


REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

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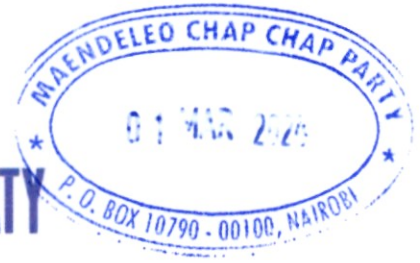
THE AUDITOR-GENERAL

ON

MAENDELEO CHAP CHAP PARTY

**FOR THE YEAR ENDED
30 JUNE, 2023**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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MAENDELEO CHAP CHAP PARTY
Inawezekana na Itawezekana

MAENDELEO CHAP CHAP PARTY

ANNUAL REPORT AND STATEMENTS

FOR THE FINANCIAL PERIOD

30TH JUNE, 2023

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



MCCP HEADQUARTERS

WVENT ROAD, HSE NO.38, LAVINGTON.
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MAENDELEO CHAP CHAP PARTY
PARTY INFORMATION

Registered office

House No. 12, Riara road
Off Ole Ndume road, Kilimani
Nairobi.

Management Team

National Chairperson-Vacant(Deceased)
National Deputy Chairperson-Hon. Rashid Mahat
Secretary General-Wilfred Nyamu
Deputy Secretary General-Angela Ndungu
National Treasurer-Jane Kendi
National Organizing Secretary-Ali Yare
National Women's Leader-Sitato Magelo
National Youth Leader-Kevin Munene
Party Executive Director (Secretary to NMC)- Mary Mueni Mutuku

Auditors

Auditor-General
Office of the Auditor General
P O Box 30084 - 00100
Nairobi.

Bankers

Cooperative Bank
Lavington Branch
Nairobi.

Contacts

0723537955

0717828137

MAENDELEO CHAP CHAP PARTY
MANAGEMENT COMMITTEE'S REPORT

The Management Committee submit their report together with the audited financial statements of the Party for the year ended 30th June, 2023.

Results for the year

The results for the year are as shown on page 6.

Management Committee

The officials who served office during the year and to the date of this report were:

National Deputy Chairperson-Hon. Rashid Mahat
Secretary General-Wilfred Nyamu
Deputy Secretary General-Angela Ndungu
National Treasurer-Jane Kendi
National Organizing Secretary-Ali Yare
National Women's Leader-Sitato Magelo
National Youth Leader-Kevin Munene

Terms of appointment of the auditor

The Auditor General is responsible for the Statutory audit of Maendeleo chap chap party in accordance with article 229 of the Constitution of Kenya and public Audit Act 2015 to carry out the Audit of Maendeleo Chap Chap Party for the year ended 30th June 2023.

By order of the board



VICE Chairperson
Mahat Rashid



Hon Secretary
WILFRED NYAMU NATI



Hon Treasurer
Jane Kendi

Date: 1st March, 2024



MAENDELEO CHAP CHAP PARTY
STATEMENT OF MANAGEMENT COMMITTEES'S RESPONSIBILITIES

The management 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 club as at the end of the financial year and of the club's operating results for that year. It also requires the management committee to ensure the club keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the club. They are also responsible for safeguarding the assets of the club.

The management committee accepts responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, selecting and applying appropriate accounting policies and making accounting estimates and judgements that are reasonable in the circumstances.

The management committee is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31st December 2022 and of its surplus/(deficit) and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act.

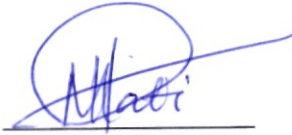
Nothing has come to the attention of the management committee to indicate that the club will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the board of directors on 1st March, 2024 and signed on its behalf by:



Chairperson

RASHID MAHAT



Hon Secretary

WILFRED NYAMU MATI



Hon Treasurer

JANE KENDI





REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON MAENDELEO CHAP CHAP PARTY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Maendeleo Chap Chap set out on pages 6 to 17, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in

equity, 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, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Maendeleo Chap Chap Party as at 30 June, 2023, 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 do not comply with the Political Parties Act, 2011 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements submitted for audit revealed the following anomalies and inaccuracies;

