

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

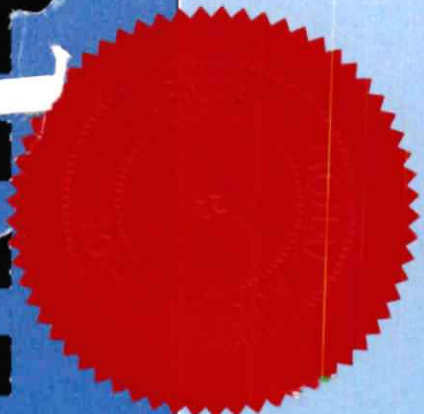
ON

**THE FINANCIAL STATEMENTS OF
ORANGE DEMOCRATIC MOVEMENT**

**FOR THE YEAR ENDED
30 JUNE 2015**

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON ORANGE DEMOCRATIC MOVEMENT FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Orange Democratic Movement set out on pages 1 to 19, which comprise the statement of financial position as at 30 June 2015, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 31(3) of the Political Parties Act, 2011. 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.

Management's Responsibility for the Financial Statements

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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of financial statements to the Auditor-General in accordance with the provisions of Section 31(2) of the Political Parties Act, 2011.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 31(3) of the Political Parties Act, 2011 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

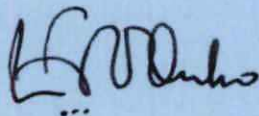
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Party's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Orange Democratic Movement as at 30 June 2015, 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.



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

Nairobi

24 November 2015

ODM



TUKO TAYARI

ORANGE DEMOCRATIC MOVEMENT

REGULATORY AND OTHER NON-COMMERCIAL ENTITIES
(ORANGE DEMOCRATIC MOVEMENT)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2015

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

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ORANGE DEMOCRATIC MOVEMENT

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Orange Democratic Movement was formed in 2007 as a political party after meeting the registration requirements under the newly established Registrar of Political Parties office. The National Executive Committee is responsible for the general policy and strategic direction of the Party.

(b) Principal Activities

The organization's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

(c) Key Management

The *Orange Democratic Movement* day-to-day management is under the following key organs:

- Secretary General ;
- Executive Director
- Finance & Administration Director
- Other Managers
- Accountant

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairman	Hon. John Mbadi
2.	Secretary General	Hon. Ababu Namwamba
3.	Organizing secretary	Hon. Abdikadir Aden
4.	Executive Director	Mr. Oduor Ongw'en
5.	National Treasurer	Hon. Hon. Timothy Bosire

(e) Fiduciary Oversight Arrangements

Audit Committee

The audit committee helps the National Executive Committee with corporate governance. It is a creation of the National Executive Committee of the party. Its membership is comprised of the Treasurer and two deputies, the chairperson of the Finance & Resource Mobilization and the chairperson of the Strategic Planning Committee. The primary role of the audit committee is to assist the National Executive Committee with its corporate governance oversight responsibilities in ensuring that:

ORANGE DEMOCRATIC MOVEMENT

- **External Auditing** processes are carried out independently without interference so as to guarantee the integrity of the party's financial statements,
- **Regulatory and Legal** requirements of the government inclusive of the Orange Democratic Movement code of conduct are in total compliance at all levels of the government.
- **Risk management** to assure that the allocation of the party's resources are optimized and conforms to the party's goals and objectives.

However from time to time, the audit committee may be called upon to address specific issues that fall outside of its primary role by the National Executive Committee.

Risk Management Policy

Effective risk management begins with the understanding, by everyone in the organization, that the effort is important, and that everyone is expected to uphold that effort. Orange Democratic Movement is subject to certain risks that affect our ability to operate, serve our clients, and protect assets. These include risks to employees and volunteers, liability to others, and risks to property.

Controlling these risks through a formal program is necessary for the well-being of the organization and everyone in it. The jobs and services the party provides the safety of the workplace and other benefits all depend to an extent on our ability to control risks. Management has the ultimate responsibility to control risks. Control includes making decisions regarding which risks are acceptable and how to address those that are not. Those decisions can be made only with the participation of the entire workforce, because each of us understands the risks of his or her own tasks better than anyone else in the organization. Each is responsible for reporting any unsafe conditions they see. Also, each is encouraged to suggest ways in which we can operate more safely.

We are committed to the careful consideration of everyone's suggestions, and to taking appropriate action to address risks. Accidents and other situations involving loss or near-loss will be investigated as part of the effort to manage risks. Every employee's and volunteer's performance is evaluated, in part, according to how he or she complies with this policy.

