


REPUBLIC OF KENYA



Enhancing Accountability

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 19 SEP 2024	
DAY: THURSDAY	
TABLED BY:	HON. ROBERT POKOSE
CLERK-AT THE TABLE:	VIVIAN WAMBUI

PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

**MOVEMENT FOR DEMOCRACY
AND GROWTH PARTY**

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



MOVEMENT FOR DEMOCRACY AND GROWTH PARTY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

Table of Contents.....	Page
1. Acronyms, Abbreviations and Glossary of Terms.....	ii
2. Key Entity Information and Management	iii
3. The MDG Secretariat	vi
4. Key Management team.....	vii
5. Chairman’s Statement.....	viii
6. Report of the Chief Executive Officer.....	ix
7. Statement of Performance against Predetermined Objectives for FY 2022-2023.....	x
8. Cooperate Governance Statement.....	xi
9. Management Discussion and Analysis.....	xiii
10. Environmental and Sustainability Analysis	xvi
11. Report of the Party Secretariat.....	xviii
12. Statement of Directors Responsibilities.....	xix
13. Report of the Independent Auditor for the Financial Statements of Movement for Democracy and Growth	xxi
14. Statement of Financial Performance for the year ended 30 th June 2023.....	1
15. Statement of Financial position as at 30 th June 2023.....	2
16. Statement of Changes in Net Assets for the year ended 30 th June 2023.....	3
17. Statement of Cash Flow for the year ended 30 th June 2023.....	4
18. Statement of Comparison of Budget and Actual amount for the year ended 30 th June 2023	5
19. Note to the Financial Statements.....	6-31
20. Appendix I.....	32
21. Appendix II.....	33

Movement for Democracy and Growth Party
Annual Report and Financial Statements
for the year ended June 30, 2023

1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

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
MDG	Movement for Democracy & Growth Party
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
ORPP	Office of the Registrar of Political Parties
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PWD	People Living with Disabilities
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SIGs	Special Interest Groups
WB	World Bank
VC	Vice Chancellor

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.

(This list is an indication of the common acronyms and abbreviations; the Entity should include all from the annual report and financial statements prepared)

2. Key Entity Information and Management

(a) Background information

The MDG Party was incorporated/ established under the Political Parties Act on 7th December 2016. The Entity is domiciled in Kenya and has branches in Nairobi, Busia, Siaya, Kisumu, Kissi, Nyamira, Migori, Homabay, Kakamega, Bungoma, Vihiga, Trans Nzoia Kilifi, Mombasa, Kwale, Marsabit, Mandera, Kiambu, Kajiado, Turkana, Wajir, Samburu and Lamu. The Party is governed by Party Secretariat comprising of five members with a non-executive Chairman. The Council has constituted five committees to supplement its functions. The committees are responsible for governance of various functions within the Party. The committees include Finance Committee, Procurement and Disposal Oversight Committee, Audit Risk & Compliance Committee, Budget Monitoring and Implementation Committee and General Purpose Committee.

(b) Principal Activities

The principal activity/mission/ mandate of the MDG Party is to defend the democratic gains of the Kenyan people and to advance towards a society in which the government is freely chosen by the people according to the principles of universal coverage on a common voters' register.

Vision

Our vision is to deliver a Kenya governed by the rule of law with equal opportunities and social justice to all, through economic empowerment, inclusivity and devolution of natural resources.

Mission

MDG's mission is to optimally facilitate the realization of inclusivity, social justice, economic empowerment, equality and equity to all Kenyans in a manner that is professional, incorruptible, internally democratic and efficient

Core Objectives

- The values and principles of MDG Party are:
- Inclusivity
- Integrity
- Economic empowerment
- Social justice, equity and equality
- Respect for Human Rights
- Transparency and accountability

**Movement for Democracy and Growth Party
Annual Report and Financial Statements
for the year ended June 30, 2023**

(c) Key Management

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

No.	Designation	Name
1.	National Executive Director	Michaels Ben Oliewo
2.	Party Leader	Hon. David Ouma Ochieng
3.	Finance Manger	Jared Okello Otieno
4.	Procurement Manager	Anita Mwenesi Lumalas

(d) Fiduciary Management

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

No.	Designation	Name
1.	Party Leader	Hon. David Ouma Ochieng
2.	Head of Corporate Services	Michaels Ben Oliewo
3.	Head of Finance	Jared Okello Otieno
4.	Head of Procurement	Anita Mwenesi Lumalas
5.	Head of ICT	Linus Okoth Opiyo
6.	Head of Audit, Risk & Compliance	Cedrick Owino Ochieng

(e) Entity Headquarters

P.O. Box 282-00623
Wanandegge Apartments
Kirichwa Road
Nairobi, KENYA

(f) Entity Contacts

Telephone: (254) 020 2218986
E-mail: info@mdg.or.ke
Website: www.mdg.or.ke

Movement for Democracy and Growth Party
Annual Report and Financial Statements
for the year ended June 30, 2023

(g) Entity Bankers

Equity Bank Limited

Parliament Road

P.O. Box 75104

City Square 00200

NAIROBI, KENYA

Key Entity Information and Management (continued)

(h) Independent Auditor

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(i) 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.

MDG PARTY SECRETARIAT



Mike Olievo
National Executive Director



Mary Makokha
Secretary General



Anita Mwenesi Lumalas
National Treasurer

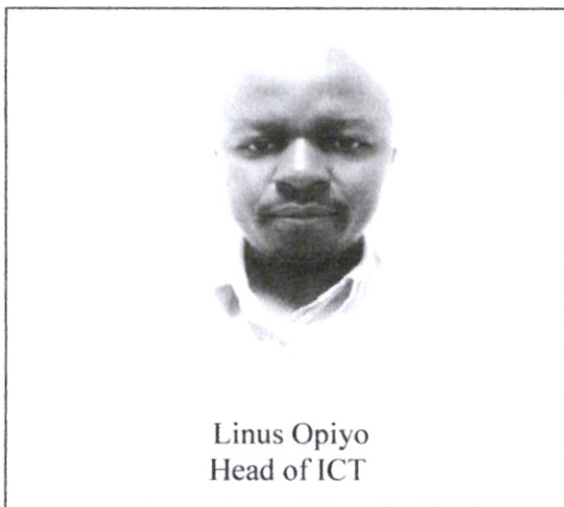
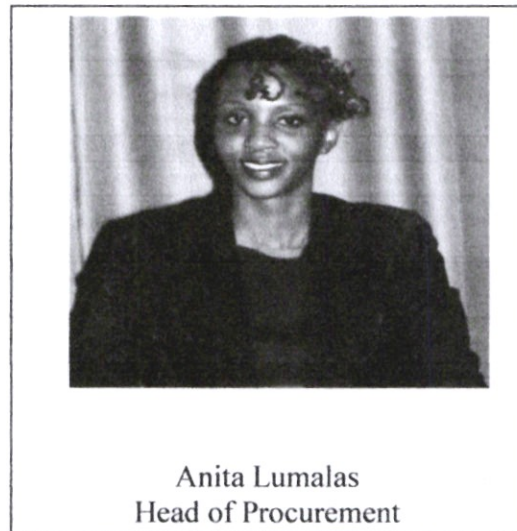
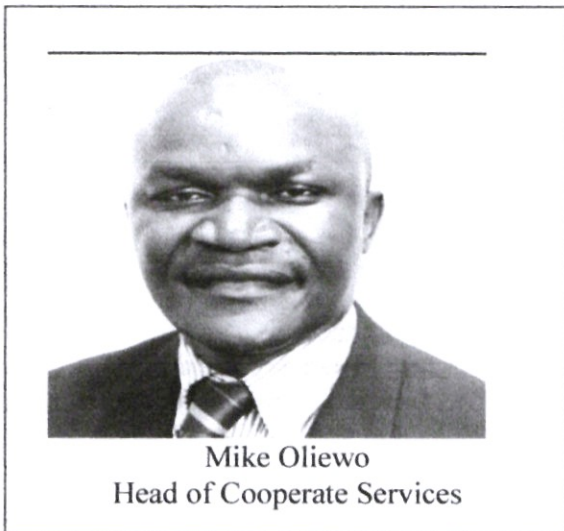
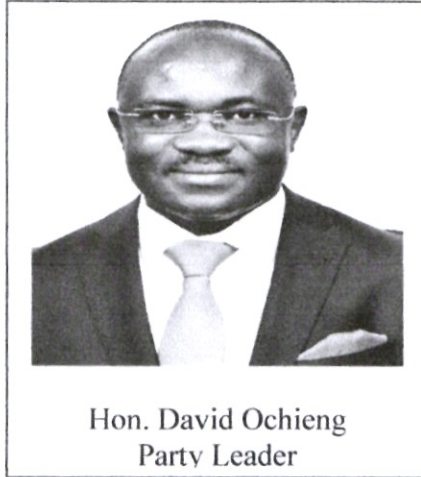


Jackson Mwadalu
National Chairman



Linus Opiyo
Deputy Secretary General

KEY MANAGEMENT TEAM



5. Chairman's Statement

The MDG Party's mission is to optimally facilitate the realization of inclusivity, social justice, economic empowerment, equality and equity to all Kenyans in a manner that is professional, incorruptible, internally democratic and efficient.

