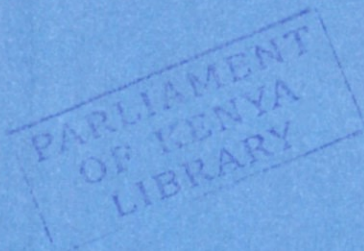



REPUBLIC OF KENYA



Enhancing Accountability



REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 19 SEP 2024	
DAY. THURSDAY	
TABLED BY:	HON. ROBERT PUKOSE, MP
CLERK AT THE TABLE:	YIVIAN WAMBUI

OF

THE AUDITOR-GENERAL

ON

MUUNGANO PARTY

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



MUUNGANO 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)

MUUNGANO PARTY
Annual Report and Financial Statements
for the year ended June 30, 2023.

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

NEC	National Executive Committee
ORPP	Office of the Registrar of Political Parties
SG	Secretary General
ED	Executive Director
M.P	Member of Parliament
MCA	Member of County Assembly
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OAG	Office of the Auditor General
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board

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.

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2. Key Entity Information and Management

(a) Background information

The Muungano Party was incorporated/ established under the Political Parties Act, 2007 5th November, 2007. The Muungano Party is domiciled in Kenya and has branches in 25 counties.

(b) Principal Activities

MUUNGANO PARTY VISION

Muungano party is a party that is determined to see a united Kenya as its name depicts. As a party we are determined to develop the lifestyles of the ordinary Kenyan who has been undergoing rough times both economically and socially.

We will foster a Kenya that is a truly knit fabric of all the 42 tribes and the visitors within our borders.

MUUNGANO PARTY MISSION

Muungano Party envisions governing and executing services to Kenyans through a channel which is universally deemed to be democratic.

Our mission is to rid Kenya of all all that affect its citizenry, namely;

- Poor leadership
- Negative ethnicity
- Corruption and,
- Poverty

CORE VALUES

Muungano Party promises that all party activities will be based and guided by the following values.

- Commitment to democratic ideals
- Gender parity
- Commitment to patriotism
- Member appreciation
- Transparency and Accountability
- Integrity
- National Cohesion
- Zero tolerance to corruption and tribalism

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Key Entity Information and Management (continued)

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

No.	Designation	Name
1.	Secretariat	NEC/Charles Kihara
2.	National Treasurer	Charles Kihara

(c) 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.	National Chairman	Tito Mutunga Muunda
2.	Secretary General	Jonathan Muoki Mwaniki
3.	National Treasurer	Charles Kihara

(d) Entity Headquarters

P.O. Box 19080-00101
Kenwan Building,
Kangundo Road
Nairobi.

(e) Entity Contacts

Telephone: (254) 722823427
E-mail: muuganoparty@yahoo.com
Website: www.muuganoparty.com

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2. Family Bank (*Account for the Political Parties Fund*)
Nakuru Market Branch
P.O Box 74145 – 00200
Nakuru.
A/c Number: 019000055271
3. Equity Bank
Corporate Branch
P.O box 75104 – 00200
Nairobi.
A/c Number: 0010192999774

(g) Independent Auditor




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

(h) Principal Legal Adviser

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




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3. THE NATIONAL EXECUTIVE COMMITTEE

Ref	Directors	Details
1.		HON. TITO MUTUNGA MUUNDA National Chairman
2.		HON. CHARLES KIHARA National Treasurer
3.		HON. JONATHAN MUOKI MWANIKI Secretary General

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4. Key Management Team

	Management	Details
1.		HON. TITO MUTUNGA MUUNDA National Chairman
2.		HON. CHARLES KIHARA National Treasurer
3.		HON. JONATHAN MUOKI MWANIKI Secretary General
<p><i>Note: The CEO and the Entity Secretary will feature both under the 'Board' and 'Management'.</i></p>		

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5. Chairman's Statement

It is with pleasure that i present the annual report and the financial statement of our party Muungano Party -MP, for the year ended 30th June 2023

Financial Performance

The party has performed considerably well in the just ended 2023 General elections and there is good prospects that we will build on this performance to excel in the 2027 General elections.

Muongano Party's Strength

Muongano Party is growing to take its rightful place among big competing parties in Kenya's political space.

Appreciation

On behalf of the Muungano Party NEC, i would like to thank all who make and continue to make Muungano Party, the party of choice of the common Mwananchi.

We look forward to achieve more in the coming financial year.



TITO MUTUNGA MUUNDA

NATIONAL CHAIRMAN

MUUNGANO PARTY
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6. REPORT OF THE CHIEF EXECUTIVE OFFICER/ SECRETARY GENERAL

As a Party, we are pleased to say that we are glad to have qualified to get a share of the coveted Political Parties Fund. This fund enables the party to supplement with the other funds that we collect from other legal sources such as Donations, Contributions from members and the membership subscription fees that we collect from new members who join the party.