Purpose

The purpose of this policy is to ensure that risks to Orange Democratic Movement are identified, analyzed, and managed so that they are maintained at acceptable levels. Risks to the confidentiality, integrity, and availability of both party information and assets are considered.

ORANGE DEMOCRATIC MOVEMENT

ODM Risk Management Mission Statement

The Orange Democratic Movement has a moral and legal duty to its membership, employees, and to party assets. We continue to meet our duty by ensuring that risk management plays an integral part in sound governance at both a strategic and operational level.

The National Executive Committee of the party will support the risk management efforts through setting policy and providing broad guidance on goals and objectives. However, risk management is an active process that requires cooperation by all directors, employees, and—where appropriate—the larger party membership. To that end, the National Executive Committee accepts that it must take a leadership role in seeing that appropriate measures are undertaken.

ODM Risk Management Goals Statement

The National Executive Committee authorizes the establishment of a Risk Management Committee, which shall consist of Five members, the party treasurer, a member trained on fire and emergency, a member trained on public works management, and two NEC Members (to be selected by the National Executive Committee for five-year terms). The Committee shall be chaired by the party treasurer, and its responsibilities shall be:

- Identifying and assessing risks
- Selecting and implementing risk control and financing measures
- Periodically reviewing risk management efforts and reporting to the National Executive Committee

These activities shall be undertaken in the service of the risk management mission statement, and to that end risk management practices are undertaken to reduce the cost of risk to Orange Democratic Movement and to maximize benefits of opportunities that the membership may encounter.

Effective risk management begins with the understanding, by everyone in the organization, that the effort is important, and that everyone is expected to uphold that effort.

Orange Democratic Movement is subject to certain risks that affect our ability to operate, serve our clients, and protect assets. These include risks to employees and volunteers, liability to others, and risks to property.

Controlling these risks through a formal program is necessary for the well-being of the organization and everyone in it. The jobs and services the party provides the safety of the workplace and other benefits all depend to an extent on our ability to control risks.

Management has the ultimate responsibility to control risks. Control includes making decisions regarding which risks are acceptable and how to address those that are not. Those decisions can be made only with the participation of the entire workforce, because each of us



ORANGE DEMOCRATIC MOVEMENT

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Accidents and other situations involving loss or near-loss will be investigated as part of the effort to manage risks. Every employee's and volunteer's performance will be evaluated, in part, according to how he or she complies with this policy.

This Risk Policy document has received the following review and approvals from ODM Management:

(f) Entity Headquarters

Orange House
Menelik Road
P.O. Box 2478 - 00202
Nairobi

(g) Entity Contacts

Telephone: (254) 020-2053481
E-mail: info@odm.co.ke
Website: www.odm.co.ke

(h) Entity Bankers

Co-operative Bank
Parliament Road Branch
Nairobi.

(i) Independent Auditors

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

(j) Principal Legal Adviser

J.M. Rioba & Rioba Co. Advocates
Commercial House, 2nd Floor Suite 205
P.O. Box 45053
City Square 00100
Nairobi, Kenya

ORANGE DEMOCRATIC MOVEMENT

II. NATIONAL EXECUTIVE COMMITTEE MEMBERS

1.	Rt. Hon. Raila Amolo Odinga	Party Leader
2.	Hon. John Mbadi	Chairman
3.	Hon. Ababu Namwamba	Secretary General
4.	Hon. Abdikadir Aden	National Organizing Secretary
5.	Hon. Timothy Bosire	National Treasurer
6.	Mr. Oduor Ongw'en	Executive Director

III. MANAGEMENT TEAM

1.	Hon. Ababu Namwamba	Secretary General
2.	Mr. Oduor Ongw'en	Executive Director
3.	Joshua Kawino	Director, Finance & Administration
4.	Charles Memba	Financial Accountant
5.	Cesar Asiyo	Director, Operations & Logistics
6.	Rosemary Kariuki	Director, Membership & Recruitment
7.	Wafula Buke	Director, Policy & Strategy



ORANGE DEMOCRATIC MOVEMENT

IV. CHAIRMAN'S STATEMENT

Allow me to express my gratitude to the members of the National Executive Committee for the timely preparation of the Financial Statements for the year ended 30th June 2015. This is our first report since we were elected into office and I wish to congratulate and confirm that the year has been successful because of team spirit and with Guidance of the Party Leader and the support of the National Treasurer, Secretary General, the National Secretariat and all our National Executive Committee Members. In accordance with Section 44 of the Public Finance Management Act, 2012, Public Audit requirements and the Political Parties Act 2011 we are required to prepare our financial statements and to present the same to the Registrar and the Kenya National Audit Office before 30th September of every year.