- i. The financial statements were not supported by a trial balance.
- ii. The statement of financial position reflects a cash and cash equivalent balance of Kshs.201,122 which differs with the amount of Kshs.379,443 reflected in the corresponding Note 12 to the financial statements. Further, the cash and cash equivalent balance of Kshs.201,122 differs with the balance of Kshs.219 reflected in the statement of cash flows. No explanation was provided for the variances.
- iii. The statement of financial performance reflects a surplus income of Kshs.733,451 instead of the re-casted amount of Kshs.2,004,991 thus understating the surplus by Kshs.1,271,540.
- iv. The statement of financial position reflects trade and other payables balance of Kshs.1,257,500 while the corresponding Note 14 to the financial statements reflects a balance of Kshs.1,711,291 resulting to an unexplained variance of Kshs.453,791.
- v. The statement of financial position reflects property, plant and equipment balance of Kshs.1,081,528 while the disclosure Note 13 to the financial statements reflects a balance of Kshs.1,244,017. The resultant difference of Kshs.162,489 was not explained.
- vi. The statement of financial performance reflects a balance of Kshs.202,165 under other operating expenses which as disclosed in Note 7 to the financial statements, relates to depreciation charge on property, plant and equipment. However, the depreciation rates as per the depreciation policy of 33%, 12.5% and 30% for loose tools, furniture and equipment respectively on reducing balances were not applied casting doubt on the accuracy of the depreciation charge of Kshs.202,165.
- vii. The statement of financial position reflects trade and other receivables balance of Kshs.2,081,670 in respect of member's subscription fees which differs with the re-casted Nil balance reflected in the corresponding Note 11 to the financial statements.

- viii. The Secretary General's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Corporate Social Responsibility Statement, and Report of the National Executive Council listed under the Management Committee Report in the Table of Contents are missing in the body of the Annual Report.
- ix. Other anomalies includes; missing Page 5 on the Independent Auditors report; Income tax expense is referenced to Note 14 to the financial statements instead of Note 15; Trade and other payables is referenced to Note 13 of the financial statements instead of Note 14 while the statement of comparison of budget and actual amounts omitted the actual on comparable basis, performance difference and % utilization columns.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Maendeleo Chap Chap Party Management in accordance with ISSAI 130 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 adverse opinion.

Emphasis of Matter

Unaudited Comparative Balances

I draw your attention to the fact that prior to 2022/2023 financial year, only the financial statements of political parties funded from public funds were being audited pursuant to Article 229(4)(f) of the Constitution of Kenya, which mandates the Auditor-General to audit political parties funded from public funds. Although the financial statements presented for audit reflects comparative balances for the year ended 30 June, 2022, 2022/2023 financial year is considered as the first year of audit hence the audit procedures undertaken did not cover the prior year balances.

My opinion is not modified in respect of this matter.

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. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of

Public Resources and sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

1. Non-Adherence to Fiscal Responsibility Discipline on Administrative and Staff Expenses

During the year under review, the Party incurred administrative expenses totalling Kshs.5,640,920, out of which an amount of Kshs.4,093,680 or 65% was charged from funds received from Political Parties Fund. This was contrary to Section 26(1)(f) of the Political Parties Act, 2011 which states that administrative and staff expenses of the political party shall not be more than thirty per cent of the moneys allocated to the political party from the Political Parties Fund.

In the circumstances, the Management was in breach of the law.

2. Uncommunicated Changes in Offices Location

The Party moved its Headquarters from Lavington to Kilimani in Nairobi without publishing the change of location in two (2) daily newspapers of nationwide circulation as required under Section 20(1)(e) of the Political Party Act, 2011. Further, the new office has no signage for the party on the building or on the road making it difficult for members to access or locate.

In the circumstances, Management was in breach of the law.

3. Failure to Establish Branch Offices

Physical inspection in thirty-eight (38) counties revealed that the Party had only three (3) County offices. This was contrary to Section 7(f)(iii) of the Political Parties Act, 2011 which states that a political party shall be qualified to be fully registered if it has submitted to the Registrar the location and addresses of the branch offices of the political party, which shall be in more than half of the Counties.

In the circumstances, the Management was in breach of the law.

4. Failure to Maintain Records on Volunteer Staff Allowances

During the year under review, Management did not maintain records for payments of volunteer staff allowances. This was contrary to Section 17(1)(g)(iv) of the Political Parties Act, 2011 which requires a political party to maintain an accurate and authentic record of indirect contributions to the party and all receipts and disbursements, including income and expenditure transactions of the political party.

In the circumstances, the Management was in breach of the law.

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, because of the significance of the matter discussed in the Basis for Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, internal controls, risk management and governance were not effective.

