

REPUBLIC OF KENYA



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**REPORT**

THE NATIONAL ASSEMBLY PAPER 141D	
DATE: 18 SEP 2024	DAY: Wednesday
TABLED BY:	Hon. Owen Baya, MP leader Deputy, Majority party
CLERK AT THE TABLE:	Finlay Muriuki

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KENYA UNION PARTY**

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

**Kenya Union Party  
Annual Reports and Financial Statements  
For the year ended June 30, 2023**

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**KENYA UNION PARTY (KUP)  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

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

**Kenya Union Party**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2023**

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## **1.ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS**

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor
KUP	Kenya union Party
NEC	National Executive committee

### **B: Glossary of Terms**

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation.

Comparative Year- Means the prior period.

## **2. KEY INFORMATION AND MANAGEMENT**

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

Kenya union party (Kenya Union Party) was founded in 2021 by Kenyans with a vision to create a prosperous nation built on a firm foundation of justice, equality, freedom and inclusiveness for the peaceful coexistence and wellbeing of the individual, the family, communities and the Nation.

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

The principal activity /mission of Kenya Union Party is to create, build and foster a democratic state governed by the principles of devolution of power, the rule of law and the participation of the people in the affairs of the state and Governance for social cohesion, integration and sustainable development of the nation

### **(c) Key Management**

The Party day-to-day management is under the following key organs:

- ❖ Chairperson
- ❖ Secretary general
- ❖ Treasurer
- ❖ Deputy treasurer
- ❖ Executive director(Acting)

### **(d) Fiduciary Management**

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

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Chairperson	<b>Lipale Geoffrey</b>
2.	Secretary General	<b>Powon L. Kapello</b>
3.	Treasurer	<b>Jacob Lisoreng yarangole</b>
4.	Deputy Treasurer	<b>Pauline chemtai</b>

### **(e) Fiduciary Oversight Arrangements**

- National Executive Committee
- Budget Committee activities
- Procurement Committee
- Audit Committee
- National Elections Board
- National Governing Council

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- Office of The Registrar of Political Parties
- Auditor General

**d) Party Headquarters**

Kenya Union Party  
P.O. Box 2345-00100  
Transnational bank Building  
Harambee Avenue  
Nairobi, KENYA

**e) Party Contacts**

Telephone: (254) 727765401  
E-mail: pkenyaunion@gmail.com  
Website: www.Kenya union party.com

**f) Party Bankers**

Equity Bank of Kenya  
Kapenguria Branch  
P.O. Box 400-30600  
Kapenguria

**g) Independent Auditor**

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

**h) Principal Legal Adviser**

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

### 3.THE NATIONAL EXECUTIVE COMMITTEE

S/No	Designation	Name
1.	Chairman	Lipale Geoffrey
2.	Vice Chairperson	Kariwoi Jackson
3.	Secretary General	Powon L. Kapello
4.	Deputy Secretary General	David Kareng Kaparo
5.	National Treasurer	Lisoreng Jacob
6.	Deputy Treasurer	Pauline Chemtai
7.	Organising secretary	Musa Locham Ewoi
8.	Director of Election	Ng'oriarita Plimo Jonathan
9.	Deputy Director of Elections	Achokor Geoffrey
10.	Women League Chairperson	Natuch Christine
11.	Youth Pioneer Chairperson	Justine Amimo Nyongesa



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**4. KEY MANAGEMENT TEAM**

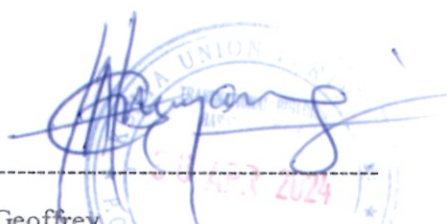
<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Secretary General	<b>Powon L. Kapello</b>
2.	Treasurer	<b>Jacob Lisoreng yarangole</b>
3.	Deputy Treasurer	<b>Pauline chemtai</b>
4.	Consultant for financial and accounting matters	<b>Kangethe and associate</b>

## **5. CHAIRMAN'S STATEMENT**

In the pursuit of the foregoing obligations and exercising its mandate under Kenya Union Party constitution, the party NEC approved the work plan and annual budget for the financial year under review. Hence I am delighted to present the financial reports for the Kenya union party for the year ended 30<sup>th</sup> June 2023. Being a newly registered party and this being the first financial reports, I would like to congratulate Kenya Union Party Secretariat and NEC for the good work. I would like to appreciate all the members of Kenya Union Party without whom it would not have been possible for us to achieve the results for the year under review

As the chairman I appreciate the support accorded to me by my fellow party officials and I thank them for their invaluable advice and support. I would also like to thank the government and the registrar of political parties for their support

Signed

  
-----  
Lipale Geoffrey  
National Chairman

Date: -----  


## **6. THE STATEMENT OF THE SECRETARY GENERAL**

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

Signed on behalf of the CEO

  
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Powon L. Kapello  
Secretary General

Date 30-04-2024



**7.STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/23**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government Kenya Union Party's performance against predetermined objectives.