The party is in a serious membership recruitment drive that will culminate to the party getting a clear support base and be in the pole position to wrestle power to govern this great motherland of Kenya.

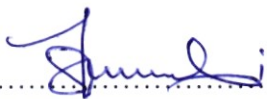
Muongano Party would like to thank all who contributed to ensure the party coffers are sound thus ensuring that the party activities and operating bills do not suffocate the Party's programmes.

Early March 2023, the party has lined up a serious of high level meetings that will give us a clear pathway on how we are going to make the Party more popular to the electorate.

There are lessons learnt from the 2022 General elections that will form a basis of a very vigorous campaign.

It is my sincere prayer that this coming financial year 2023/2024 will see a robust engagement on how we will shore up more finances to make a successful campaign to popularise the Party.

On behalf of the National Executive Committee, I thank all who participated in actualizing our dreams as a party.



JIONATHAN MUOKI MWANIKI

Secretary General

MUUNGANO PARTY
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7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES
FOR FY 2022/2023

Muongano Party has three strategic pillars within the current Strategic Plan for the FY 2022/2023.

These strategic pillars are as follows:

1. Special Interests Group active participation in Democracy
2. National Growth and Development
3. Education and Scientific progression

Muongano Party develops its annual work plans based on the above three pillars. Assessment of the NEC's performance against its annual work plan is done on a quarterly basis. The Muungano Party achieved its performance targets set for the FY 2022/2023 period for its three strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Special Interest Group active participation in Democracy:	Active political party members in multi-party democracy	Proactive Women, Youth and persons living with disabilities	1. Workshops 2. Seminars	Women and youth have been shying away from active participation in democracy. This workshops have gone a long way in motivating these members of the special interests group.
National Growth and Development	Contributing in shaping the	Parliamentary and County assemblies	Active participation by our elected leaders	Our party has achieved recognition as

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	national agenda	representatives participation in policy formulation.	in National Assembly and County Assembly.	captured by hansard of the legislative houses where its elected members have done the party proud by articulating issues that affect Kenyans.
Education and Scientific progression	Educated and technological savvy Kenyans	Education policy documents and debate.	Town hall meetings and schools support.	Identified needy but intelligent students who require support to advance and actualize their dreams.

8. CORPORATE GOVERNANCE STATEMENT

Governance by the Muungano Party NEC

The Muungano Party is led by a powerful committee known as the National Executive Committee (NEC). Meetings are held quarterly but can be called in special circumstances to execute important and very urgent party matters as need may be. This financial year we have had six (6) NEC meetings and the attendance averages 80%.

Gender Equality and Succession

The National Executive Committee is committed to achieving its gender diversity target and is also actively prioritising the appointment of qualified female politicians in its ongoing renewal to complement the NEC's mix of skills and experience as part of its current ongoing Party growth and succession process.

Under the NEC Charter, there's no maximum tenure for a NEC member to stand for an additional term but we take into consideration factors such as new and fresh young minds joining the leadership in the Committee to facilitate smooth succession planning.

Roles and functions of NEC

The Muungano Party NEC's principal role is to govern and oversee the Party by ensuring that there is a proper governance framework in place to promote, champion and protect the Party's interests for the benefit of the entire membership of the Party and the country at large. NEC collectively oversees and appraises the strategies, performance, culture and policies of MUUNGANO PARTY, having due regard to its purpose, its responsibilities to its ordinary party members and life members alike, the interests of its stakeholders and its role in the promotion of good governance and democracy.

Induction, training and career development

To ensure NEC officials receive ongoing professional development, NEC officials are provided a comprehensive program of ongoing education and training. The NEC Education Program (Program) is structured to align with the Party's strategic pillars. The Program comprises formal Political education sessions, electorate and party member's connection sessions, ground visits in the grassroots and other Party and supporter's engagement opportunities. As part of this Program, we also periodically assess the need for NEC members to undertake professional development to maintain the skills and knowledge required to perform their roles effectively.

NEC performance

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The way we measure and reward performance is designed to promote our purpose-led culture. Formal performance appraisals are conducted at the end of every year.

Performance assessments were undertaken for the Secretary General and NEC Leadership Team during FY 2022-2023.

Areas of Conflict of interest

The National Executive Committee considers a NEC member to be independent if they are free from any interest, position or relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their independent judgement.

Conflicts of interest, including related party transactions, are a standing agenda item and are considered by the NEC and other NEC sub-committees at each Meeting and in each paper presented to the NEC or Sub-Committee. If a potential conflict is identified, the relevant official or the NEC may determine that they should not receive documents related to or take part in discussions or decisions in respect of that matter.

NEC remuneration, ethics and conduct

It suffices to say that NEC members or in that case any member holding a party position, except the Executive Director who heads the secretariat, is not entitled to a remuneration package but may be subject to receive an allowance in the service of the party from time to time.

