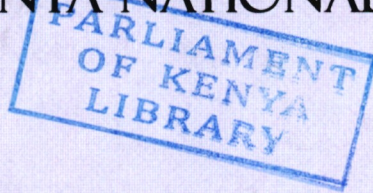


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



**REPORT OF
THE
AUDITOR-GENERAL**



Paper Laid
By Leader of
Majority, Hon
Alex Ombeki
On Wednesday
11/07/2014.

KENYA NATIONAL AUDIT OFFICE

ON

**THE FINANCIAL STATEMENTS OF
KENYA AFRICAN NATIONAL UNION
(KANU) FOR THE YEAR ENDED
30 JUNE 2011**

REPUBLIC OF KENYA



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KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA AFRICAN NATIONAL UNION (KANU) FOR THE YEAR ENDED 30 JUNE 2011

I have audited the accompanying financial statements of the Kenya African National Union party set out on pages 2 to 9, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity 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 Section 8 of the Public Audit Act, 2003 and Section 34(1) of the Political Parties Act, 2007. I have obtained all the information and explanations which, to the best of my knowledge and belief, was necessary for the purpose of audit.

Management's Responsibility for the Financial Statements

The National Executive Committee of the Kenya African National Union party is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal controls as management determines are necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 9 of the Public Audit Act, and 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining 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 assessments 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 Party'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 the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Unsupported Balances

- (i) The Party's statement of comprehensive income reflects administrative expenses of Kshs.5,836,954.00 which includes expenditure of Kshs.2,997,266.00 relating to salaries.
- (ii) The party had creditors and accruals amounting to Kshs.475,000.00 reflected in the statement of financial position which consisted of salaries accruals.

However, no supporting documents were made available for audit verification. Consequently, it has not been possible to ascertain the accuracy of the balances in the financial statements and whether the expenditure was regular.

2. Irregular Administrative Expenditure

The party received Kshs.17,284,842 from the political party's fund, out of which Kshs.5,836,954 was spent on administrative expenses. The expenditure represents about 35% of the funds received from the political parties fund and, therefore, exceeds the 25% limit set out under section 30(1)(f) of the Political Parties Act, 2007. As a result, the party contravened the law.

3. Rent and Rates

During the year, Kshs.1,545,000.00 was paid as rent for the year without lease agreement as required. In the circumstances, it has not been possible to confirm the authenticity and accuracy of the rent payments of Kshs.1,545,000.00 as at 30 June 2011.

4. Incorrect Statement of Cash Flows.

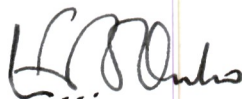
The Party's statement of cash flows as at 30 June 2011 reflects cash and cash equivalent balance of Kshs.20,373.00 instead of Kshs.694,846.00 as tabulated below:-

	Kshs
Net cash and cash equivalents	705,482.00
Cash and cash equivalents as at 1 July 2010	<u>(10,635.00)</u>
Cash and cash equivalents as at 30 June 2011	<u>694,846.00</u>

As a result, it has not been possible to confirm the accuracy of the statement of cash flow for the year ended 30 June 2011.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of the Kenya African National Union as at 30 June 2011 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Political Parties Act, 2007 and Political Parties Regulations, 2009.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 April 2014



KANU

KENYA AFRICAN NATIONAL UNION



**FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30th JUNE 2011**

KENYA AFRICAN NATIONAL UNION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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KENYA AFRICAN NATIONAL UNION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

PARTY'S INFORMATION

Hon. Gideon Moi	National Chairman
Hon. Shadrack Manga	1 st National Vice Chairman
Hon. Nicholas Salat	Secretary General
Dr. E.Nyakiba	National Treasurer
MS Lucy Sadera	Deputy National Treasurer
Mr. Abdulrahman Bafadhil	National Organising Secretary

BANKERS

Cooperative Bank

Parliament Road, Nairobi

REGISTERED OFFICE

Chania Road, off Ring road

Behind Yaya Centre.

AUDITORS:

Auditor General

P.o.box 300084-00100

NAIROBI

KENYA AFRICAN NATIONAL UNION
FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2011

STATEMENT OF THE PARTY'S RESPONSIBILITY

The Political Parties Act, 2011 requires Party officials to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the party as at the end of the financial year and other operating financial activities of the party for the year. It also requires the party officials to ensure that the party keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the party. They are also responsible for safeguarding the assets of the party.

The party officials accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the political parties Act, 2011

The officials are 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 officials further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control, during the year ended 30 June 2011

Nothing has come to the attention of the party officials to indicate that the party and its activities will not remain a going concern for at least the next twelve months from the date of this statement.