The Financial Year 2022/2023 was another excellent year for us. We hit some key milestones and expanded our activities countywide. We promoted representation of Special Interest Groups (SIGs) by organizing various workshops across the country for Persons Living with Disabilities, Youth and women. We also promoted active participation by individual citizens in political life and civic education by organizing workshops for building the capacity of Party members across the country to enable them participate effectively in Party affairs. We conducted roadshows across the country to popularize the party and civic education to educate members on democratic values and principles. Finally we conducted successful recruitment drives to build MDG Party membership base.

In the FY2023/2024 we plan to increase our activities for greater inclusion of Special Interest Groups (SIGs) into the mainstream decision-making organs of the party and launch and run more vigorous recruitment programs to enhance our party membership.

We extend our gratitude to our Party Leader for his guidance and leadership of the party and every team member for their energy, commitment and consistency in driving our party forward.



Jackson Mwalulu

Chairman

6. Report of the Chief Executive Officer/ Party Leader

It is my pleasure to present MDG Party Annual Report and Financial Statements for the year ended 30th June 2023. The Financial Year 2022/2023 Annual Report presents an overview of the operations of the Party and an assessment of the degree to which performance targets have been achieved. The year under review marked the first year the Party is receiving funds from the Registrar of Political Parties. The Party made significant progress in delivering its mandate despite the challenges posed by delay in releasing Political Parties' Fund and inadequate budgetary allocation. The Council remained alive to its fiduciary responsibility by ensuring efficient and transparent utilization of resources allocated to the Party.

Our activities and programs were guided by the Work plan for the FY2022/2023 which was developed in accordance with the Political Parties Funding Regulations and approved by the Office of the Registrar of Political Parties (ORPP). We conducted workshops across the country and implemented the following programmes: capacity building of youth leadership to execute Party programmes at the grassroots in Siaya and Busia County, capacity building of women leadership to execute Party programmes at the grassroots in Kisumu and Kilifi County, enhancing the capacity of PWD leaders within the Party in Busia and Siaya County and educating and equipping Party members on democratic principles in Nairobi County.

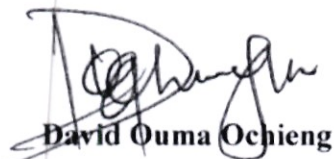
We embarked on countrywide membership recruitment drives which brought many members to the Party. This enabled our Party to be compliant with provisions of Political Parties Act regarding membership thresholds for political parties.

We entrenched and strengthened our Women's' League, Youth League and PWDs league to promote inclusion of Special Interest Groups (SIGs)

Despite tight economic conditions, the Party participated in all meetings dealing with compliance and implemented all compliance conditions. With the support and continued cooperation from our party officials, both at the national and local levels, and from our broad party membership, we look forward to a very engaging, proactive and fruitful year ahead.

I wish to thank my fellow members of Secretariat for their invaluable support and contribution during the year.

I wish to express our sincere gratitude to the Party's management for their dedication and teamwork that enabled it to deliver on its mandate. I also thank all stakeholders for their support which helped us deliver our mandate effectively.



David Ouma Ochieng

Party Leader

7. Statement of Performance against Predetermined Objectives for FY 2022/2023

The Financial year 2022/2023 Annual Report presents an overview of the operations of the Party and an assessment of the degree to which performance targets have been achieved. The year under review marked the first year the Party is receiving funds from the Office of the Registrar of Political Parties.

The FY (Financial Year) 2022/2023 MDG Party Annual Report summarises the Party's performance and utilisation of allocated funds over one year ending 30th June 2023. The activities and programs implemented during the year aligned strategic objectives of the party and with work plan approved by the Office of the Registrar of Political Parties. The Party implemented its mandate in line with strategic objectives along the following key result areas as defined in the approved work plan: Capacity building of youth leadership that has capacity to execute Party programmes at the grassroots, Capacity building of women leadership that has capacity to execute Party programmes at the grassroots, Enhancing the capacity of people with disabilities leaders within the party and educating and equipping Party members on democratic principles. We optimally facilitated the realization of the strategic pillars of the party which includes inclusivity, social justice, economic empowerment, equality and equity to all Kenyans.

8. Corporate Governance Statement

8.1 MDG Governance Breakdown

The Party Secretariat have overall responsibility for providing oversight to ensure efficient and effective management of Party affairs. The Party have five departments headed by Finance and Procurement, Audit Risk & Compliance, General Purpose, Budget Control and implementation Managers respectively.

Movement for Democracy and Growth Party
Annual Report and Financial Statements
for the year ended June 30, 2023

8.2 The Party Secretariat

The Party Secretariat comprises five members with a non-executive Chairman. The executive function is headed by the Party Leader. The Secretariat draws its membership from the Party register of members. The Secretariat has constituted five committees to supplement its functions. The committees are responsible for the governance of various functions within the Party. The committees include: Finance, Procurement and Disposal Oversight Committee, Audit, Risk and Governance Committee and General Purpose Committee and Budget Monitoring and Implementation Committee. The Secretariat regularly reviews reports from these committees during its quarterly meetings and other scheduled meetings. The purposes and responsibility of the Committee is presented in table below

Party Secretariat Committees

NO.	Secretariat Committee	Purpose and Responsibility
1.	Finance and General Purpose Committee.	The Committee is responsible for review, approval or recommendation for secretariat approval of policies and procedures in relation to financial management, ICT(Information and Technology) legal services and corporate communication
2.	Audit, Risk and Governance Committee	The Committee is responsible for review, approval or recommendation for the secretariat of policies and procedures in relation to the external auditor's management letter and management response to the external auditor's findings and recommendations. The Committee also reviews the Parties' procedures for detecting fraud; enterprise risk management and oversight on implementation of Internal audit work plan. The Committee ensures resolution of audit queries and prudent financial evaluation and reporting.
3.	Procurement and Disposal Oversight Committee	The Committee is responsible for review, approval or recommendation for secretariat approval of Parties' consolidated annual procurement and disposal plans; quarterly procurement reports, procurement of goods and services, procurement committee work plans. It also ensures that contracts are awarded in line with Public Procurement and Asset Disposal Act 2015.