I will make every effort to ensure that the year 2015/2016 remains vibrant and productive and that its results be fully reflective of your collective decisions. I should also like to express my thanks and appreciation to Hon. Henry Kosgey, my predecessor and good colleague, for having conducted the Committee's business in an exemplary manner. I will do my best to carry on the honour of leading the national Executive Committee. We are mandated to prepare financial statements in respect of Orange Democratic Movement, which statement is expected to give a true and fair view of the state of affairs of our party inclusive of the operating results at the end of every financial year. The committee is further required to ensure that the party keeps proper accounting records whilst disclosing with reasonable accuracy the financial position of the Party. The committee is finally responsible for safeguarding the assets of the party.

In pursuit of the same the national Executive Committee developed the work plan and budgets with reference to the party's strategic plan for the current financial year. We have developed the HR Policy Manual and submitted the report and accounts for the year ended 30th June 2015 to our auditors. The total income received for the year under review was forwarded to the Registrar of political Parties. We also published in the local Newspapers the relevant income section of the accounts for the year under review in accordance with section 33. (1) which states that a political party shall, within three months of the financial year, publish the sources of its funds stating-(a) The amount of money received from the political Parties Fund; (b) The amount of money received from its members and supporters, and (c) the amounts and sources of donations given to the party.

The party is currently at a crucial time in history. This is the 10th year of the orange Democratic Movement anniversary since its founding in 2005. It is the year when the new party constitution is being implemented and which has ushered in the ongoing party grassroots elections. The party's 3 year strategic plan is almost through and the draft will soon be presented to you for further input and approval. The basic objective before us will be to produce a consensus resolution summing up our strategic agenda to deliver victory comes 2017 elections. It will require broadening of our financial base and remaining coherent in our deliberations.

It is my hope that all our strategies will remain clear, easily understandable and well-received by our membership across the country. It should provide the leadership with practical guidance on public and parliamentary information and programmatic activities. I have no doubt that we will work together in the most collegial manner and as your chairman, I will do everything in my position to support your efforts.



ORANGE DEMOCRATIC MOVEMENT

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

We wish to present the financial report for the year ended June 30th 2015 in accordance with the International Public Sector Accounting Standards. During the year our key responsibilities included

1. Developing strategies for and realizing financial resource mobilization for the Party
2. Ensuring that the books of the Party are audited.
3. Participation in the preparation of the NEC/PG and NGS of the Party
4. Continuing to develop principles of stewardship, financial discipline, ethics and best practices to guide the Party in matters of Fiscal Planning and management.

In accordance with the Public Audit requirements and the Political Parties Act we managed to accomplish the following in time:

- Developed a work-plan and budgets with reference to the Party's strategic Plan for the current financial year. ..\..\Work plan for 2015_2016.doc.doc,..,4 Year Strategic Plan for the party – HR Policy for ODM and the ..\..\Report and accounts for the year ended 30th June 2015.doc
- Ensured that the books of Accounts have been audited up to June 30th 2015 refer.\Report and accounts for the year ended 30th June 2015.doc and that relevant income section of the same were extracted and published in the local Newspapers. Likewise the unaudited accounts for the year under review have been published (see The Standard Newspapers of 21st September 2015 and the Star Newspaper of 21st September 2015) in accordance to section **33. (1)** which states that “A political party shall, within three months of its financial year, publish the sources of its funds stating –
 - (a) The amount of money received from the Political Parties Fund;
 - (b) the amount of money received from its members and supporters, and
 - (c) the amounts and sources of the donations given to the party.

We further inform that the accounts were forwarded by 18th September 2015 to the Kenya National Audit Office in IPSAS reporting procedure – Auditor General for auditing and which reports shall be forwarded later to Parliament and the Registrar for confirmation of compliance with the Political Parties Act 2012.

The Key Income Drivers remained more or less similar to the previous year as they included Government funding, contribution from ODM Members of Parliament, Life membership fee collections, receipts from by-election applicants and further donations and receipts from members.

ORANGE DEMOCRATIC MOVEMENT

VI. CORPORATE GOVERNANCE STATEMENT

Orange Democratic Movement is committed to operating in accordance with best practice in political integrity and ethics and maintaining the highest standards of financial reporting and corporate governance. The National Executive Committee is delighted to report that the party has, throughout the year, complied with the provisions set out in the Code on Corporate Governance and equally applied the main principles of the Code.