Secretary General

Date 16.10.2012

**KENYA AFRICAN NATIONAL UNION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	2011	2010
		KSHS	KSHS
INCOME			
Political Parties Fund		17,284,842	-
Members Contribution		-	5,000
Total Income		17,284,842	5,000
ADMINISTRATIVE			
Party Election Expenses		8,083,866	-
Conference and Facilitation		52,000	-
Administrative Expenses	3	5,836,954	15,635
Total Expenses		13,972,820	15,635
SURPLUS(Deficit) for the year		3,312,022	-10,635

**KENYA AFRICAN NATIONAL UNION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2011**

		2011	2010
	NOTE	KSHS	KSHS
NON-CURRENT ASSETS			
Property, Plant and Equipment	2	<u>2,562,468</u>	<u>-</u>
CURRENT ASSETS			
Cash and Bank Balances		700,054	-10,635
Receivables and Prepayment	4	<u>525,000</u>	<u>-</u>
NET CURRENT ASSETS		1,225,054	-10,635
CURRENT LIABILITIES			
Creditors and Accruals	5	<u>475,500</u>	<u>-</u>
Net Current Assets		749,554	-10,635
TOTAL ASSETS		3,312,022	-10,635
Represented By:			
Accumulated Fund		3,312,022	-10,635

These Accounts were approved by the NEC and signed on its behalf by:

Secretary General 

Date 16.10.2012

**KENYA AFRICAN NATIONAL UNION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	KSHS	KSHS
Balance as at 1 July	-	-
Surplus(Deficit)for the year	<u>3,312,022</u>	<u>-10,645</u>
Balance as at 30 June	<u>3,312,022</u>	<u>-10,645</u>



**KENYA AFRICAN NATIONAL UNION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	KSHS	KSHS
CASH FLOWS FROM OPERATING ACTIVITIES		
Aurplus (Deficit) for the year	3,312,022	-10,635
Adjustment for Non-Cash Movements		
Add: Depreciation	431,427	-
	<u>3,743,449</u>	-
Increase in Creditors and Accruals	475,500	-
Net Cash flows from operating activities	<u>3,267,949</u>	-
CASH FLOWS FROM FINANCINNGACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES	<u>2,562,468</u>	-
NET INCREASE IN CASH AND CASH EQUIVALENT	705,481	
Cash and Cash Equivalents at 1 july July	700,054	-
Cash and Cash Equivalents at 30 June	<u><u>20,373</u></u>	-

**KENYA AFRICAN NATIONAL UNION
NOTES TO THE FINANCIAL STATEMENTS.
FOR THE YEAR ENDED 30 JUNE 2011**

1. a) ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Reporting Standards.

b)Basis of Accounting

KANU Prepares kits financial statements on accrual basis using Historical Cost Convention

C.) Depreciation of Fixed Assets

The Party's Policy is to provide no depreciation in the year of acquisition and full depreciation in the year of disposal at the following rates:-

Computers and Accessories.....	30%
Furniture and Fittings.....	12.5%
Equipments.....	12.5%

2. PROPERTY, PLANT AND EQUIPMENT

	COMPUTER & ACCESSORY	FURNITURE & FITTINGS	EQUIPMENT	TOTAL
COST				
AST AT 01.07.2010	-	-	-	-
ADDITIONS DURING YEAR	326,800	2,597,446	69,849	2,993,895

AS AT 30.06.2011	326,800	2,597,446	69,849	2,993,895
DEPRECIATION				
CHARGE FOR THE PERIOD	98,040	324,681	8,706	431,427
AS AT 30.06.2011	228,760	2,272,765	61,143	2,562,468
NET BOOK VALUE AS AT 30.06.2011	228,760	2,272,765	61,143	2,562,468

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3. ADMINISTRATIVE EXPENSES

Rent	1,545,000
Salaries	2,997,266
Depreciation	431,427
Telephone and Faxes	194,890
Electricity and Water	157,859
Legal Services	86,200
Printing and stationary	59,541
Security Services	66,400
Subscriptions	80,000
General Office Expenses	129,902
Travel and Subsistence	21,569
Transport	8,966
Bank Charges	37,834
Medical Expenses	20,100
Total	<u>5,836,954</u>

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**KENYA AFRICAN NATIONAL UNION
 NOTES TO THE ACCOUNTS (CONTINUED)
 OR THE YEAR ENDED 30.06.2011**

	2011	2010
	KSHS	KSHS
4. Receivables and Prepayment		
Prepaid Expenses	525,000	-
Receivables	-	-
As per Financial Position	<u>525,000</u>	<u>-</u>
5. Creditors and Accruals		
Staff Salaries	475,000	-
Total	<u>475,000</u>	<u>-</u>