Movement for Democracy and Growth Party
Annual Report and Financial Statements
for the year ended June 30, 2023

4	Budget Monitoring and Implementation Committee	The Committee enables effective and efficient implementation of the MDG managerial framework by supporting planning, budgeting, monitoring and evaluation processes, through the development of policies, systems, tools in line with strategic and operational guidance.
---	--	---

9. Management Discussion and Analysis

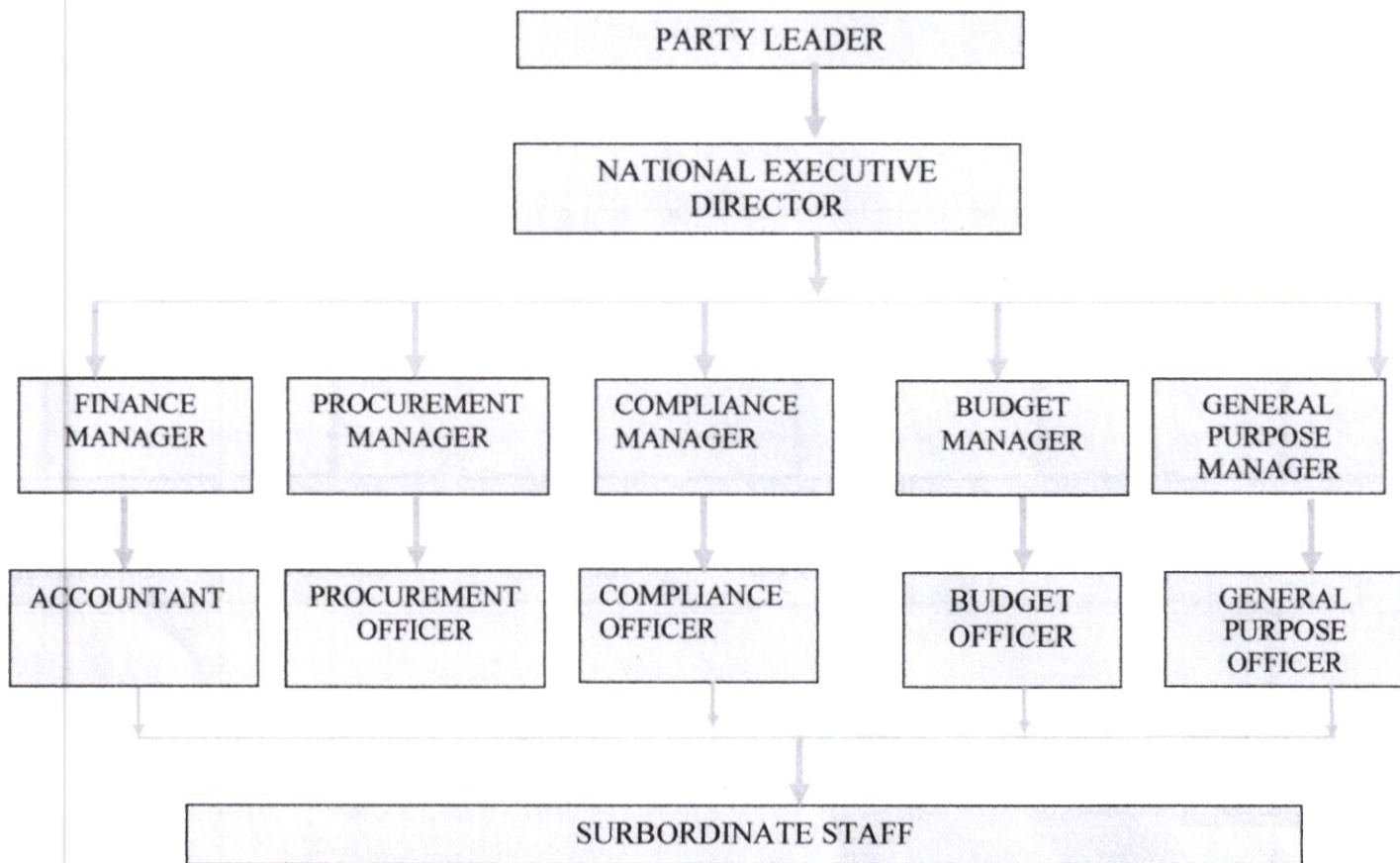
The Senior Management comprises of the Party Leader and four Managers namely Finance Manager, Procurement Manager, Audit Risk and Compliance Manager and General Purpose Manager.

The Party has 24 branches in 24 counties headed by Branch Chairman. The branches are in Nairobi, Busia, Siaya, Kisumu, Kissi, Nyamira, Migori, Homabay, Kakamega, Bungoma, Vihiga, Trans Nzoia Kilifi, Mombasa, Kwale, Marsabit, Manderu, Kiambu, Kajiado, Turkana, Wajir, Samburu and Lamu.

The table below represents the organisational structure for the MDG Party.

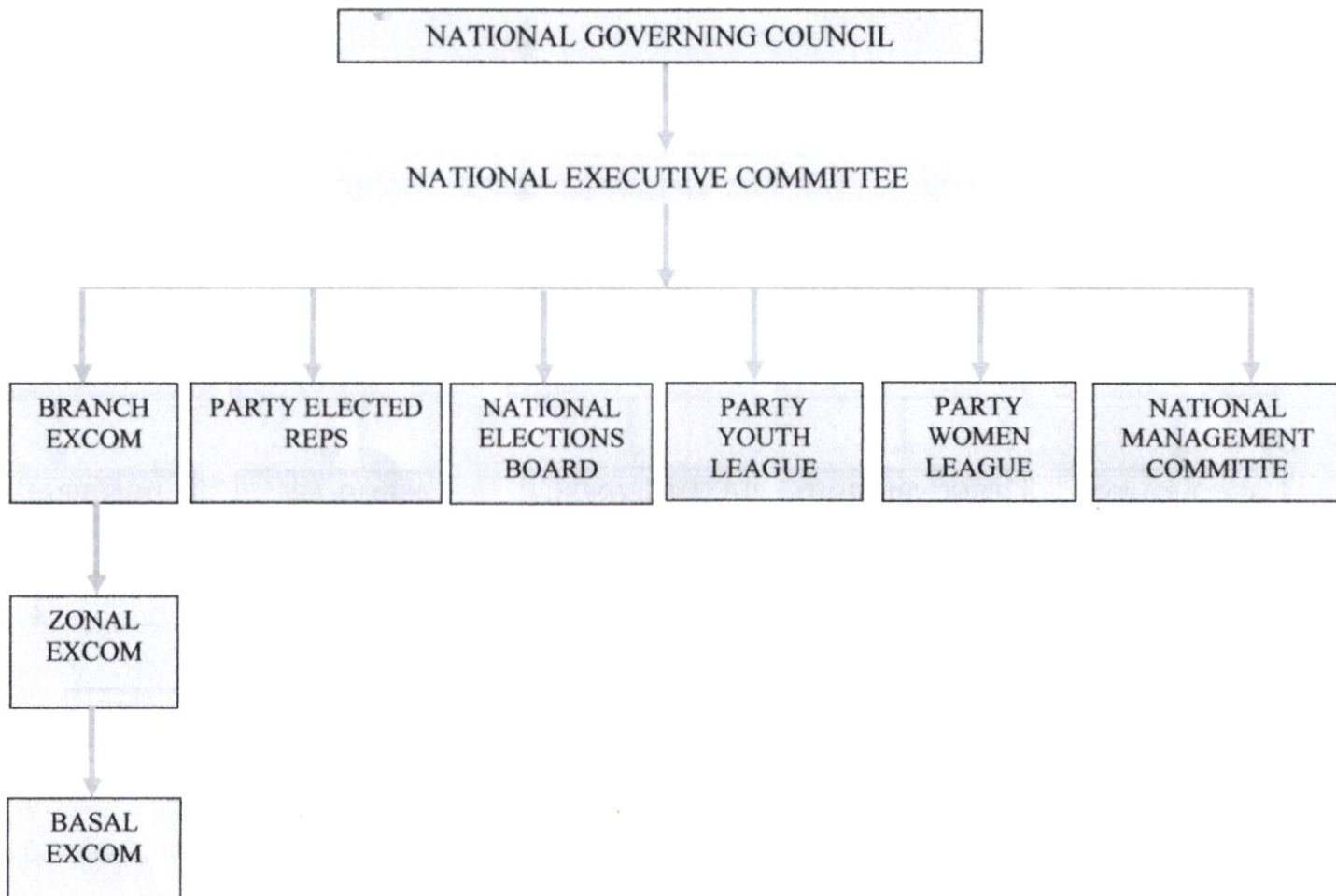
9.1

MDG PARTY SECRETARIAT STRUCTURE



9.2

MDG PARTY ORGANIZATION STRUCTURE



9.3 Stakeholders Engagement

During the running of Party affairs, the Party ensured that it understood the stakeholder requirements, expectations, perceptions, personal agenda and concerns and that stakeholders understand the role of the Party. Stakeholders are normally affected during the delivery of the Party's mandate while stakeholder support is key towards achievement of desired objectives. The Party engaged stakeholders in a manner that fostered a sustainable relationship and maintained public trust and confidence. In engaging with its stakeholders, the Party upheld transparency, accountability and equity that sustained a consultative and collaborative relationship.