Corporate governance for the Orange Democratic Movement has gone a long way to define how the party conducts its affairs in line with the objects for which it was founded. It has given the party its structure, which contains all set of rules that governs the ethical operating procedures and processes of the party by ensuring that we conform to the Kenyan Statutory requirements and the best practices in line the Political Parties Act 2011 in all political activities. Likewise it has ensured the best interests of the public and party members are jealously protected. Responsibility for corporate governance is vested with the National Executive Committee of the Orange Democratic Movement.

Much of the details are contained in the attached party Constitution which contains the following

- Identity, Vision and Mission Aims, objectives and Values
- Membership, Rights and Duties National Officials
- Party Organs Committees
- Stewardship Dissolutions
- Coalitions, Dispute Settlement and Amendment
- General Provisions

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Our ambition is to gradually but visibly, establishes a prosperous, industrized and modern nation in which citizens enjoy social, economic and democratic rights, and live in dignity. We envisage that our people will exploit their full potential. The sporting concerts and events will ensure that there is a continuous link between the people and the party organs – This program arises from a desire to ensure our contribution to society goes beyond purely political campaigns. Citizens have a duty to interact in a responsible way from a social and environmental perspective. In this context, one of the questions ODM aims to answer is: how do our activities improve living standards in our communities?

In addition, it makes political sense in the long-term. When managed well this social responsibility can also facilitate achievement of strategically important goals for the party:

- Involvement in project work that tackles real challenges in our communities is a way through which we can increase **staff engagement**, member's loyalty and **pride**.
- Through collaboration in projects we can improve the **dynamism of relationships** with our members and competitors
- As a consequence of positive outcomes from our Corporate social activity, we can enhance ODM's **reputation** among key stakeholders nationally



ORANGE DEMOCRATIC MOVEMENT

REPORT OF THE NATIONAL EXECUTIVE COMMITTEE

The National Executive Committee is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Party as at the end of the financial year and of the operating results of the Party for the year. They are also responsible for ensuring the Party keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Party and for safeguarding the assets of the Party.

The National Executive Committee accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Reporting Standards and in the manner required by the Political party's Act.

The National Executive Committee is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Party and of its operating results. The National Executive Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the National Executive Committee to indicate that the Party will be insolvent in the next twelve months from the date of this statement.

Principal activities

The organization's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

Results

The results of the entity for the year ended June 30, 2015 are set out on page 1


Directors

The National Executive Committee Members who served during the year are shown on page 3

Auditors

The Auditor General is responsible for the statutory audit of the *Orange Democratic Movement* in accordance with the Section 81 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of National Executive Committee


Hon. Ababu Namwamba MP, EGH
Secretary General
Nairobi

Date: 18-09-2015



ORANGE DEMOCRATIC MOVEMENT

VIII. STATEMENT OF THE NATIONAL EXECUTIVE COMMITTEE'S RESPONSIBILITIES

Section 44 of the Public Finance Management Act, 2012 and section require the National Executive Committee to prepare financial statements in respect of Orange Democratic Movement, which give a true and fair view of the state of affairs of the Orange Democratic Movement at the end of the financial year/period and the operating results of the Orange Democratic Movement for that year/period. The National Executive Committee are also required to ensure that the Orange Democratic Movement keeps proper accounting records which disclose with reasonable accuracy the financial position of the Orange Democratic Movement. The National Executive Committee is also responsible for safeguarding the assets of the Orange Democratic Movement.

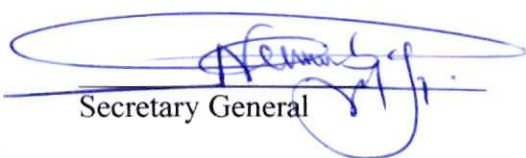
The National Executive Committee is responsible for the preparation and presentation of the *Party's* financial statements, which give a true and fair view of the state of affairs of the Orange Democratic Movement for and as at the end of the financial year (period) ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

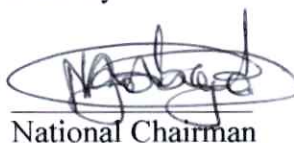
The National Executive Committee accepts responsibility for the *party's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS). The National Executive Committee is of the opinion that the *party's* financial statements give a true and fair view of the state of *party's* transactions during the financial year ended June 30, 2015, and of the *party's* financial position as at that date. The Committee further confirm the completeness of the accounting records maintained for the Orange Democratic Movement, which have been relied upon in the preparation of the *party's* financial statements as well as the adequacy of the systems of internal financial control.