Basis for Conclusion

Failure to Tag Assets

The Party had property, plant and equipment with a net book value of Kshs.1,081,528 as at 30 June, 2023. However, the Party's assets were not tagged with unique identifiers. This was contrary to The National Treasury guidelines on asset and liability management in the Public Sector which provides that all assets purchased shall be identified/tagged upon receipt from suppliers and the tag number of each asset to be included in the asset register before they are issued out to user departments.

In the circumstances the effectiveness of the internal controls and risk management on assets could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the ability of the Party to sustain its services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the Party or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Party's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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 controls 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 (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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the applicable 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 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 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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 Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

25 June, 2024

MAENDELEO CHAP CHAP PARTY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2023

	Notes	2023 Kshs.	2022 Kshs.
Revenue	4	7,880,606	11,483,980
Other operating income	5	-	-
Administrative expenses	6	(5,640,920)	(10,326,567)
Other operating expenses	7	(202,165)	(162,490)
Finance costs	8	(32,530)	(22,640)
Surplus before tax		<u>733,451</u>	<u>(27,717)</u>
Income tax expenses	14	-	-
Surplus for the year		<u>733,451</u>	<u>(27,717)</u>

Note:

The notes on page 10 to 16 form part of these financial statements.

Mahiri
.....

Name:
Accounting Officer

Date *1st March, 2024*

Keter
.....

Name: CPA Keter Kipkoech Kelly
Head of Finance
ICPAK M/No: 27619
Date : 24/02/2024


Wilfred
.....
Name: *Wilfred Nyamu Mati*
Chairman of the Board


Date *1st March, 2024*




**MAENDELEO CHAP CHAP PARTY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2023**

	General fund	Total
	Kshs.	Kshs.
At 1 July 2021	1,401,086	1,401,086
Net surplus for the year	(27,717)	(27,717)
At 30 June 2022	1,373,369	1,373,369
At 1 July 2022	1,373,369	1,373,369
Net surplus for the year	733,451	733,451
At 30 June 2023	2,106,820	2,106,820


 Name: **HARRISON OMBONGI**
 Accounting Officer
 Date **1st March, 2024**


 Name: CPA Keter Kipkoech Kelly
 Head of Finance
 ICPAK M/No: 27619
 Date : 24/02/2024


 Name: **Wilfred Nyamu Ndati**
 Chairman of the Board
 Date **1st March, 2024**




**MAENDELEO CHAP CHAP PARTY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2023**

	<i>Notes</i>	2023 Kshs.	2022 Kshs.
ASSETS			
Current Assets			
Trade and other receivables	11	2,081,670	1,770,000
Cash in hand and at bank	12	201,122	283,686
Current tax receivable	7	-	-
		<u>2,282,792</u>	<u>2,053,686</u>
Non-Current Assets			
Property, plant and equipment	13	<u>1,081,528</u>	<u>1,037,693</u>
		<u>1,081,528</u>	<u>1,037,693</u>
TOTAL ASSETS		<u>3,364,320</u>	<u>3,091,379</u>
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	<u>1,257,500</u>	<u>1,880,500</u>
		<u>1,257,500</u>	<u>1,880,500</u>
Equity			
General fund		<u>2,106,820</u>	<u>1,373,369</u>
		<u>2,106,820</u>	<u>1,373,369</u>
TOTAL EQUITY & LIABILITIES		<u>3,364,320</u>	<u>3,253,869</u>

The financial statements on pages 6 to 16 were approved for issue by the board of directors on 1st March, 2024 and were signed on their behalf by:



VICE Chairperson
Mahat Rashid


Hon Secretary
WILFRED NYAMU MATI


Hon Treasurer

Jane Kendi




Name: CPA Keter Kipkoach Kelly
Head of Finance
ICPAK M/No: 27619
Date : 24/02/2024

**MAENDELEO CHAP CHAP PARTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2023**

	2023 Kshs.	2022 Kshs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus for the year	733,451	(27,717)
<i>Adjustments for non-cash income and expenses:-</i>		
Depreciation	202,165	162,490
Income tax expense	-	-
Operating surplus before working capital changes	<u>935,616</u>	<u>134,773</u>
<i>Changes in operating assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(311,670)	(1,770,000)
Increase/(decrease) in trade and other payables	(623,000)	1,880,500
Cash generated from operations	<u>946</u>	<u>245,273</u>
Tax paid	-	-
Net cash from/(used in) operating activities	<u>946</u>	<u>245,273</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant and Equipment	(246,000)	-
Net cash from/(used in) investing activities	<u>(246,000)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
<i>Net cash from/(used in) financing activities</i>	<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	<u>(245,054)</u>	<u>245,273</u>
Cash and cash equivalent at beginning of year (Note 12)	<u>245,273</u>	<u>-</u>
Cash and cash equivalent at end of year (Note 12)	<u>219</u>	<u>245,273</u>