We wish to present the annual report on the Party's financial performance during the year ended June 30<sup>th</sup> 2023. As we are all aware, the National Executive Committee is required to prepare financial statements for each financial year. They are also responsible for ensuring that 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 period under review was an election and campaign year with many challenging activities; however, we have managed within the stipulated timelines to finalize and to table the required reports. The same is a response to the resolutions of the National Executive Committee and the approved work plan for the Party during the period under review. During the year under review success in Party activities was effectively achieved through financial probity. Existing controls and checks were considered sufficient to provide a reasonable assurance of compliance with the political parties Act and the international Accounting Standards.

The increased spending was used for purposes compatible with the Political Parties Act, 2011 in furtherance of the objectives of the party as highlighted in the financial accounts reports

We report from onset that nothing has come to our attention to indicate that the Party will be insolvent in the next twelve months from the date of this statement. We have 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 for the period 2022/2023.

We therefore forward the financial statements to the Registrar of Political Parties and Auditor General's Office in compliance with the law for their audit.

Much of the income and expenditure drivers and variances for the period ended 30<sup>th</sup> June 2023 as compared to the previous year only attributable to the election nomination income and election expenses.

## **8. CORPORATE GOVERNANCE STATEMENT**

Corporate governance is the process by which the party is directed and controlled and held accountable in order to achieve long term value for its members and all stakeholders .The national executive committee members of Kenya union party is responsible for the governance of the party and its accountable to the members for ensuring that the party complies with the law and highest standards of business ethics and corporate governance practise .Kenya union party is committed to operating in accordance with the best practise in political integrity and ethics and maintaining the highest standards of financial reporting and corporate governance

The party has defined procedures and financial controls to ensure reporting and accurate accounting information. These covers systems for obtaining authority for all transactions and for ensuring compliance with the laws and regulations that have significant financial implications. The party has developed a raft of policies and regulations to guide its operations in a standardised and predictable manner.

Kenya Union Party 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 Kenya Union Party 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 Kenya Union Party.

**9. MANAGEMENT DISCUSSION AND ANALYSIS**

**Kenya Union Party’s operational and financial performance**

The Party is supported by the National Government through the Office of Registrar of Political parties by way of transfer of funds for operational use. These funds are channelled to the Party through its bank account after it has been budgeted for and approved by the National Executive Committee. During the year, the Registrar of Political parties transferred a total of Ksh 5,694,772 million. The Party also realized Ksh 334,448 from public contributions and donations.

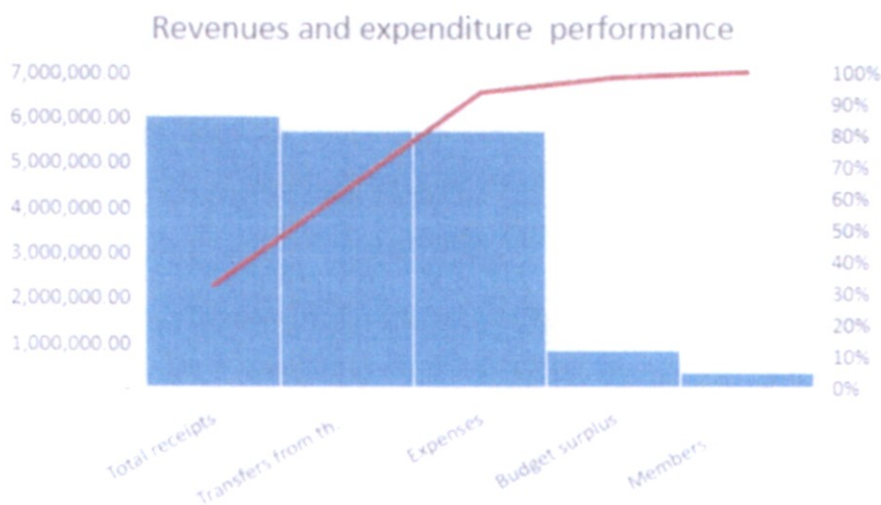
**Summary of financial results;**

**i. Revenue**

**a. Tabulated revenues**

S/No.	Description	2023	2022
1	Transfers - Office of Registrar of Political parties	5,694,772	0
2	Public contributions and donations	334,448	
3	Miscellaneous Income	0	00
4	<b>Total revenue</b>	<b>6,029,220</b>	<b>0</b>

Revenue and expenditure table.



## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Kenya Union Party exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the Citizen first, delivering relevant services, and improving operational excellence.