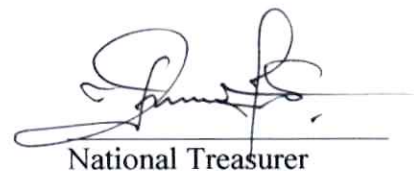
Nothing has come to the attention of the National Executive Committee to indicate that the Orange Democratic Movement will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Orange Democratic Movement's financial statements were approved by the National Executive Committee on 18-09-2015 and signed on its behalf by:


Secretary General


National Chairman


National Treasurer

IX. REPORT OF THE INDEPENDENT AUDITORS ON THE *ORANGE DEMOCRATIC MOVEMENT*

We have audited the accompanying (consolidated) financial statements of *Orange Democratic Movement for the year ended June 30, 2015*, which comprise: (i) a statement of financial performance; (ii) a statement of financial position; (iii) a statement of changes in net assets; (iv) a statement of cash flows; (v) a statement of comparison of budget and actual amounts and (v) a summary of significant accounting policies and other explanatory information.

National Executive Committee's responsibility for the financial statements

The *Orange Democratic Movement's* National Executive Committee is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the *entity's* preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2015, and its financial performance as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Auditor General

Date

ORANGE DEMOCRATIC MOVEMENT

X. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2015

	Note	2014-2015 Kshs	2013-2014 Kshs	
Revenue from non-exchange transactions				
Public contributions and donations	3	27,032,000	20,364,268	<i>IPSAS 1.104, IPSAS 1.106, IPSAS 23.105 (a) (ii)</i>
Transfers from other governments – gifts and services-in-kind	4	136,982,623	78,080,095	<i>IPSAS 1.104, IPSAS 1.106, IPSAS 23.105(a) (ii)</i>
		164,014,623	98,444,363	
Revenue from exchange transactions				
Other income	5	4,280,000	2,655,051	<i>IPSAS 1.104</i>
		4,280,000	2,655,051	<i>IPSAS 1.108</i>
Total revenue		168,284,623	101,099,414	<i>IPSAS 1.104</i>
Expenses				
Employee costs	6	36,083,264	32,069,512	
Depreciation and amortization expense	7	2,323,856	2,837,509	
Repairs and maintenance	8	1,007,375	124,700	
General expenses	9	91,236,222	43,822,534	
Rent Paid		1,694,500	1,680,000	<i>IPSAS 1.102 (b)</i>
Financial Cost	10	261,248	667,896	<i>IPSAS 1.109 - 112, IPSAS 1.106</i>
Grants & Subsidies Paid		31,515,849	11,868,174	
Total expenses		164,122,314	93,070,125	<i>IPSAS 1.104</i>
Surplus before tax		4,172,309	8,029,289	<i>IPSAS 1.102 (d)</i>
Surplus for the period		4,172,309	8,029,289	<i>IPSAS 1.102 (d)</i>
Attributable to:				
Surplus/(deficit) attributable to minority interest		-	-	
Surplus attributable to owners of the controlling entity		-	-	
Surplus /(Deficit) for the period		4,172,309	8,029,289	

The notes set out on pages 6 to 19 form an integral part of the Financial Statements



ORANGE DEMOCRATIC MOVEMENT

XII. STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2014-2015 Kshs	2013-2014 Kshs	
Assets				
Current assets				
Cash and cash equivalents	11	1,087,845	1,644,992	IPSAS 1.88 (i)
Receivables from non-exchange transactions	12	3,461,439	3,011,439	IPSAS 1.29(ii)
Inventories	13	13,955,935	13,955,935	IPSAS 1.12
Investments		-	-	
		18,505,220	18,612,366	IPSAS 1.70, IPSAS 1.76
Non-current assets				
Property, plant and equipment	14	9,773,207	11,688,063	IPSAS 1.88 (a)
		9,773,207	11,688,063	IPSAS 1.70, IPSAS 1.76
Total assets		28,278,427	30,300,429	IPSAS 1.89
Liabilities				
Current liabilities				
Trade and other payables from exchange transactions	15	8,574,069	13,535,038	IPSAS 1.88 (k)
Taxation		-	-	
		8,574,069	13,535,038	IPSAS 1.70
Non-current liabilities				
Deferred tax liabilities		-	-	
		-	-	
Total liabilities		8,574,069	13,535,038	IPSAS 1.89
Net assets				
Reserves		2,356,176	2,356,176	IPSAS 1.88 (o)
Accumulated surplus		21,559,033	17,386,724	IPSAS 1.88 (o), IPSAS 1.94 (f), (g)
Total net assets and liabilities		43,619,567	36,508,291	IPSAS 1.89