9.4 Integrity and Accountability

The Party is committed in supporting the anti-corruption efforts of the Government by strengthening its corporate governance and inculcating good ethical practices among its members. The Party complied with all relevant laws and upheld integrity in the delivery of its mandate. It will continue to establish culture of openness, trust and integrity in its business practices.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The MDG Party put measures to ensure that it minimises the social and environmental impact of its activities. The Party undertook Environmental Impact Assessment in Ugenya Constituency. A total of 50,000 trees were planted to rehabilitate the environment.

ii) Environmental performance

MDG Party was committed to protecting the environment, the health and safety of our employees, and the community in which we conduct our business. It was our policy to seek continual improvement of the operation of Party affairs to lessen our impact on local and global environment by conserving energy, water and other natural resources, reducing waste generation, recycling and reducing our use of toxic materials. We were committed to environmental excellence and pollution prevention, meeting or exceeding all environmental regulatory requirements, and to purchasing products which have greater recycled content with lower toxicity and packaging, that reduce the use of natural resources.

iii) Market place practices-

a) Responsible competition practice.

MDG Party was committed to behaving openly and fairly when competing with other political parties. We did not make false claims or remarks that unfairly disparage competitors or improperly interfere with a competitors' networks and relationships.

Our Audit, Risk and Compliance Committee ensured that we complied with rules governing completion in Kenya the Competition Act No. 12 of 2010.

b) Responsible Supply chain and supplier relations

The aim of responsible supply chain management is to bring about a process of positive change, gradually improving sustainability conditions of the suppliers. MDG Party maintained good business practices, by treating our suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

MDG Party have maintained ethical marketing practices by avoiding deceptive advertisements, abiding by Competition Act No. 12 of 2010, practicing honesty and transparency, fairness and respect, accountability and sustainability.

iv) Corporate Social Responsibility / Community Engagements

Besides delivering its core mandate, the Party has integrated corporate social responsibility initiatives into the Party affairs to support in improving the livelihoods of the beneficiary communities. The Party's CSR strategy aims at giving scholarships to the needy in the community to facilitate overall wellbeing of beneficiary communities.

The Party's shall remain committed as a responsible corporate citizen by prioritizing mitigation measures on the impact of its activities on the environment, communities, employees and stakeholders.

11. Report of the Party Secretariat

The Members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the MDG Party affairs.

i) Principal activities

The principal activities of the MDG Party is to defend the democratic gains of the Kenyan people and to advance towards a society in which the government is freely chosen by the people according to the principles of universal coverage on a common voters' register.

ii) Results

The results of the MDG Party for the year ended June 30, 2023, are set out on pages 1-4.

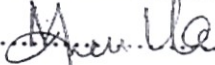
iii) Members

The members of the Party Secretariat who served during the year are shown on page vi

iv) Auditors

The Auditor-General is responsible for the statutory audit of the Movement for Democracy and Growth Party in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Secretariat

..........

Name: Mary Makhoha

Secretary to the Secretariat

Movement for Democracy and Growth Party
Annual Report and Financial Statements
for the year ended June 30, 2023

12. Statement of Directors Responsibilities

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

The Directors are responsible for the preparation and presentation of the MDG Party's financial statements, which give a true and fair view of the state of affairs of the MDG Party for and as at the end of the financial year (period) 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 Entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the MDG Party; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

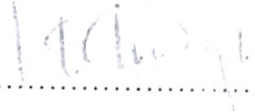
The Directors accept responsibility for the MDG Party's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the Political Parties Act) – . The Directors are of the opinion that the MDG Party financial statements give a true and fair view of the state of MDG Party transactions during the financial year ended June 30, 2023, and of the MDG Party financial position as at that date. The Members further confirms the completeness of the accounting records maintained for the MDG Party, which have been relied upon in the preparation of the MDG Parties' financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern. Nothing has come to the attention of the Members to indicate that the MDG Party will not remain a going concern for at least the next twelve months from the date of this statement.

Movement for Democracy and Growth Party
Annual Report and Financial Statements
for the year ended June 30, 2023

Approval of the financial statements

The MDG Party revised financial statements were approved by the Members of the Secretariat on __17TH
APRIL__ 2024 and signed on its behalf by:





.....
Name: David Ouma Ochieng
Party Leader

.....
Name: Jared Okello Otieno (ICPAK M/NO 4971)
Head of Finance

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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 MOVEMENT FOR DEMOCRACY AND GROWTH 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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and 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 Movement for Democracy and Growth Party set out on pages 1 to 33, 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 Movement for Democracy and Growth 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 Expenditure on Transport and Logistics

The statement of financial performance reflects use of goods and services balance of Kshs.6,111,653 which, as disclosed in Note 8 to the financial statements, includes an amount of Kshs.850,000 spent on transport and logistics. However, the expenditure lacked supporting details such as travel documents to verify the transport reimbursement.

In the circumstances, the regularity and completeness of the expenditure on transport and logistics of Kshs.850,000 could not be confirmed.

2. Unexplained Variance in Capital Fund

The statement of financial position reflects for the comparative year (2021/2022) capital fund of Kshs.458,636 while disclosure Note 17 to the financial statements reflects a balance of Kshs.495,100 resulting in an unexplained variance of Kshs.36,464.

In the circumstances, the accuracy and completeness of the capital fund balances could be confirmed.

3. Unsupported Expenditure

The statement of financial performance reflects use of goods and services and repairs and maintenance of Kshs.6,111,653 and Kshs.111,893 respectively. The expenditures were made without the necessary procurement documentation, such as advertisement, bid documents, procurement method applied, evaluation minutes, tender committee appointment letters, professional opinion, awarding and the local purchase order/contract. This was contrary to Section 26(4) of the Political Parties Act, 2011 which states that, a political party shall ensure accountability and transparency in its procurement processes.

In the circumstances, the accuracy and completeness of the expenditure on use of goods and services and repairs and maintenance totalling Kshs,6,223,456 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Movement for Democracy and Growth Party Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

1. 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 and the audit procedures undertaken did not cover the prior year balances.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflected final revenue budget and actual on comparable basis of Kshs.7,116,939 and Ksh.6,822,523 respectively resulting in under-performance of Kshs.294,416 or 4% of the reported revenue.

The under collection of revenue and the under application of actual revenue affected the planned activities of the Party which may have negatively affected the realization of the party function in the democratic activities.

3. Under-Collection of Revenue from Public Contribution and Donations

The statement of comparison of budget and actual amounts reflects revenue final and actual budget from the member's contribution and donations of Kshs.1,243,429 and Kshs.949,013 respectively resulting in a deficit of Kshs.294,416 or 24%. Further, donations from members accounted for only 14% of the party's actual total revenue.

In the circumstances, the sustainability of services by the Party is highly dependent on the Exchequer issues and may not meet its obligation without the support from the political parties' fund.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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 audit 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

Failure to Establish Party Offices in at Least 24 Counties

A nationwide survey of 38 Counties found the Party has a limited presence in Nairobi party headquarters and two (2) County offices with only two 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 parties, in more than half of the Counties.

In the circumstances, Management was in breach of law.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, 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 THE 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 matters 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 governance were not effective.

Basis for Conclusion

1. Failure to Tag Party Assets

The statement of financial position and as disclosed in Note 14 to the financial statements reflects Property, Plant and equipment of Kshs.589,901. Review of documents revealed that the assets register was not updated with pertinent details including description of the assets, date of acquisition, cost, and unique authentic identification numbers of the

assets. In addition, physical verification of the non-current assets as recorded on the asset register revealed that the party assets were not tagged.

Failure to allocate unique references/identifiers to specific assets renders their identification, accountability and monitoring Ineffective.

Consequently, the effectiveness of the Party's internal control and risk management on assets cannot be confirmed.