### **Statement of General Policy**

The Kenya Union Party fully accepts the obligations placed upon it by the various Acts of Parliament covering Environment sustainability, health, and safety. The Party requires its SG to ensure that the policy is implemented and to report to the National Executive Committee annually on its effectiveness. Kenya Union Party recognizes and accepts its responsibility as a Political Party to maintain, so far as is reasonably practicable, the environment, safety, and health of its employees, and of other persons who may be affected by its' political activities." Kenya Union Party believes that consideration of the environment, health, safety, and welfare of staff is an integral part of the management process. The provision of the environment, Health and Safety at the party headquarters and the branches is great importance. Responsibility for environment, health and safety matters are explicitly stated in management job descriptions. The Party requires managers to approach environment, health, and safety in a systematic way, by identifying hazards and problems, planning improvements, taking executive action and monitoring results so that the majority of environment, health and safety needs are met from locally held budgets as part of day-to-day management, although many environment, health and safety problems can be rectified at little additional cost.

For major additional expenditure, cases of need will be submitted by sg to the Executive Director. If unpredictable environment, health and safety issues arise during the year, the Executive Director must assess the degree of risk, in deciding the necessary resources and actions to commit to addressing these issues.

### **Environment, Health, Safety and Welfare Guidelines**

It is the policy of the party to require directors to produce appropriate environment, health and safety policies or guidelines. We embody the minimum standards for environment, health and safety for the department and the work organized within it. It shall be the responsibility of the director to bring to the attention of all members of his or her staff, the provisions of the guidelines, and to consult with appropriate environment ,health

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and safety bodies about the updating of these guidelines. The model contents of a guideline are:

- Clear statement of the role of the department.
- Regulations governing the work of the department.
- Clear reference to safe methods of working, for example election procedures,
- Environmental safety rules.
- Fire procedures
- Thuggery and hooligans' containment and reporting.
- Policies agreed by the party
- Information about immediate matters of environment, health, and safety concern, such as fire drills, fire exits, first aid.

The role and Kenya Union Party of the environment, health, and safety representative

Signed on behalf of the Kenya Union Party



Powon L. Kapello  
Secretary General

Date 30-4-2024



## **10. REPORT OF NATIONAL EXECUTIVE COMMITTEE (NEC)**

The National Executive committee submit their annual report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Party's affairs.

### **i) Principal activities**

The principal activities of the Party, derived from the Political Parties' Act, 2011, is to promote active political participation by citizens with general view of assuring national values and principles of governance enshrined in the Constitution of Kenya.

### **ii) Results**

The results of the Kenya Union Party for the year ended June 30, 2023 are set out on pages 1-5.

### **iii) National Executive Committee**

The members of the National Executive Committee (NEC) who served during the year are shown on page v.

### **iv) Auditors**

The Auditor General is responsible for the statutory audit of the Kenya Union Party in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Kenya Union Party for the year/period ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf

By Order of the National Executive Committee.

### **Secretary General**

Name Burton Kipello

Sign [Signature]

Date 30-4-2024



## **11.STATEMENT OF NATIONAL EXECUTIVE COMMITTEE RESPONSIBILITIES**

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

The Fiduciary Management Team are 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 Party for and as at the end of the financial year ended on June 30, 2023. 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 Party;
- 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 Party;
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances.

The Fiduciary Management Team accept 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), and in the manner required by the PFM Act, 2012.

The Fiduciary Management Team are 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, 2023, and of the Party's financial position as at that date. The Fiduciary Management Team further confirm the completeness of the accounting records maintained for the Party, 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.

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON KENYA UNION PARTY FOR THE YEAR ENDED 30 JUNE, 2023

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### 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 that the 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

#### Qualified Opinion

I have audited the accompanying financial statements of the Kenya Union Party set out on pages 1 to 31, which comprise of the statement of financial position as at

30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Union 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 comply with the Political Parties Act, 2011 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Trade and Other Payables Balance**

The statement of financial position reflects a balance of Kshs.1,065,230 in respect of trade and other payables from exchange transactions as disclosed in Note 16 to the financial statements. However, the balance was not supported with a schedule, an approved comprehensive creditors register and invoices.

In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.1,065,000 could not be confirmed.

#### **2. Unsupported Expenditure**

The statement of financial performance reflects total expenses of Kshs.5,760,771 comprised of Kshs.5,234,483, Kshs.400,000 and Kshs.60,000 in respect of use of goods and services, employee costs and repairs and maintenance respectively. However, payment vouchers for an expenditure totalling Kshs.1,212,172 were not provided for audit verification.

