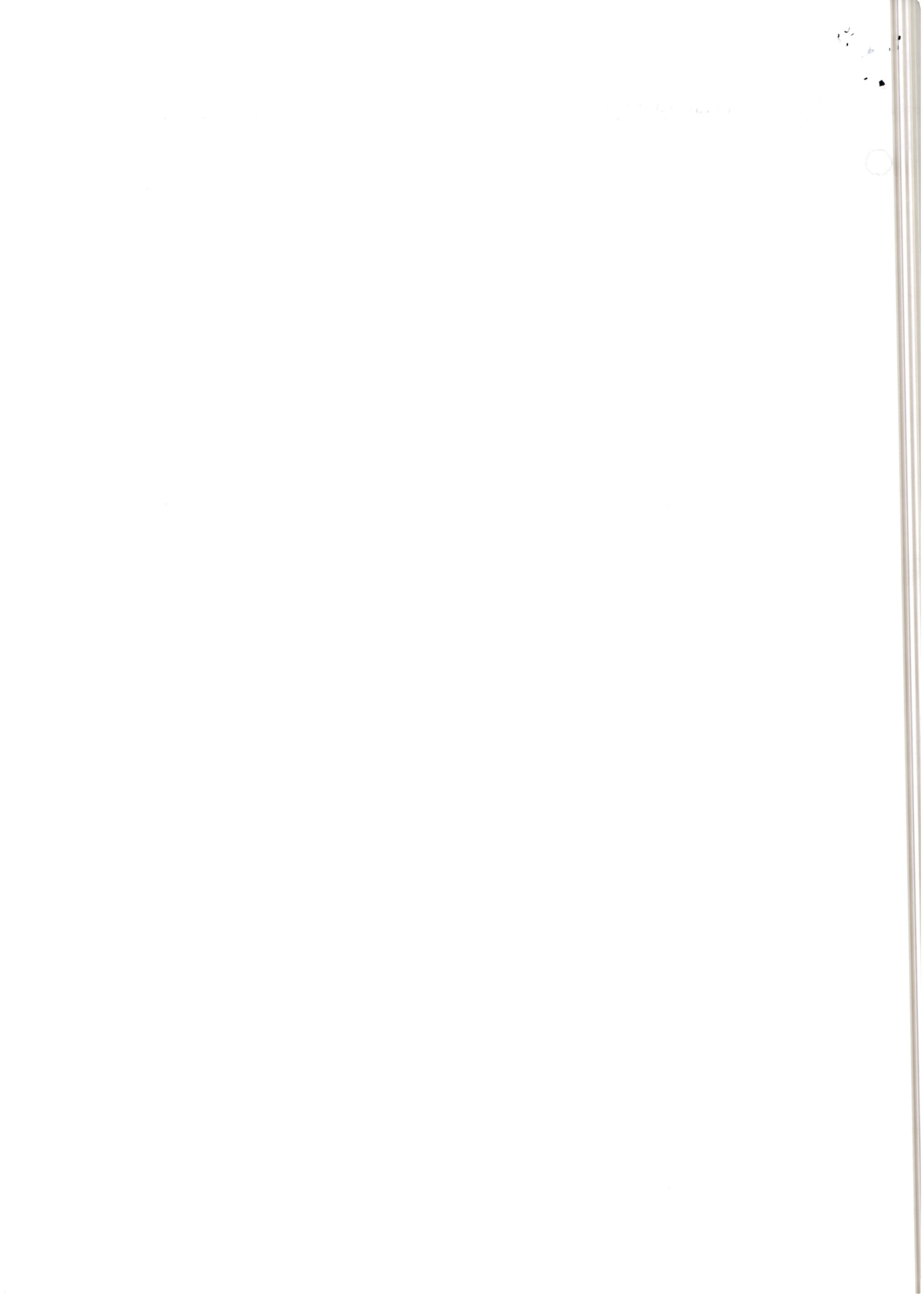
	Furniture and Fittings	Computers & Equipment	Motor vehicles	Total
Cost	Kshs	Kshs	Kshs	Kshs
At 1 July 2016	2,655,170	1,422,288	250,000	4,327,458
Additions	473,750	679,150		1,152,900
At 30th June 2017	3,128,920	2,101,438	250,000	5,480,358
Additions	-	-	-	-
Disposals	-	-	-	-
At 30th June 2018	3,128,920	2,101,438	250,000	5,480,358
Depreciation and impairment				
At 1 July 2016	1,888,025	1,567,166	231,873	3,687,064
Depreciation	215,468	276,233	4,532	496,233
At 30 June 2017	2,103,493	1,843,399	236,405	4,183,297
Depreciation	128,178	85,152	3,398	216,728
At 30th June 2018	2,231,671	1,928,551	239,803	4,400,025
Net book values				
At 30th June 2018	897,249	172,887	10,198	1,080,333
At 30th June 2017	1,025,427	258,039	13,596	1,297,062