The Financial Statements set out on pages 1 to 2 were signed on behalf of the National Executive Committee by:

National Chairman

Date: 18-09-2015

Secretary General

Date: 18-09-2015

ORANGE DEMOCRATIC MOVEMENT

XIII. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2015

	Attributable to the owners of the controlling entity						
	Self insurance reserve	Reserves			Net Surplus/ Deficit	Total	
		Capital replacement development reserve	Housing reserve	Accumulated surplus			
Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	IPSAS 1.53, 63 (d) (e)	
Balance as at 30 JUNE 2012	-	2,356,176	-	(3,638,482)	15,026,458	13,744,152	
Surplus/(deficit) for the period	-	-	-	-	856,374	856,374	IPSAS 1.118 (a) (c),
Transfers to/from accumulated surplus	-	-	-	-	-	-	
Balance as at 30 JUNE 2013	-	2,356,176	-	(3,638,482)	15,882,832	14,600,526	
Surplus for the period	-	-	-	(5,864,424)	11,006,798	5,142,374	IPSAS 1.118(a)©
Transfers to/from accumulated surplus	-	-	-	-	-	-	
Balance as at 30 JUNE 2014	-	2,356,176	-	(9,502,906)	26,889,630	19,742,900	
Surplus for the period	-	-	-	-	4,172,309	4,172,309	IPSAS 1.118(a)©
Transfers to/from accumulated surplus	-	-	-	-	-	-	
Balance as at 30 JUNE 2015	-	2,356,176	-	(9,502,906)	31,061,939	23,915,209	

ORANGE DEMOCRATIC MOVEMENT

XIV. STATEMENT OF CASH FLOWS

	Note	2014-2015 Kshs	2013-2014 Kshs	
Cash flows from operating activities				
Receipts				
Public contributions and donations	3	27,032,000	20,364,268	IPSAS 2.27(a), IPSAS 2.22 (c)
Government grants and subsidies	4	136,982,623	78,080,095	IPSAS 2.27(a), IPSAS 2.22 (d)
Other income, rentals and agency fees	5	4,280,000	2,655,051	IPSAS 2.27 (a), IPSAS 2.22 (a)
		168,294,623	101,099,414	IPSAS 2.27 (a)
Payments				
Compensation of employees	6	36,083,264	32,069,512	IPSAS 2.27 (a), IPSAS 2.22 (g)
Depreciation	7	2,323,856	2,837,509	
Repairs and maintenance	8	1,007,375	124,700	
General Expenses	9	91,236,222	43,822,534	IPSAS 2.27 (a)
Rent paid		1,694,500	1,680,000	IPSAS 2.27 (a), IPSAS 2.22 (f)
Finance cost	10	261,248	667,896	IPSAS 2.27 (a),
Grants and subsidies paid		31,515,849	11,868,174	IPSAS 2.27 (a), IPSAS 2.22 (i)
		164,122,314	93,070,125	
Net cash flows from operating activities		4,172,309	8,029,289	
Cash flows from investing activities				
Purchase of property, plant, equipment and intangible assets		(409,000)	(140,000)	IPSAS 2.25 (a)
Increase in investments		2,323,855	2,837,508	IPSAS 2.25 (c)
Net cash flows used in investing activities		1,914,855	2,697,508	
Cash flows from financing activities				
Proceeds from borrowings		(4,110,527)	(9,318,532)	
Increase in deposits		(2,533,785)	1	
Net cash flows used in financing activities		(6,644,312)	(9,318,531)	
Net increase/(decrease) in cash and cash equivalents		(557,148)	1,408,266	
Cash and cash equivalents at 1 JULY		1,644,992	236,726	
Cash and cash equivalents at 30 JUNE	11	1,087,844	1,644,992	IPSAS 2.56