2. Lack of Approved Human Resource Instruments

During the year under review, the Party did not have in place approved operational human resource policies, procedures manual, organizational structure, staff establishment, scheme of service, salary and wages structure and casuals' master register. Further, no records were provided to confirm that the Party had hired a qualified Human Resource Manager as required by the Human Resource Management Professionals Act No.52 of 2012.

In addition, there is a lack of separation of duties between those charged with governance and the party's employees. It was also noted that the procurement and ICT functions are headed by the Party's National Treasurer and the Deputy Secretary General.

In the circumstances the governance structure of the party may not be effective in ensuring proper internal controls for human resources management.

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 effective 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 governance.

In preparing the financial statements, Management is responsible for assessing the ability of the Party 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 its 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 continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Party to cease to continue 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

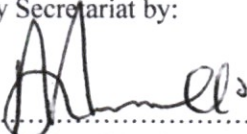
25 June, 2024

*Movement for Democracy & Growth Party
Annual Report & Financial Statements
for the year ended June 30, 2023*


1 Statement of financial performance for the year ended June 30, 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfer from other Government agencies	6	5,873,510	-
		5,873,510	-
Revenue from exchange transactions			
Other income	7	949,013	9,690,689
		949,013	9,690,689
Total Revenue		6,822,523	9,690,689
Expenses			
Use of goods and services	8	6,111,653	6,945,150
Depreciation expenses	9	101,497	36,464
Repairs and maintenance	10	111,893	-
Total expenses		6,325,043	6,981,614
Surplus/ (Deficit) for the year		497,480	2,709,075

The notes set out on pages 6 to pages 31 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to pages 5 were signed on behalf of the Party Secretariat by:


 Name: Mary Makhoha
 Accounting Officer

Date: 17/04/2024


 Name: Jared Okello Otieno
 Head of Finance
 ICPAK M/NO 4971

Date: 17/04/2024


 Name: Jackson Mwadalu
 Chairman of the Secretariat

Date: 17/04/2024

*Movement for Democracy & Growth Party
Annual Report & Financial Statements
for the year ended June 30, 2023*

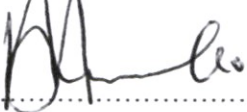
2 Statement of financial position as at June 30, 2023

	Notes	2022-2023 Kshs	2021-2022 Kshs
Assets			
Current Assets			
Cash & cash equivalents	11	2,549,341	3,134,384
Rent deposit	12	160,000	-
Receivables from non- exchange transactions	13	4,181,356	3,207,336
Total Current Assets		6,890,697	6,341,720
Non-Current Assets			
Property, Plant & Equipment	14	589,901	140,411
Total Non-Current Assets		589,901	140,411
Total Assets		7,480,598	6,482,131

Liabilities			
Current Liabilities			
Trade & Other Payables	15	-	300,000
Provision for Auditor General Fees	16	250,000	-
Total Liabilities		250,000	300,000

Net assets			
Accumulated Surplus		6,322,472	5,723,495
Capital Fund	17	908,126	458,636
Total Net Assets		7,230,598	6,182,131
Total Net Assets & Liabilities		7,480,598	6,482,131

The Financial Statements set out on pages 1 to 5 were signed on behalf Party Secretariat


.....


Name: Mary Makhoha
Accounting Officer

Date: 17/04/2024
.....


.....

Name: Jared Okello Otieno
Head of Finance
ICPAK M/NO 4971

Date: 17/04/2024
.....


.....

Name: Jackson Mwadalu
Chairman of the Secretariat

Date: 17/04/2024
.....

*Movement for Democracy & Growth Party
Annual Report & Financial Statements
for the year ended June 30, 2023*

3 Statement of changes in net assets for the year ended June 30, 2023

Description	Capital Fund Kshs	Accumulated Surplus Kshs	Total Kshs
As at July 1 2021	-	2,977,956	2,977,956
Capital fund received during the year	495,100	-	495,100
Transfer of depreciation from capital fund to accumulated surplus	(36,464)	36,464	-
Surplus/ Deficit for the year	-	2,709,075	2,709,075
As at June 30th 2022	458,636	5,723,495	6,182,131
As at July 1 2022	458,636	5,723,495	6,182,131
Capital fund received during the year	550,987	-	550,987
Transfer of depreciation from capital fund to accumulated surplus	(101,497)	101,497	-
Surplus/ deficit for the year	-	497,480	497,480
As at June 30 2023	908,126	6,322,472	7,230,598

Movement for Democracy & Growth Party
Annual Report & Financial Statements
for the year ended June 30, 2023

4 Statement of cash flow for the year ended June 30, 2023

	Notes	2022-2023	2021-2022
		Ksh	Ksh
Cashflow from operating activities			
Receipts			
Transfer from Political Parties Fund	6	4,899,490	-
Donations from Members	7	949,013	6,483,353
Total receipts		5,848,503	6,483,353
Payments			
Payment to suppliers	19	6,433,546	6,645,149
Total payments		6,433,546	6,645,149
Cash generated from operations	20	(585,043)	(161,796)
Cash flow from investing activities			
Purchase of PPE	14	(550,987)	-
Net cash flows from (Used in) investing activities		(550,987)	-
Cash flow from financing activities			
Members contributions paid		-	(437,020)
Capital fund contribution	17	550,987	495,100
Net cash flows from financing activities		550,987	58,080
Net increase/decrease in cash & cash equivalents		(585,043)	(103,716)
Cash & cash equivalents at the beginning		3,134,384	3,238,100
Cash & cash equivalents as at June 30 2023	11	2,549,341	3,134,384

5 Statement of comparison of budget & actual amounts for the year ended June 30, 2023

	Original	Adjustments	Final	Actual on	Performance	% of
	Budget		Budget	Comp basis	Difference	Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue						
Transfer from other Govt entities	9,798,978	(3,925,468)	5,873,510	5,873,510	-	100%
Donationals from members	1,650,000	(406,572)	1,243,429	949,013	294,416	76%
Total Revenue	11,448,978	(4,332,040)	7,116,939	6,822,523	294,416	
Expenses						
Use of goods and services	10,630,807	(4,235,327)	6,395,481	6,111,653	283,828	96%
Repairs and maintenance	218,171	(96,713)	121,458	111,893	9,565	92%
Depreciation	-	-	-	101,497	(101,497)	0%
Total Expenses	10,848,978	(4,332,040)	6,516,939	6,325,043	191,896	
Capital Expenditure	600,000	-	600,000	550,987	49,013	92%
Total Expenditure	11,448,978	-	7,116,939	6,876,030	240,909	
Surplus for the year	-	-	-	497,480	-	

a) Changes between original and final budget

Political Party's fund (PPF) allocation for the FY 2022/2023 was reviewed due to austerity measures. As a result, allocation for the FY 2022/2023 was reviewed from Kshs. 9,798,978 to a revised amount of Kshs 5,873,510 leading to adjustments in the budget of Kshs. 4,332,040.

b) Underutilization/ Overutilization

There was no significant underutilization below 90% and any overutilization according to IPSAS 24:14

c) Totals of actual on comparable basis ties with the statement of financial performance totals

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

6. Notes to the Financial Statements

1. General Information

Movement for Democracy and Growth Party is established by and derives its authority and accountability from Political Parties Act. The MDG Party is wholly owned by the Government of Kenya and is domiciled in Kenya. The MDG Party principal activity is political party.

2. Statement of Compliance and Basis of Preparation

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

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</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 an MDG Party's 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"> • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an MDG Party's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting MDG 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"> (a) The nature of such social benefits provided by the MDG Party. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the MDG Party's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) 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.

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

Standard	Effective date and impact:
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits. Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

Notes to the Financial Statements (Continued)

- ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</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 an MDG 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	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p>

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

Standard	Effective date and impact:
Assets Held for Sale and Discontinued Operations	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: 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.

iii. **Early adoption of standards**

The MDG Party did not early – adopt any new or amended standards in the financial year.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The MDG Party recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the MDG 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 MDG Party and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The MDG 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.