In the circumstances, the accuracy and regularity of the expenditure amounting to Kshs.1,212,172 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Union 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 qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. 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, based on the procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Late Submission of Financial Statements**

The financial statements for year ended 30 June, 2023 were submitted for audit on 27 February, 2024, five (5) months after the statutory deadline of 30 September, 2023. This was contrary to Section 84(3) of the Public Finance Management Act, 2012 and Section 47(1) of the Public Audit Act, 2015 which states that the financial statements should be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

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

#### **2. Failure to Establish Branch Offices**

Physical inspection in 39 Counties revealed that the Party had only two (2) 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, 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, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **1. Weaknesses in Recording Revenue**

During the year under review, the Party received an amount of Kshs.334,448 in respect of public contributions and donations. However, Management did not issue receipts to acknowledge receipt of the cash. Failure to receipt the revenue receipts is an indication of weaknesses in recording and accounting of revenue.

In the circumstances, the effectiveness of the internal controls on management of revenue could not be confirmed.

### **2. Failure to Tag Assets**

The Party had property, plant and equipment with a net book value of Kshs.422,013 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.

### **3. Lack of Management Policies**

During the year under review, Management did not maintain records for payments of staff volunteers' allowances. Further, the Party did not have a functional management structure. In addition, the Party operated without an approved and updated Strategic Plan to provide direction of the Party activities.

In the circumstances, the reliability and effectiveness of the Party's governance 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Party's ability to sustain services, disclosing as applicable, matters related to

sustainability of services and using the applicable basis of accounting unless 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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section (1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


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

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



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

  
FCRA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

25 June, 2024

**Kenya Union Party  
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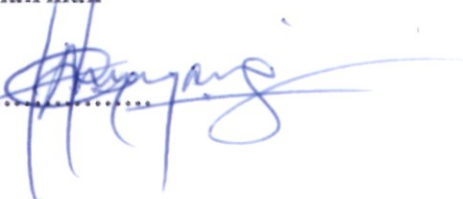
Nothing has come to the attention of the Fiduciary Management Team to indicate that the Party will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Kenya Union Party 's financial statements were approved by the National Executive Committee on ...12-04-2024... and signed on its behalf by:

  
Secretary General  
Date 3-0-4-2024



National Chairman  
Date.....

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**12.STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2022-2023	2021-2022
		Kshs.	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the Political parties' fund	6	5,695,772	-
Public contributions and donations	7	334,448	
<b>Total revenue</b>		<b>6,030,220</b>	-
<b>Expenses</b>			-
Use of goods and services	8	5,234,483	
Employee costs	9	400,000	-
Repairs and maintenance	10	60,000	-
Depreciation	11	66,288	-
<b>Total expenses</b>		<b>5,760,771</b>	-
<b>Surplus for the year</b>		<b>269,450</b>	-

The notes set out on pages 6 to 30 form an integral part of these Financial Statements.

The Financial statements set out on pages 1 to 5 were signed on behalf of the National Executive Committee by:

Secretary General

Name: Rowan Kapello

Date: 30-4-2024 2024

Sign: [Signature]



National Chairman

Name: Lipale Geoffrey

Sign: [Signature]

date: 30/04/2024

Consultant accountant

Name: Kangletto Kiame

ICPAK NO. 2041

Sign: [Signature]

Date: 30/04/2024

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**13.STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023**

Details	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalent	13	458,978	-
<b>Receivables from non- exchange transaction.</b>			
Transfers from the Political parties' fund	6	941,990	-
<b>Total current assets</b>		<b>1,400,968</b>	
<b>Non-current assets</b>			
Property plant and Equipment	15	422,012	-
<b>Total Non- Current Assets</b>		<b>422,012</b>	
<b>Total Assets</b>		<b>1,822,980</b>	
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transaction	16	1,065,230	-
<del>Non-current liabilities</del>		<del>0</del>	
<b>Total liabilities</b>		<b>1,065,230</b>	
<b>Net assets</b>		<b>757,750</b>	
Capital fund		422,012	-
Retained earnings /surplus		335,738	-
<b>Total net assets</b>		<b>757,750</b>	
<b>Total</b>		<b>1,822,980</b>	

**Secretary General**  
Name: Rowan Kepele  
Date: 30/04/2024  
Sign: [Signature]

**National Chairman**  
Name: [Signature]  
Sign: [Signature]  
date: 30/04/2024

**Accountant**  
Name: Kongethe Kiani  
ICPAK NO: 2041  
Sign: [Signature]  
Date: 30/04/2024

**14. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023**

Description	Retained earnings	Capital/Development Grants/Fund	Total
	Kshs	Kshs	Kshs
Balance as at July 1, 2021	0	0	0
Balance as at June 30, 2022	0	0	0
Balance as at July 1, 2022	0	0	0
Surplus/ (deficit) for the year	268,450	0	268,450
Capital/development grants received during the year	0	488,300	488,300
Transfer of depreciation amortisation from capital fund to retained earnings	66,288	-66,288	0
<b>Balance as at June 30, 2023</b>	<b>335,738</b>	<b>422,012</b>	<b>757,750</b>