ORANGE DEMOCRATIC MOVEMENT

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	<i>IPSAS 24.14(a)(b)</i>
	2014-2015	2014-2015	2014-2015	2014-2015	2014-2015	<i>IPSAS 1.53, 63 (c)</i>
	Kshs	Kshs	Kshs	Kshs	Kshs	<i>IPSAS 1.53, 63 (d) (e)</i>
Revenue						<i>IPSAS 24.47 (a)</i>
Property taxes	-	-	-	-	-	
Public contributions and donations	51,260,000	-	51,260,000	27,032,000	24,228,000	
Fines, penalties and levies	-	-	-	-	-	
Licenses and permits	-	-	-	-	-	
Government grants and subsidies	136,800,000	-	136,800,000	136,982,623	(182,623)	
Rendering of services	-	-	-	-	-	
Sale of goods	-	-	-	-	-	
Finance Income	-	-	-	-	-	
Other Income	700,000	-	700,000	4,280,000	(3,580,000)	
Total income	188,760,000	-	188,760,000	168,294,623	20,465,377	
Expenses						
Compensation of employees	45,592,144	-	45,592,144	36,0583,264	9,508,880	
Depreciation	2,173,856	-	2,173,856	2,323,856	(150,000)	
Finance cost	300,000	-	300,000	181,248	118,752	
Rent paid	1,694,000	-	1,694,000	1,694,500	(500)	
Repairs	1,000,000	-	1,000,000	73,205	926,795	
Other payments	87,484,000	-	87,484,000	92,250,392	(4,766,392)	
Grants and subsidies paid	50,516,000	-	50,516,000	31,515,849	19,000,151	
Total expenditure	188,760,000	-	188,760,000	164,122,314	24,637,868	
Surplus for the period	-	-	-	4,172,309	(4,172,309)	

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

The entity 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 the entity and can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

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 entity'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 – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes – IAS 12

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.

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.

Sales tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment – IPSAS 17

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.

f) Leases – IPSAS 13

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets – IPSAS 31

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.

i) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- 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.

h) Financial instruments – IPSAS 29

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

(iii) Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

(iv) Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

IPSAS 29.65

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories – IPSAS 12

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:

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

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

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

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

j) Provisions – IPSAS 19

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.

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.

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.

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

l) Changes in accounting policies and estimates – IPSAS 3

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

m) Employee benefits – IPSAS 25

Retirement benefit plans

The Entity provides retirement benefits for its employees and councillors. Defined contribution plans are post employment benefit plans under which an entity 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.

n) Foreign currency transactions – IPSAS 4

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

o) Borrowing costs – IPSAS 5

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.

p) Related parties – IPSAS 20

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the councilors, the executive mayor, mayoral committee members, the city manager, deputy city manager and senior managers.

q) Service concession arrangements – IPSAS 32

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

r) Cash and cash equivalents

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

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) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Entity'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: e.g

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- 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 36.

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.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

u) Subsequent events – IPSAS 14

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, 2015.

Notes to the Accounts

3. Public contributions and donations

	2015	2014
	Shs	Shs
MPs Contributions	18,750,000	16,171,808
Contribution from Members	7,620,000	4,189,460
MCA Contributions	662,000	3,000
Total transfers and sponsorships	27,032,000	20,364,268

4. Transfers from other governments – gifts and services-in-kind

	2015	2014
	Shs	Shs
Unconditional grants		
Government Political Fund	136,982,623	78,080,095
	136,982,623	78,080,095
Total government grants and subsidies	136,982,623	78,080,095

5. Other income

	2015	2014
	Shs	Shs
Life membership Fees	1,660,000	800,000
Nomination Fees	2,592,000	694,151
Nomination Rules	8,000	900
Tender Purchase	20,000	220,000
Total other income	4,280,000	2,655,051

6. Employee costs

	2015	2014
	Shs	Shs
Employee related costs - salaries and wages	36,083,264	29,321,768
Subsistence and other allowances	-	625,130
Staff welfare	-	89,131
Staff recruitment	-	2,033,483
Employee costs	36,083,264	32,069,512

7. Property, plant and equipment

	2015	2014
	Shs	Shs
Property, plant and equipment	2,323,856	2,837,509
Total depreciation and amortization	2,323,856	2,837,509

8. Repairs and maintenance

	2015	2014
	Shs	Shs
Equipment	73,205	124,700
Leasehold Repairs	934,170	
Total repairs and maintenance	1,007,375	124,700