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the MDG Party's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for the Current FY2022/2023 was approved by the National Assembly on 7th April 2022. Subsequent 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 MDG Party upon receiving the respective

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

approvals in order to conclude the final budget. Accordingly, the MDG Party recorded additional appropriations of Kshs 0 on the 2022-2023 budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The MDG Party's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a 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 on page 18 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the MDG Party operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable MDG Party and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

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
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

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. **(MDG Party to amend appropriately based on the model adopted)** Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 MDG 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.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the MDG Party. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The MDG Party also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the MDG Party will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The MDG Party does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one MDG Party and a financial liability or equity instrument of another MDG Party. At initial recognition, the MDG Party measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The MDG Party classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the MDG Party's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an MDG Party has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the MDG Party classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the MDG Party manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The MDG Party assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The MDG Party recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note N/A.

b) Financial liabilities

Classification

The MDG Party classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) 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 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.

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

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 MDG Party.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Provisions

Provisions are recognized when the MDG 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 MDG 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.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The MDG Party recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the MDG Party will incur in fulfilling the present obligations represented by the liability.

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

m)Contingent liabilities

The MDG Party does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

n) Contingent assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

The MDG Party creates and maintains reserves in terms of specific requirements.

p) Changes in accounting policies and estimates

The MDG 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.

q) Employee benefits

Retirement benefit plans

The MDG Party provides retirement benefits for its employees and Members. Defined contribution plans are post-employment benefit plans under which an MDG Party pays fixed contributions into a separate MDG Party (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

r) 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.

s) Related parties

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

t) Service concession arrangements

The MDG Party analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the MDG 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 MDG Party also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

u) Cash and cash equivalents

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

v) Comparative figures

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

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the MDG 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:

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 MDG 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 MDG Party. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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 MDG 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

Movement for Democracy and Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. 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.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to the Financial Statements (Continued)

6 Transfer from Other government agencies

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfer from ORPP	4,899,490	-
Transfer from ORPP receivables	974,020	-
Total transfer fro other government agencies	5,873,510	-

7 Other Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Donations from members	789,013	6,483,353
Nomination fees receivable	-	3,207,336
Donation from MCAs to pay rent deposit for branch party offices	160,000	-
Total other income	949,013	9,690,689

8 Use of goods and services

Description	2022-2023	2021-2022
	Kshs	Kshs
Casual wages	750,000	500,000
Rent expense	160,000	4,104,000
Accounting fees	150,000	100,000
Office supplies	177,053	166,961
Office cleaning services	118,048	125,457
Internet	136,104	120,000
Security	120,000	-
Printing and stationery	143,762	204,785
Utilities	145,910	15,000
Provisions for auditor general fees	250,000	-
Broadcasting expenses	50,000	-
Training expenses	280,000	-
Mobilization expenses	105,000	-
Design & printing of training materials	1,504,093	64,000
Meetings & workshops	675,994	290,000
Transport & logistics	850,000	647,851
Motor fuel	355,735	354,123
Telephone	136,234	250,000
Bank charges	3,720	2,973
Total expenses	6,111,653	6,945,150

9 Depreciation expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment		
Office computers	25,838	28,709
Furniture & fittings	75,659	7,755
Total depreciation expenses	101,497	36,464

*Movement for Democracy & Growth Party
Annual Report & Financial Statements
for the year ended June 30, 2023*

Notes to the Financial Statements (Continued)

10 Repairs and maintenance			
Description		2022-2023	2021-2022
		Kshs	Kshs
Renovation of branch offices		111,893	-
Total repair and maintenance		111,893	-

11 Cash and Cash Equivalents			
Description		2022-2023	2021-2022
		Kshs	Kshs
Equity bank current account		216,670	-
Cash in hand		2,332,671	3,134,384
Total cash & cash equivalents		2,549,341	3,134,384

12 Rent Deposit			
Description		2022-2023	2021-2022
		Kshs	Kshs
Rent deposit for Sega & Busia Offices		160,000	-
Total rent deposit		160,000	-

13 Receivables for Non- Exchange Transactions			
Description		2022-2023	2021-2022
		Kshs	Kshs
Account & other receivables			
Nomination fees receivable		3,200,000	3,200,000
Transfer from ORPP receivable		974,020	-
Other receivables		7,336	7,336
Total account & other receivables		4,181,356	3,207,336

14 Property, Plant & Equipment.			
	Office	Furniture &	Total
	Computers	Fittings	
	30%	12.50%	
Cost	Kshs	Kshs	Kshs
At 1 July 2022	377,500	117,600	495,100
Additions	-	550,987	550,987
At 30th June 2023	377,500	668,587	1,046,087
Depreciation			
At 1 July 2022	291,375	63,314	354,689
Charge for the year	25,838	75,659	101,497
At 30th June 2023	317,213	138,973	456,186
Net Book Value			
NBV at 1 July 2022	86,125	54,286	140,411
NBV at 30th June 2023	60,288	529,614	589,901

15 Trade & Other Payables			
Description		2022-2023	2021-2022
		Kshs	Kshs
Transport & logistics payable		-	300,000
Total Trade and other payables		-	300,000

Movement for Democracy & Growth Party
Annual Report & Financial Statements
for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

16 Current Provisions		
Description	2022-2023	2021-2022
	Kshs	Kshs
Provision for Auditor General Fees	250,000	-
Total Provision for Auditor General Fees	250,000	-

17 Capital fund		
Description	2022-2023	2021-2022
	Kshs	Kshs
Contribution from Party Leader	908,126	495,100
Total Contribution from Party Leader	908,126	495,100

18 Currency		
The Financial Statements are presented in Kenya Shillings (Kshs)		

19 Payment to suppliers		
Description	2022-2023	2021-2022
	Kshs	Kshs
Payment to creditors	300,000	-
Casual wages	750,000	500,000
Rent expense	160,000	4,103,999
Accounting fees	150,000	100,000
Rent deposit	160,000	-
Office supplies	177,053	166,961
Office cleaning services	118,048	125,457
Internet	136,104	120,000
Security	120,000	-
Printing and stationery	143,762	204,785
Utilities	145,910	15,000
Broadcasting expenses	50,000	-
Training expenses	280,000	-
Mobilization expenses	105,000	-
Design & printing of training materials	1,504,093	64,000
Meetings & workshops	675,994	290,000
Transport & logistics	850,000	347,851
Motor fuel	355,735	354,123
Telephone	136,234	250,000
Bank charges	3,720	2,973
Repairs and maintenance	111,893	-
Total payment to suppliers	6,433,546	6,645,149

Notes to the Financial statements (Continued)

20 Cash Generated from Operations		
Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus before tax	497,480	2,709,075
Depreciation	101,497	36,464
Provision for auditor general fees	250,000	-
	848,977	2,745,539
Working capital changes		
Increase in accounts receivables	(974,020)	(3,207,336)
Increase in rent deposit	(160,000)	-
Decrease in trade & other payables	(300,000)	300,000
Cash generated from operations	(585,043)	(161,797)

**Movement for Democracy & Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023**

Appendix I: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Office of the Registrar of Political Parties	03/02/2023, 06/02/2023, & 04/07/2023	SIGs (Special Interest Groups) activities	5,873,510	4,899,490	908,126	0	974,020	0	5,873,510
Total			5,873,510	4,899,490	908,126	0	974,020	0	5,873,510

**Movement for Democracy & Growth Party
Annual Reports and Financial Statements
for the year ended June 30, 2023
Appendix II- Inter-Entity Confirmation Letter**


**Movement for Democracy & Growth Party
P.O. Box 282-623000 Parklands**

The Office of the Registrar of Political Parties wishes to confirm the amounts disbursed to you as at 30th 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 [Movement for Democracy & Growth Party] as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [Office of the Registrar of Political Parties] (4,899,490) as at 30th June (2023)				Amount Received by [MDG Party] (4,899,490) as at 30 th June (2023) (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	03/02/2023					2,449,745	
	06/02/2023					2, 449,745	
Total						4,899,490	

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

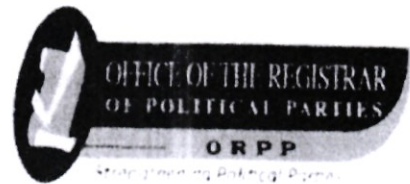
Head of Accountants department of beneficiary Entity:

Name Jared Okello Otieno..... Sign .....Date ...17/04/2024



REPUBLIC OF KENYA

Telephone: +254(0)204022000
Mobile: 0772281357
Email: info@orpp.or.ke
Website: www.orpp.or.ke
When replying please quote



Lion Place, 1st & 4th Floor
Off Waiyaki Way
P.O Box 1131-00808
Sarit Centre, Nairobi.