10. CREDITORS & ACCRUALS

Description	2017-2018	2016-2017
	Kshs	Kshs
Salaries	513,750	-
Security Services	203,450	53,360
Website Development	-	28,730
Electricity Bill	12,000	10,000
Rent	965,900	290,000
Rental Box	10,960	10,960
Legal Fees	5,838,700	2,346,700
Printing & Branding	-	27,900
Ballot Papers	540,000	540,000
Rent Deposit Balance	450,000	450,000
Audit Fee	50,000	50,000
Total	8,584,760	3,807,650

11. Contingent Liability

Description	2017-2018	2016-2017
	Kshs	Kshs
Graphics & Allied	-	9,183,525
National Election Board Expenses	29,346,166	-
Total	29,346,166	9,183,525



Wiper Democratic Movement-Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2018

12. RECEIVABLES

Description	2017-2018	2016-2017
	Kshs	Kshs
Members Arrears	34,048,965	30,135,000
Staff Debtors	400,000	830,000
Prepayments	-	800,000
Rent Deposit	750,000	750,000
Nomination fees arrears	1,800,000	1,800,000
Total Account Receivables	36,998,965	34,315,000

13. MEMBERSHIP CONTRIBUTIONS

Membership Contributions	Number	Amount	Months	Total
Governors & Deputies	4	30,000	9	1,080,000
Members of Parliament	27	30,000	9	7,290,000
Members of County Assemblies	129	5,000	9	5,805,000
Total Earned Membership Contributions 2017/2018				14,175,000
Other Membership Contributions(Donations) 2017/2018				1,346,520
Total Membership contribution				15,521,520

14. CASH & CASH EQUIVALENTS

CASH & BANK BALANCES	2017/2018	2016/2017
Cash in hand	469,885	
Cash at Bank	809,779	10,174,270
Cash & Cash Equivalents	1,279,664	10,174,270

15. NOMINATION FEES

S/N	MEMBER	AMOUNT
1	Hon.Edith Nyenze	200,000
2	Mr.Maluki Mwendwa	200,000
Total		400,000

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APPENDIX: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Cash & Bank Balance	The previous cash flows & cash books were re-done properly and the correct closing balances were ascertained.	Ken Mutugi-Accountant	Resolved	
2	Information Technology Governance	The party has recruited an ICT officer and it's in the process of setting up an ICT centre	Dr.Jared Siso Executive Director	Not Resolved	31/12/2019
3	Weak Internal Controls	The party is in the process of restructuring its departments and a need based evaluation will be conducted to have the various gaps filled.	Dr.Jared Siso Sen. Judith Sijeny-Secretary General	Not Resolved	31/12/2019
4	Non Preparation of Budget	The party prepared a budget for the financial year 2017/2018	Ken Mutugi Accountant	Resolved	
5	Registration of Lease Agreement	We have undertaken to have the current lease registered by the Registrar of Lands	Sen. Judith Sijeny Secretary General	Not Resolved	30/9/2019