9. The following are included in general expenses:

	2015	2014
	Shs	Shs
Advertising	1,245,128	588,120
Admin	-	-
Consulting fees	-	-
Professional fees	680,000	23,750
Consumables-cleaning services	-	-
(Electricity) Utilities	99,768	88,547
Fuel and oil	-	-
Insurance- staff medical	369,071	-
Cost of Membership Cards	-	-
Communication and Internet	511,923	336,669
Branch Training ,co ordination and support	1,377,489	815,680
Campaign expenses	36,199,556	4,467,298
Civic Education Expenses	180,300	229,600
Regional Conferences	13,735,793	26,914,240
Party policy and Advocacy	31,075,014	4,831,379
Legal expenses	-	-
Licenses and permits	-	-
NSSF -Employer liability	62,160	50,000
Staff Welfare	77,733	56,624
Postage	23,198	9,420
Office stationery	71,951	20,488
Printing and reproduction	131,048	67,042
Newspapers and Publications	87,120	59,560
Hire charges	-	-
Travel and accommodation	2,019,822	625,130
Security costs	995,280	561,655
Transportation and Motor Expenses	2,177,185	1,993,849
Leaning and Janitorial	36,683	-
Inventory scrapping	-	-
Telecommunication	-	2,033,483
Staff Recruitment	-	-
CMD subs	80,000	50,000
Other	-	-
Total general expenses	91,236,222	43,822,534

10. Finance costs

	2015	2014
	Shs	Shs
Bank charges	181,248	417,696
Audit Fees	80,000	170,000
Total finance costs	261,248	667,696

11. Cash and cash equivalents

	2015	2014
	Shs	Shs
Bank	1,088,670	1,644,957
Cash-on-hand and in transit	(825)	35
Short-term deposits	-	-
Total cash and cash equivalents	1,087,845	1,644,992

12. Receivables from non-exchange contracts

Current receivables

	2015	2014
	Shs	Shs
Property tax debtors	-	-
Other debtors (VAT- Receivable)	3,461,439	3,011,439
Less: impairment allowance	-	-
Total current receivables	3,461,439	3,011,439

13. Inventories

	2015	2014
	Shs	Shs
Consumable stores	13,955,935	13,955,935
Catering	-	-
Total inventories at the lower of cost and net realizable value	13,955,935	13,955,935

14. Property, plant and equipment

	Leasehold Structure	Computers & Printers	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
<i>Cost or Valuation:</i>	Shs	Shs	Shs	Shs	Shs	Shs
As at 1st July, 2012	1,379,506	2,727,248	3,699,870	5,134,005	11,425,690	24,366,319
Additions during the year	-	1,806,690	365,000	64,995	-	2,236,685
As at 30th June 2013	1,379,506	4,533,938	4,064,870	5,199,000	11,425,690	26,603,004
Additions during the year	-	140,000	-	-	-	140,000
As at 30th June 2014	1,379,506	4,673,938	4,064,870	5,199,000	11,425,690	26,743,004
Additions during the year	-	409,000	-	-	-	409,000
As at 30th June 2015	1,379,506	5,082,938	4,064,870	5,199,000	11,425,690	27,152,004
Depreciation and impairment						
At 1 July 2012	492,516	943,344	407,025	1,480,280	5,266,529	8,589,694
Depreciation	88,699	1,077,178	457,231	464,840	1,539,790	3,627,738
At 30 June 2013	581,215	2,020,522	864,256	1,945,120	6,806,319	12,217,432
Depreciation	79,829	796,025	400,077	406,735	1,154,843	2,837,509
At 30 June 2014	661,044	2,816,547	1,264,333	2,351,855	7,961,162	15,054,941
Depreciation	71,846	679,917	350,067	355,893	866,132	2,323,855
At 30 June 2015	732,890	3,496,464	1,614,400	2,707,748	8,827,294	17,378,796
Net book values						
At 30 June 2015	646,616	1,586,474	2,450,470	2,491,252	2,598,396	9,773,208
At 30 June 2014	718,462	1,857,391	2,800,537	2,847,145	3,464,528	11,688,063
At 30 June 2013	798,291	2,513,416	3,200,614	3,253,880	4,619,371	14,385,572

15. Trade and other payables from exchange transactions

	2015	2014
	Shs 000	Shs 000
Trade payables	8,574,069	13,535,038
Total trade and other payables	8,574,069	13,535,038

16. Cash generated from operations

	2015	2014
	Shs	Shs 000
Surplus for the year before tax	4,172,308	8,029,290
Adjusted for:		
Depreciation	2,323,855	2,837,508
Working capital adjustments:		
Increase in inventory	(4,110,527)	(9,318,532)
Increase in payables	(2,533,785)	1
Increase in payments received in advance	-	-
Net cash flows from operating activities	(148,149)	1,548,267