Secretary General

Name: Lawrence Kapello

Date: 30-4-2024

Sign: [Signature]

Date



National Chairman

Name: Lipsie Geoffrey

Sign: [Signature]

date: 30/04/2024

Accountant

Name: Kanjette Kiame

ICPAK NO: 2041

Sign: [Signature]

15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfer from political parties fund	6	4,753,782	-
Public contribution and donations	7	334,448	
<b>Total receipts</b>		<b>5,088,230</b>	-
<b>Payments</b>			
Use of goods and services	8	4,169,253	
Employee costs	9	400,000	
Repairs and maintenance	10	60,000	-
<b>Total payments</b>		<b>4,629,253</b>	-
<b>Net cash flows from/(used in) operating activities</b>		458,978	-
Net increase in cash & Cash equivalents		458,978	-
Cash and cash equivalents at 1 July 2022		-	
<b>Cash and cash equivalents at 30 June 2023</b>	13	<b>458,978</b>	-

The financial statements set out on pages 1 to 5 were signed on behalf of the National Executive Committee by

Secretary General  
 Name: Lawson Kapello  
 Date: 30-4-2024  
 Sign: [Signature]

National Chairman  
 Name: Lipale Geoffrey  
 Sign: [Signature]  
 date: 30/04/2024

Accountant  
 Name: Kanjelike Kiria  
 ICPAK NO: 2041  
 Sign: [Signature] Date: 30/04/2024

**16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e =(c-d)	f=d/c*100
<b>Revenue</b>						
Government Grants and subsidies	9,500,152	-3,804,380	5,695,772	5,695,772	0	100%
Membership contributions	960,000	-625,552	334,488	334,488	0	100%
<b>Total Income</b>	<b>10,460,152</b>	<b>-4,430,932</b>	<b>6,030,220</b>	<b>6,030,220</b>	<b>0</b>	<b>100%</b>
<b>Expenses</b>					0	
Use of Goods and Services	7,000,152	-2,565,670	4,434,483	4,434,483	0	100%
Employee costs	1,200,000	-800,000	400,000	400,000	0	100%
Rent costs	1,300,000	-500,000	800,000	800,000	0	100%
Repairs and Maintenance	60,000	0	60,000	60,000	0	100%
Total Expenditure	9,560,152	-3,865,670	5,694,483	5,694,772	0	100%
<b>Surplus for the period</b>	<b>900,000</b>	<b>-565,552</b>	<b>335,738</b>	<b>335,738</b>	<b>0</b>	<b>100%</b>

Due to party wrangles the final budget was adjusted to nil revenues from member's contributions.

Secretary General

Name: Pauline IG jello

Date: 30-4-2024

Sign: [Signature]

National Chairman      Accountant

Name: Leyle Geoffrey      Name: Kang'ethe Kiame

Sign: [Signature]      ICPAK NO: 2041

Date: 30/4/2024      Sign: [Signature]  
30/4/2024

## **17. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

Kenya union party is established by and derives its authority and accountability from Political Parties Act. The party principal activity is to promote democratic participation and involvement of all Kenya citizens.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Kenya Union Party accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Kenya Union Party

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

- i.* New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**



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**New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

Standard	Effective date and impact:
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of Kenya Union Party future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between Kenya Union Party risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that Kenya Union Party provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Kenya Union Party</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> </ul>

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Standard	Effective date and impact:
	(c) The impact of such social benefits provided on Kenya Union Party financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• IPSAS 22 Disclosure of Financial Information about the General Government Sector.</li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• IPSAS 39: Employee Benefits</li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>

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Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash-flows of Kenya Union Party</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

*ii.* **Early adoption of standards**

Kenya Union Party did not early – adopt any new or amended standards in year 2022/2023.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The Kenya Union Party recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange

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revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Kenya Union Party 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 Kenya Union Party 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.

**ii) Revenue from exchange transactions**

**Rendering of services**

The Kenya Union Party 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 Kenya Union Party

**Interest income**

The Party had no interest income

**Dividends**

Party had no Dividends or similar distributions to be recognized and had no right to receive payments.

**b) Budget information**

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The original budget for FY 2022-2023 was approved by the NEC. No revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Kenya Union Party upon receiving the respective approvals in order to conclude the final budget.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented at page 5 of these financial statements.

**c) Taxes**

**Current income tax**

The Party was not subject to Current income tax assets and hence no liabilities for the current period are expected to be recovered from or paid to the taxation authorities there is no 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.

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**Deferred tax**

The Party had no Deferred tax and hence no provision was made 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.