Harrison
Name: HARRISON OMBENGA
Accounting Officer

Date 1st March, 2024

Keter
Name: CPA Keter Kipkoech Kelly
Head of Finance
ICPAK M/No: 27619
Date : 24/02/2024

W. Nyamu Mati
Name: Wilfred Nyamu Mati
Chairman of the Board
Date 1st March, 2024



MAENDELEO CHAP CHAP PARTY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AS AT 30TH JUNE 2023

Political Parties Fund	Original Budget	Actual Budget	Performance difference
Income	Kshs.	Kshs.	Kshs.
Expected Inflows	12,666,731.00	6,334,366.00	6,332,365.00
Expenditure			
Administration Expenses	3,800,019.30	3,411,470.50	388,548.80
Broadcasting Policies & Shaping Public Opinion	1,266,673.10	1,237,900.00	28,773.10
Promoting Representation of SIGs	3,800,019.30	439,120.00	3,360,899.30
Promoting Active Participation by citizens in political life	2,533,346.20	1,215,450.00	1,317,896.20
Electoral Expenses	1,266,673.20	-	1,266,673.20
	12,666,731.10	6,303,940.50	6,362,790.60
	(0.10)	30,425.50	

1 General information

The Maendeleo chap chap party was formed in 2015 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

2 Basis of preparation and summary of significant accounting policies

These financial statements have been prepared on an Accrual Basis of Accounting method under the International Public Sector Accounting Standards (IPSAS). They are presented in Kenya Shillings(Kshs). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

a Revenue recognition

Revenue from non-exchange transactions

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. 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 Impairment of tangible assets

At each balance sheet date, the company reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount represents the greater of the net selling price and the value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognised in income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

c Property, plant & equipment

All categories of property, plant and equipment, including investment property, are measured at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance is charged to the profit and loss account in the year to which it relates.

Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

Loose Tools	33.0%
Furniture & Fittings	12.5%
Computers	30.0%

2 Significant accounting policies (continued)

c Property, plant & equipment (continued)

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

d Intangible assets

Intangible assets are purchased computer software that is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortised over its estimated life of three years using the straight-line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

e Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

f Cash and Cash equivalents

These comprise cash on hand and at bank, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to and insignificant risk of changes in value.

These comprise cash on hand and at bank.

g Financial assets

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument (trade date).

Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables

Trade payables are settled at their nominal value.

Equity instruments

Equity instruments issued by the company are recorded at proceeds received, net of direct issue costs.

2 Significant accounting policies (continued)

g Financial assets (continued)

Investments in quoted shares are initially recognised at the transaction price and subsequently measured at fair value, with changes in fair value being recognised in profit or loss. Fair value is determined using the quoted bid price at the reporting date.

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

h Financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities are initially recognised at the transaction price (including transaction costs).

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

i Current Taxation

The tax currently payable is based on taxable profit for the year. Taxable profits defer from net profit as reported in the income statement as it is adjusted in accordance with tax legislation. The company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

The company is a management company and carries forward all surpluses/deficits and thus, is not applicable for tax purposes.

i Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

k Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profits defer from net profit as reported in the income statement as it is adjusted in accordance with the Kenyan Income Tax Act. The company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on the differences between the carrying amounts of the assets and the liabilities in the financial statements on the corresponding tax bases used in the computation of the taxable profit (known as temporary differences), and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profits in the future and only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**MAENDELEO CHAP CHAP PARTY
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2 Significant accounting policies (continued)

k Income Tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authorities and an entity within the company intends to settle its current tax assets and liabilities on a net basis.

l Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified.