Ref: RPP/FRP/072/4 (10)

Date: 7th February, 2023

Secretary General,
Movement for Democracy and Growth (MDG),
P.O Box 282-00623,
NAIROBI.

RE: DISBURSEMENT OF 1ST AND 2ND QUARTERS OF FY2022/2023 ALLOCATION OF THE POLITICAL PARTIES FUND (PPF)

Further to our letter Ref. No. RPP/FRP/072/4 (3) dated 31st October 2022, this Office has disbursed the 1st and 2nd quarter allocations of the Political Parties Fund to your party bank account amounting to **Kshs. 4,899,490**. The funds were transmitted in two batches on 3rd and 6th February 2023.

In the utilization of the funds, you are required to comply and familiarize yourself with the Constitution, the Public Finance Management Act 2012, the Public Finance (National Government) Regulations 2015, the Public Procurement and Disposal Act of 2015, the Public Procurement and Asset Disposal Regulations 2020, Political Parties Act 2011, Political Parties (Funding) Regulations 2019, Public Audit Act 2015 and various other laws and regulations, directives and circulars issued by the National Treasury from time to time.

In line with Regulation 10 (2) of the Political Parties (Funding) Regulations 2019, you are required to acknowledge receipt of the funds in writing.

Attached find copies of the Electronic Fund Transfer (EFT) print-outs.

Yours faithfully,

Ann N. Nderitu, CBS
Registrar of Political Parties/CEO

Encl (2).



@ORPPKenya

www.orpp.or.ke

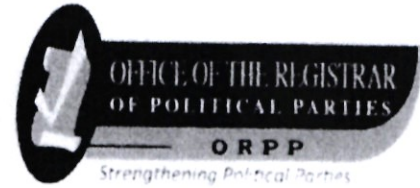


ORPPKenya



REPUBLIC OF KENYA

Telephone: +254(0)204022000
Mobile: 0772281357
Email: info@orpp.or.ke
Website: www.orpp.or.ke
When replying please quote



Lion Place, 1st & 4th Floor
Off Waiyaki Way
P.O Box 1131-00606
Sarit Centre, Nairobi.

Ref: RPP/FRP/072/4(3)

Date: 31stOctober, 2022

Secretary General,
Movement for Democracy and Growth (MDG) Party,
P.O. Box 282-00623,
NAIROBI.

Dear Madam,

RE: POLITICAL PARTIES FUND (PPF) BUDGET ALLOCATION FOR THE FY 2022/2023

The Political Parties Fund (PPF) has been allocated **Kshs. 1,475,000,000** during the FY2022/23 which will be distributed to the qualifying political parties based on the criteria set out under section 25 of the Political Parties Act, 2011. The section stipulates that:-

- (i) 70% of the Fund is distributed to political parties based on the total number of votes the party secured in the preceding general election;
- (ii) 15% based on the number of special interest groups elected in the preceding general election;
- (iii) 10% based on the total number of representatives from the political party elected in the preceding general election (President, members of Parliament, county governors and members of county assemblies); and
- (iv) 5% for the administration of the Fund.

As per the criteria set out under section 25 of PPA, the Movement for Democracy and Growth (MDG) Party is eligible to receive **Kshs. 9,798,978.00** during the FY2022/2023. **The amount will be disbursed on quarterly basis.** Your attention is drawn to Section 26 of the Act which provides the purpose of the Fund including activities that cannot be accommodated under the Fund.

In line with the Political Parties (Funding) Regulations 2019, you are requested to:-

- (i) Open a bank account into which only Political Parties Fund disbursements from the Registrar shall be paid and submit the details of the account to the Registrar;
- (ii) Submit names of at least three (3) officials authorized in the party constitution or rules as signatories to the bank account in Form PPF1 set out in the First Schedule of the Regulations,



@ORPPKenya

www.orpp.or.ke



ORPPKenya

- (iii) Make an application for the monies from the Fund as per Regulation 7 using Form PPF 2 set out in the First Schedule of the Regulations; and
- (iv) Submit a work plan containing a schedule of the activities, a budget and timelines for every activity using the attached template (**Annex 1**). The cost of the activities to be financed by the money from the Fund should be in line with your Political Parties Fund allocation.

Kindly submit the above requested information by **Friday, 4th November 2022**.

Please note that the Fund distribution could be reviewed in the subsequent quarters based on the following two (2) parameters:-

1. There are five (5) wards where elections were postponed namely;
 - (i) Kyome/ Thaana ward in Mwingi West constituency, Kitui County;
 - (ii) Oloimasani ward in Emurua Dikirr constituency, Narok County;
 - (iii) Mumias North ward in Mumias West constituency, Kakamega County;
 - (iv) South Gem ward in Gem constituency, Siaya County; and
 - (v) Utawala ward in Embakasi East constituency, Nairobi County.

The elections of the above wards once concluded and have an effect on Fund distribution in the subsequent quarters, the same will be communicated to you together with the reviewed allocation.

2. The Government has initiated the process of the re-alignment (budget cut) of the FY2022/23 budget, and if the current allocated amount of Kshs. 1,475,000,000 is affected by the budget re-alignment, the same will be communicated together with the resultant change on your party allocation.

Attached find a copy of the Political Parties (Funding) Regulations 2019 (**Annex 2**) which stipulate the salient requirements and requisite forms for your information and use. You are urged to acquaint yourself with the provisions of the Political Parties Act, 2011 and the said Regulations.

Yours faithfully,



Ann N. Nderitu, CBS
Registrar of Political Parties/CEO

Encl (2)





REPUBLIC OF KENYA

Telephone: +254(0)20 4922111

Mobile: 0772204387

Email: info@orpp.or.ke

Website: www.orpp.or.ke

When replying please quote



Office of the Registrar
of Political Parties

Libri Place, 1st & 4th Floor

Off Waiyaki Way

P.O. Box 1131-00606

Sarit Centre, Nairobi.

Ref: RPP/FRP/072/4 (12)

Date: 19th May 2023

Secretary General,
Movement for Democracy and Growth,
P.O. Box 282 – 00623,
NAIROBI.

Dear Sir,

RE: REVIEW OF THE POLITICAL PARTIES FUND (PPF) ALLOCATION FOR THE FY 2022/2023

Reference is made to letter Ref. No. RPP/FRP/072/4 (3) dated 31st October 2022 which this Office had informed you of your PPF allocation for the FY2022/2023. The letter further informed you that the Fund allocation could be reviewed in the subsequent quarter's based on certain parameters.

In addition, following the consultative meeting between the Office of the Registrar of Political Parties and all the qualifying political parties on the review of the PPF which was held at Jacaranda Hotel on Thursday, 18th May 2023; the Office reiterates that the following parameters necessitated the review of the PPF allocation for the FY2022/2023:-

1. The Political Parties Fund budget experienced a budget cut of **Kshs.590,646,000** due to austerity measures that was effected across the government through supplementary estimates No. 1 of FY2022/23. The Fund budget was revised from the earlier communicated budget of **Kshs. 1,475,000,000** to **Kshs. 884,354,000**.
2. Results of the postponed elections of the five (5) wards namely:
 - (i) Kyome/ Thaana ward in Mwingi West constituency, Kitui County;
 - (ii) Oloimasani ward in Emurua Dikirr constituency, Narok County;
 - (iii) Mumias North ward in Mumias West constituency, Kakamega County;
 - (iv) South Gem ward in Gem constituency, Siaya County; and
 - (v) Utawala ward in Embakasi East constituency, Nairobi County.
3. Correction of interchanged votes for the Moyale Constituency Member of Parliament for UPIA and that of UDA as communicated by IEBC; and



@ORPPKenya

www.orpp.or.ke



ORPPKenya

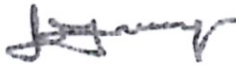
4. Inclusion of one (1) youth for Party of Independent Candidate of Kenya (PICK).