No Deferred tax liabilities are recognized No 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 Kenya Union Party and the same taxation authority. Expenses and assets are recognized net of the amount of sales tax, except:

- i) 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
- ii) When receivables and payables are stated with the amount of sales tax included

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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**

The Party had no Investment properties which would have been 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 its useful life 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.

**Sales tax**

The Party had no sales that would have been subject to sales tax.

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Kenya Union Party 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.

Other significant accounting principles adopted by the Party are as follows:

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<b>S/No.</b>	<b>Description</b>	<b>Rate %</b>
1.	Computers	30.0
2.	Motor vehicles	16.5
3.	Office Furniture and Fittings	12.5
4.	Office Equipment's	12.5

The party fully adopted Treasury policy on assets and liability management which changed the rates for current year.

**f) Leases**

The party has no Finance leases and has not transferred any risks and benefits incidental to ownership of the leased item to the Kenya Union Party Assets and there are no assets held under a finance lease to capitalize.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Kenya Union Party 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**

The Party Has no Intangible assets acquired.

**h) Research and development costs**

The Kenya Union Party had no expenses research costs as incurred.

**Financial instruments**

**a) 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 Kenya Union Party determines the classification of its financial assets at initial recognition.

**Loans and receivables**



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There are no loans and receivables non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

**Held-to-maturity.**

There are Non-derivative financial assets with fixed or determinable payments and fixed maturities classified as held to maturity when the Kenya Union Party has the positive intention and ability to hold it to maturity.

**Impairment of financial assets**

The Kenya Union Party does not have held to maturity assets and does not assesses at each reporting date whether there is objective evidence that a financial asset or a Kenya Union Party of financial assets is impaired. 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 Kenya Union Party of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

**b) 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 Kenya Union Party 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**

The party had no loans or borrowings.

**i) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date

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of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Kenya Union Party.

**j) Provisions**

Provisions are recognized when the Kenya Union Party 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 Kenya Union Party 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.

**k) Contingent liabilities**

The Kenya Union Party does have 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. The following were on going case as at 30<sup>th</sup> June 2023

**Contingent assets**

The Kenya Union Party does not have contingent assets.

**l) Nature and purpose of reserves**

The Kenya Union Party creates and maintains reserves in terms of specific requirements. No reserves are currently maintained.

**m) Changes in accounting policies and estimates**

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

**n) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at 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**

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**

The Kenya Union Party regards a related party as a person or an KENYA UNION PARTY with the ability to exert control individually or jointly, or to exercise significant influence over the Kenya Union PARTY, or vice versa. Members of key management are regarded as related parties and comprise the NEC, and senior managers.

**q) Service concession arrangements.**

The Kenya Union Party 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 Kenya Union Party 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 Kenya Union Party also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**r) Cash and cash equivalents**

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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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**s) Comparative figures**

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

**t) Subsequent events**

There are no subsequent events related to the current period.

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

The preparation of the Kenya Union Party '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:

**i. 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 Kenya Union Party 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 Kenya Union Party. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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**ii. Useful lives and residual value**

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

- a) The condition of the asset based on the assessment of experts employed by the Kenya Union Party.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset
- f) Useful life policy adopted is the national treasury policy

**iii. Provisions**

Provisions were raised and management determined an estimate based on the information available. 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.

**6. Transfers from the Political parties' fund**

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers from the Political parties' fund	4,752,782	-
Accrued Owings from Government	941,990	-
<b>Total government grants</b>	<b>5,695,772</b>	<b>-</b>

**7. Public contributions and donations**

Description	2022-2023	2021-2022
	Kshs	Kshs
Members cash contributions and donation.	334,448	-
<b>Total contribution</b>	<b>334,448</b>	<b>-</b>

These include monthly party subscriptions by seven (7) Members of county assembly, one (1) women representative and two (2) members of parliament to support party activities.

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**8. Use of goods and services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Legal expenses	100,000	-
Office utility costs/consumables	60,000	-
Communication and internet	26,260	-
Hospitality	60,000	-
Transportation and car hire services	240,000	-
Printing and Stationery	60,000	-
Rent expenses	800,000	-
Media and advocacy	408,571	-
Training and capacity building	1,817,769	-
County and regional conferences	160,000	-
Civic education	800,000	-
Leadership development	260,000	-
NEC meetings	200,000	-
Performance review	160,000	-
Party website development	80,000	-
Bank charges	1,883	-
<b>Total</b>	<b>5,234,483</b>	

**9. Employee Costs**

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	400,000	-
Employee contribution to health insurance scheme	-	-
<b>Employee costs</b>	<b>400,000</b>	<b>-</b>

This expenditure relates to token paid to Party volunteers during party activities and they had no employees on permanent and contract terms during the period.