3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying company's accounting policies. The critical areas of accounting estimates and judgments in relation to the preparation of these financial statements are as set out below:

a Property and equipment

Critical estimates are made by the executive members in determining the useful lives and residual values of property, plant and equipment based on the intended useful lives of the assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

4 Revenue	2023 Kshs.	2022 Kshs.
a Revenue from Non-exchange transaction	-	-
b Nomination fees & members contribution	1,197,240	7,483,980
c Friends of the party contribution	350,000	4,000,000
d Political Parties Fund	<u>6,333,366</u>	<u>-</u>
	<u>7,880,606</u>	<u>11,483,980</u>
	2023 Kshs.	2022 Kshs.
5 Other operating income		
Interest received	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	2023 Kshs.	2022 Kshs.
6 Administration expenses		
Employment:		
Volunteer Allowances	<u>1,214,704</u>	<u>2,088,000</u>
Total employment costs	<u>1,214,704</u>	<u>2,088,000</u>
Other administration costs:		
Rent	2,149,000	2,880,000
Internet/Telephone/DSTV	216,166	146,000
Computer expenses	-	29,348
Security	127,500	120,000
Meetings and public rallies	-	1,511,000
Strategic committee/NGC/NEC meetings	1,615,450	300,000
Elected leaders meetings allowances	-	800,000
Aspirants meetings	-	2,174,219
Party Nominations expenses	-	50,000
Service/Utility cost	127,580	108,000
Office Expenses	190,520	120,000
Travelling expenses	-	-
Total other administration expenses	<u>4,426,216</u>	<u>8,238,567</u>
	<u>5,640,920</u>	<u>10,326,567</u>

MAENDELEO CHAP CHAP PARTY
NOTES TO THE FINANCIAL STATEMENTS
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	2023 Kshs.	2022 Kshs.	
7 Other operating expenses			
Depreciation of property, plant & equipment	<u>202,166</u>	<u>162,490</u>	
	202,166	162,490	
8 Finance costs			
Bank charges and commission	<u>32,530</u>	<u>22,640</u>	
	32,530	22,640	
9 Surplus/(deficit) before tax			
The following items have been recognised as expenses (income) in determining surplus/(deficit) before tax:			
	2023 Kshs.	2022 Kshs.	
Depreciation of property, plant and equipment	202,166	162,490	
10 Property, plant and equipments (refer to page 17)			
	2023 Kshs.	2022 Kshs.	
11 Trade and other receivables			
Other receivables	-	-	
Deposits and Prepayments	<u>-</u>	<u>-</u>	
	2,081,670	1,770,000	
12 Cash and cash equivalents			
	At 1 July 2022 Kshs.	Cash Flows Kshs.	At 30 June 2023 Kshs.
Cash in hand	-	-	-
Cash at bank	283,686	95,757	379,443
Fixed deposit	-	-	-
	<u>283,686</u>	<u>95,757</u>	<u>379,443</u>

**MAENDELEO CHAP CHAP PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023**

13 Property, plant and equipments (refer to page 17)

	2023 Kshs.	2022 Kshs.
14 Trade and other payables		
Trade payables	1,711,291	1,880,500
Other payables	-	-
Accrued expenses	-	-
	<u>1,711,291</u>	<u>1,880,500</u>

15 Taxation

a Income Statement

	2023 Kshs.	2022 Kshs.
Current tax applicable rate 30%	-	-
Tax charge	-	-

b Statement of financial position

At 1 July 2022	-	-
Corporation tax for the year	-	-
Tax Paid	-	-
Withholding tax paid	-	-
At 30 June 2023	<u>-</u>	<u>-</u>

c Reconciliation of tax charge to expected tax based on accounting surplus/(deficit)

Accounting surplus/(deficit) before tax	<u>620,470</u>	<u>(27,717)</u>
Tax applicable rate of 30%	186,141	(8,315)
Tax effect of (expenses not deductible for tax)/non Adjustments	<u>(186,141)</u>	<u>8,315</u>
Current tax charge	<u>-</u>	<u>(0)</u>

16 Contingent liabilities

There were no contingencies at the year end.

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13 Property, plant and equipment

	Loose Tools	Furniture & Fittings	Computers	Total
COST				
At 1 July 2021	28,539	1,274,197	59,936	1,362,672
At 30 June 2022	28,539	1,274,197	59,936	1,362,672
At 1 July 2022	28,539	1,274,197	59,936	1,362,672
Additions	-	195,000	51,000	246,000
At 30 June 2023	28,539	1,469,197	110,936	1,608,672
Accumulated Depreciation and Impairment				
At 1 July 2021	-	-	-	-
Charge for the Year	7,081	141,577	13,831	162,489
At 30 June 2022	7,081	141,577	13,831	162,489
At 1 July 2022	7,081	141,577	13,831	162,489
Charge for the Year	7,081	165,953	29,132	202,166
At 30 June 2023	14,162	307,530	42,963	364,655
CARRYING AMOUNT				
At 30 June 2023	14,377	1,161,667	67,973	1,244,017
At 30 June 2022	21,458	1,132,620	46,105	1,200,183

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