Based on the above parameters, your allocation for the PPF for the FY2022/2023 has been reviewed from the earlier communicated amount of **Kshs. 9,798,978** to a revised amount of **Kshs. 5,873,510**.

Based on the revised allocation and taking into consideration that **Kshs. 4,899,490** has already been disbursed to your party, the balance of **Kshs. 974,020** will be disbursed in the fourth quarter once received from the National Treasury.

You are therefore advised to review and submit your workplan based on the revised allocation.

Yours faithfully,



Ann N. Nderitu, CBS
Registrar of Political Parties/CEO



@ORPPKenya

www.orpp.or.ke



ORPPKenya

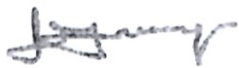
4. Inclusion of one (1) youth for Party of Independent Candidate of Kenya (PICK).

Based on the above parameters, your allocation for the PPF for the FY2022/2023 has been reviewed from the earlier communicated amount of **Kshs. 9,798,978** to a revised amount of **Kshs. 5,873,510**.

Based on the revised allocation and taking into consideration that **Kshs. 4,899,490** has already been disbursed to your party, the balance of **Kshs. 974,020** will be disbursed in the fourth quarter once received from the National Treasury.

You are therefore advised to review and submit your workplan based on the revised allocation.

Yours faithfully,



Ann N. Nderitu, CBS
Registrar of Political Parties/CEO



@CRPPKenya

www.orpp.or.ke



ORPPKenya



REPUBLIC OF KENYA

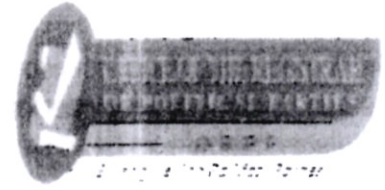
Telephone: +254(0)20 6722377

Mobile: 0772231357

Email: info@orpp.or.ke

Website: www.orpp.or.ke

When replying please quote



Unit Floor, 1st & 4th Floor

Off Wajohat Way

P.O. Box 1131-00100

Sarit Centre, Nairobi.

Ref: RPP/FRP/029/4 Vol VI (44)

Date: 3rd July, 2023

To the Secretaries General

All Political Parties qualifying for Political Parties Fund during FY2022/23

Dear Sir/Madam,

RE: FINAL DISBURSEMENT OF POLITICAL PARTIES FUND (PPF) ALLOCATION FOR THE FY2022/2023

Reference is made to our previous communication to you regarding your political party allocation of the Political Parties Fund (PPF) during the FY2022/23. The Office hereby informs you that it has disbursed the final balance of the PPF to the following **thirty four (34) parties** who have acknowledged receipt of the 1st and 2nd quarter disbursement as required under the Law and which had been communicated to all the funded political parties. **The 34 parties that met this requirement are listed below under category A.**

Funds for **twelve (12) parties** who have not acknowledged receipt of the 1st and 2nd quarter disbursements as required, their final disbursement has not been done until they acknowledge receipt of the same. The acknowledgement should be done **by 4th July 2023 at 1.00 pm.** **The 12 parties that have not acknowledged are listed below under category B.**

One (1) party submitted its fund application late and the processing is in progress. **The party is listed below under category C.**

In addition, one (1) party has not complied with the law and has been informed accordingly hence their funds will not be disbursed. **The party is listed below under category D.**

Listed below are the various categories and the status thereof:

CATEGORY A: PARTIES THAT ACKNOWLEDGED RECEIPT OF 1ST AND 2ND QUARTER DISBURSEMENTS AND FINAL PAYMENT HAS BEEN REMITTED TO THEM

1. Peoples Trust Party
2. Wiper Democratic Movement
3. Democratic Party of Kenya



@ORPPKenya

www.orpp.or.ke



ORPPKenya

4. Kenya Social Congress
5. Orange Democratic Movement
6. Forum for Restoration of Democracy – Kenya
7. Progressive Party of Kenya
8. National Rainbow Coalition
9. Kenya National Congress
10. Muungano Party
11. United Party of Independence Alliance
12. Peoples Empowerment Party
13. Chama cha Uzalendo
14. Safina Party
15. Kenya African National Union
16. Kenya African Democratic Union – Asili
17. National Ordinary People Empowerment Union
18. The Service Party
19. United Progressive Alliance
20. Grand Dream Development Party
21. Movement for Democracy and Growth
22. United Democratic Party
23. Amani National Congress
24. Chama Cha Mashinani
25. United Democratic Movement
26. Maendeleo Chap Chap
27. United Democratic Alliance
28. Kenya Union Party
29. Tujibebe Wakenya Party
30. Democratic Action Party Kenya
31. Green Thinking Action Party
32. Mabadiliko Party of Kenya
33. National Rainbow Coalition Kenya
34. Pamoja African Alliance

CATEGORY B: PARTIES THAT HAVE NOT ACKNOWLEDGED RECEIPT OF 1ST AND 2ND QUARTER DISBURSEMENTS AND FINAL PAYMENT HAS NOT BEEN REMITTED TO THEM

1. Ubuntu Peoples Forum
2. Jubilee Party
3. Maendeleo Democratic Party
4. Communist Party of Kenya
5. National Agenda Party of Kenya
6. Justice and Freedom Party of Kenya



7. Federal Party of Kenya
8. Party of Independent Candidates of Kenya
9. Devolution Empowerment Party
10. National Reconstruction Alliance
11. Chama Cha Kazi
12. Peoples Democratic Party

CATEGORY C: PARTY THAT APPLIED LATE FOR THE FUND AND PROCESSING IS IN PROGRESS

1. Shirikisho Party of Kenya

CATEGORY D: PARTY THAT HAS NOT COMPLIED

1. Party of National Unity

All the parties are expected to note their status and act accordingly. In addition, once the parties receive funds disbursed, they are required to acknowledge receipt of the same.

Yours faithfully,



Ann N. Nderitu, CBS
Registrar of Political Parties/CEO





MOVEMENT FOR DEMOCRACY AND GROWTH

Date: 19th May, 2023

THE REGISTRAR OF POLITICAL PARTIES,
Lion Place, 1st & 4th Floor, Off Waiyaki Way,
P. O. Box 1131-00606,
Sarit Centre, Nairobi.



Dear Madam,

**RE: RECEIPT OF 1ST AND 2ND QUARTERS OF FY2022/2023 ALLOCATION OF
THE POLITICAL PARTIES FUND (PPF).**

The matter referenced above is hereby addressed.

As required by Regulation 10(2) of the Political Parties (Funding) Regulations 2019, the Movement for Democracy and Growth (MDG) Party, hereby acknowledges the receipt of Kshs. 4,899,490.00.

The funds were received in two batches on 3rd and 6th February, 2023.

We appreciate our continued cooperation on this matter.

Yours faithfully,

Mike Oliewo.

EXECUTIVE DIRECTOR.



MOVEMENT FOR DEMOCRACY AND GROWTH

THE OFFICE OF THE REGISTRAR OF POLITICAL PARTIES.

ion Place.

st & 4th Floor.

aruna Close. Off Waiyaki Way.

O. BOX 1131-00606

erit Centre

rohi.

h, August, 2023.



ear Madam,

RE: RECEIPT OF THE POLITICAL PARTIES FUND FOR FY2022/2023. Q4.

he matter referenced above, is hereby addressed.

accordance with the Regulation 10(2) of the Political Parties (Funding) Regulations, we wish to state as hereunder. The Movement for Democracy and Growth (MDG) Party hereby acknowledges receipt of Kshs. 974,020/= for the Q4 of the FY2022/2023.

we appreciate your continued cooperation on this matter.

ours faithfully,

[Handwritten Signature]
ike Oliewo.
EXECUTIVE DIRECTOR.

3343

[Handwritten Signature]
PO
15/08/2023

[Handwritten Signature]
10/9/2023

4-Jul-23

4-Jul-23 FT23185PZYRF

Outward RTGS Payment MT 102

974,020.00

20002466

REGISTRAR OF POLITICAL PARTIES:CBK
MOVEMENT FOR DEMOCRACY AND GROWTH
/REC/0020002466
STD300620230103

OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
P. O. Box 1131 - 00606
NAIROBI - KENYA