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**10. Repairs and Maintenance**

Description	2022-2023	2021-2022
	Kshs	Kshs
Office repairs	60,000	-
Furniture and fittings	-	-
Computers and accessories	-	-
<b>Total Repairs and Maintenance</b>	<b>60,000</b>	<b>-</b>

This relates to minor repairs cost incurred in the party offices.

**11. Depreciation Expense**

Description	2023	2022
	Kshs	Kshs
Computers and Related Equipment	9,000	0
Office Equipment, Furniture and Fittings	57,288	0
<b>Total depreciation and amortization</b>	<b>66,288</b>	<b>0</b>

**12. In-kind donation**

Descriptions	2022-2023	2021-2022
	Kshs	Kshs
Founder members contributions –capital contribution	488,300	-
<b>Total contribution</b>	<b>488,300</b>	<b>-</b>

*This relates to furniture and computers donated by founder members at the inception of the party.*

**13(a) Cash and cash equivalent**

Descriptions	2022-2023	2021-2022
	Kshs	Kshs
Cash at bank	458,978	-
<b>Total cash and cash equivalent</b>	<b>458,978</b>	<b>-</b>

**13(b) Cash and cash equivalent**

Descriptions	2022-2023	2021-2022
	Kshs	Kshs
Equity bank(PPF)	124,530	-
Equity bank ( Remittance )	334,448	-
<b>Total cash and cash equivalent</b>	<b>458,978</b>	<b>-</b>

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**13 (c) Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2023	2022
		Kshs	Kshs
<b>a) Current Account</b>			
Equity bank(PPF)	1070283491520	124,530	-
Equity bank ( Remittance )	1070283491505	334,448	-
<b>Grand Total</b>		<b>458,978</b>	<b>-</b>

**14.Receivables from Non-Exchange Transactions**

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
Other debtors accrued receipts from the political parties' fund	941,990		-	
<b>Total receivables from non- exchange transactions</b>	<b>941,990</b>		<b>-</b>	
<b>Ageing Analysis-</b>				
<b>Ageing Analysis- Receivables from non-exchange transactions</b>	<b>Current FY</b>	<b>% of the total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Less than 1 year	941,990	100%	0	0%
<b>Total</b>	<b>941,990</b>	<b>100%</b>	<b>0</b>	<b>0%</b>



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**15(a) Property, Plant and Equipment**

Cost	Furniture and fittings	Computers	Total
	Kshs	Kshs	Kshs
As At 1 July 2021	-	-	-
As At 30 <sup>th</sup> June, 2022	-	-	-
As At 1 July, 2022	0	0	-
Addition	458,300	30,000	488,300
As at 30 <sup>th</sup> June 2022	458,300	30,000	488,300
Depreciation	0	0	0
As At 30 <sup>th</sup> June 2022	0	0	0
At 1 July 2022	0	0	0
Depreciation	57,288	9,000	66,288
Disposals	-	-	-
Impairment	-	-	-
Transfers/adjustment	0	0	0
As at 30 <sup>th</sup> June 2023	57,288	9,000	66,288
Net Book Values	-	-	-
As at 30 <sup>th</sup> June 2022	0	0	-
As at 30 <sup>th</sup> June 2023	401,012	21,000	422,012

**15(b) Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Computers And Related Equipment	30,000	9,000	21,000
Office Equipment, Furniture, And Fittings	458,300	57,288	401,012
<b>Total</b>	<b>488,300</b>	<b>66,288</b>	<b>422,012</b>

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There are no Property plant and Equipment that are fully depreciated:

**16.Trade and Other Payables**

Description	2022/2023		2021/2022	
	Kshs		Kshs	
Trade payables	865,000		-	
Employee payables	200,000		-	
<b>Total trade and other payables</b>	<b>1,065,000</b>		<b>-</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	1,065,000	100%	-	-%
<b>Total</b>	<b>1,065,000</b>	<b>100%</b>	<b>-</b>	<b>-%</b>

The payables compose expenses not paid during the year.

**Retirement benefit Asset/ Liability**

The party did not have employees on salaries during the year.

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**17. Cash Generated from Operations**

Description	2022/2023	2021/2022
	Kshs	Kshs
Surplus for the year before tax	268,450	0
Adjusted for:	-	-
Depreciation	66,288	0
<b>Working capital adjustments</b>		
Increase in receivables	941,990	0
Increase in payables	1,065,000	0
<b>Net cash flow from operating activities</b>	<b>457,978</b>	<b>0</b>

**18. Financial Risk Management**

The KENYA UNION PARTY 's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The KENYA UNION PARTY 's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The KENYA UNION PARTY does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The KENYA UNION PARTY 's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The Kenya Union Party has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the

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Kenya Union Party's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Kenya Union party's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2023</b>				
Receivables from non-exchange transactions	941,990	941,990	0	0
Bank balances	458,978	458,978	0	0
<b>Total</b>	<b>1,400,968</b>	<b>1,400,968</b>	<b>0</b>	<b>0</b>
<b>As at 30 June 2022</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Kenya Union Party has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Kenya Union Party has no concentration of credit risk on amounts due from its members. The NEC sets the Kenya Union Party's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Kenya Union Party NEC, who have built an appropriate liquidity risk management framework for the management of the Kenya Union Party's short, medium and long-term funding and liquidity management requirements. The Kenya Union Party manages

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liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Kenya Union Party under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2023</b>				
Trade payables	1,065,000	1,065,000	0	1,065,000
Deferred income	-941,990	-941,990	0	-941,990
<b>Total</b>	<b>123,010</b>	<b>123,010</b>	<b>123,010</b>	<b>123,010</b>
<b>As at 30<sup>th</sup> June 2022</b>				
Trade payables	0	0	0	0
Deferred income	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Financial Risk Management**

**iii) Market risk**

The Kenya Union Party has put in place an internal audit function to assist it in assessing the risk faced by the Kenya Union Party on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Kenya Union Party's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Kenya Union Party's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the Kenya Union Party's exposure to market risks or the way it manages and measures the risk.

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**a) Foreign currency risk**

The Kenya Union Party has no transactional currency exposures.

**Financial Risk Management**

The carrying amount of the Kenya Union Party had no foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period however the local currency balances can be viewed as follows:

**Current FY**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2023</b>			
Cash	458,978	0	458,978
Debtors	941,990	0	941,990
<b>Total Financial Assets</b>	<b>1,400,968</b>	<b>1,400,968</b>	<b>1,400,968</b>
<b>Financial Liabilities</b>			
Trade and Other Payables	1,065,000		1,065,000
<b>Total Financial Liabilities</b>	<b>1,065,000</b>		<b>1,065,000</b>
<b>Net Foreign currency Asset/Liability</b>	<b>1,065,000</b>		<b>1,065,000</b>

**Foreign currency sensitivity analysis**

The party has no foreign currency denominated assets

**Financial Risk Management**

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Party market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

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- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Party considers relevant and observable market prices in its valuations where possible.

**iv) Capital Risk Management**

The objective of the Kenya Union Party’s capital risk management is to safeguard the Kenya Union Party’s ability to continue as a going concern. The Kenya Union Party capital structure comprises of the following funds:

Description	2022/2023	2021/2022
	Kshs	Kshs
Retained Earnings	335,738	-
Capital fund	422,012	-
<b>Total Funds</b>	<b>757,750</b>	-
Total Borrowings	0	-
Less: Cash and Bank Balances	458,978	-
Net Debt/(Excess Cash And Cash Equivalents)	458,978	-
<b>Gearing</b>	0%	-

**6.Related Party Disclosures**

**Nature of related party relationships**

Party and other parties related to the party include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

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The members are principal shareholder of the party, holding 100% of the party's equity interest.

**Other related parties include:**

- i) Political parties fund
- ii) Key management.
- iii) Party leader
- iv) NEC.

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants /transfers from the PPF</b>		
Grants from national government	5694,772	-
<b>Total</b>	5694,772	-

**13. Events after the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**14. Ultimate and Holding Kenya Union Party**

The party is an autonomous Kenya Union Party funded by the Political Parties Funds and its members

**15. Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.



**18. APPENDICES**

**Appendix 1: Implementation Status of Auditor-General's Recommendations**

The party is in its first year of operations and there are no outstanding matters in audit.



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Secretary General KENYA UNION PARTY

Date:

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**Appendix IV: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Where recognized			Total Transfers during the Year
		Total Amount - Kshs	Statement of Financial Performance	Receivables	
Registrar of political parties (PPF)	2/2/2023	2,376,391	2,376,391		2,376,391
Registrar of political parties (PPF)	3/2/2023	2,376,391	2,376,391		2,376,391
Registrar of political parties (PPF)	4/7/2023	941,990	941,990	941,990	941,990
<b>Total</b>		<b>5,694,772</b>	<b>5,694,772</b>	941,990	<b>5,694,772</b>

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**Appendix V- Entity -Party Confirmation Letter**

The Kenya union Party wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Kenya Union Party as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by political parties Fund KShs 5,694,772 as at 30th June 2023				Amount Received by Kenya Union Party KShs 5,694,772 as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	2/2/2023	2,376,391			2,376,391	2,376,391	0
	3/2/2023	2,376,391			2,376,391	2,376,391	0
	4/7/2023	941,990			941,990	941,990	0
<b>Total</b>		<b>5,694,772</b>			<b>5,694,772</b>	<b>5,694,772</b>	<b>0</b>

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

Head of Accountants department of beneficiary Kenya Union Party:

Name David Rotich Sign [Signature] Date 30/4/2024