Our Code of Ethics & Conduct (Code) sets out the behaviours expected of everyone at Muungano Party. The Code provides our people with principles and a framework to make informed party decisions. It also provides specific guidance on how to make the right decision and do the right thing. When our party supporters and other stakeholders interact with us, we want them to feel assured that we will act in a responsible and ethical way.

Governance Audit

The Muungano Party NEC continuously reviews its performance and the performance of its Committees and individual NEC officials, and recognises the importance of this to NEC effectiveness. The annual NEC performance reviews are conducted either internally or with the assistance of an independent external consultant when resources are available.

The next audit is to take place in December 2024.

9. MANAGEMENT DISCUSSION AND ANALYSIS

The accompanying financial statements of Muungano Party were presented by management in accordance with the IPSAS and generally accepted accounting principles.

Only changes in accounting policies have been disclosed in these financial statements.

Management acknowledges responsibility for the preparation and presentation of the financial statements; including responsibility for the significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to the company's circumstances.

Management has established processes which are in place to provide then sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (ii) the financial statements, which is as of 30th June 2023.

The National Executive Committee (NEC) is responsible for reviewing and approving the financial statements together with other financial information of the company and for ensuring that management fulfils its financial reporting responsibilities. The Party shall institute an audit committee which will assist NEC in fulfilling this responsibility. The Audit committee shall meet with the management to review the financial statements together with other financial information of the company.

Management recognizes its responsibility for conducting the company's affairs in compliance with established financial standards, and applicable laws and regulations and for maintaining proper standards of conduct for its activities.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Muongano Party exists to transform lives and aspire higher dreams and good quality of life. This is our driving force behind everything we do. It is what guides us to deliver our strategy to Kenyans. Below is a brief highlight of our activities that drive towards sustainability.

Sustainability strategy and profile

Sustainable Development Goals (SDGs) 2015-2030 provides a plan of action for the people and prosperity. Four out of the seventeen goals are pertinent to management of activities being undertaken by the party.

- a) No poverty (SDG 1): The Party's logo is a "sack full of dreams" and to this effect, the Party has strived to undertake an awareness exercise nationally to rally all in influential positions to advocate for job creation and better pay for all workers of this beautiful country. Poverty should be a thing of the past.
- b) Quality education (SDG 4): the party believes that for the country to achieve its dream of being a developed country status, education has to be key in attaining this attainable dream.
- c) Gender equality (SDG 5): the party encourages mainstreaming of gender equality in project and programmes by incorporating compliance to one third gender rule in procurement and all party engagements.
- d) Reduced inequalities (SDG 10): As a party, we endeavour that all communities of Kenya will be accommodated in all activities the party undertaken.

Environmental performance

Muongano Party is working towards ensuring environmental sustainability in activities by undertaking tree planting exercise as the President advised and led by example in announcing a tree planting holiday.

The Party will seriously embark on using the youth in large numbers to sensitize people against littering in places which are not specially designated for litter.

Party officials and Employee welfare

In all of its appointments, Muongano Party takes deliberate actions to embrace Equal Employment Opportunity policies, gender mainstreaming, addresses concern around Persons Living with Disabilities (PWDs) and takes affirmative action in line with prevailing Government Policy guidelines. The Party priorities training to develop technical capacity of staff in the fields of governance in politics.

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11. REPORT OF THE NATIONAL EXECUTIVE COMMITTEE

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

i) Principal activities

The principal activities of the Muungano Party are public governance and advocating for multi-party democracy and just government of the people and for the people of Kenya.

ii) Results

The results of the Muungano Party for the year ended June 30, 2023, are set out on page 1 to 5

iii) Governing Committee

The members of the governing committee who served during the year are shown on page vii and viii. During the year no member of NEC director retired/ resigned.

iv) Surplus remission


In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Muungano Party did not make any surplus during the year FY 2022/2023 and hence no remittance to the Consolidated Fund.

v) Auditors

The Auditor-General is responsible for the statutory audit of the Muungano Party in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Section 31 (2) of the Political Parties Act, 2011.

By Order of the National Executive Committee


.....

Jonathan Muoki Mwaniki

Secretary General

12. STATEMENT OF NATIONAL EXECUTIVE COMMITTEE RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 31 of the Political Parties Act, 2011, require the Party to prepare financial statements in respect of Muungano Party, which give a true and fair view of the state of affairs of the Muungano Party at the end of the financial year/period and the operating results of the Muungano Party for that year/period. The National Executive Committee members are also required to ensure that the Muungano Party keeps proper accounting records which disclose with reasonable accuracy the financial position of the Muungano Party. The NEC members are also responsible for safeguarding the assets of the Muungano Party.

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

The NEC Members accept responsibility for the Muungano 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 Section 31 of the Political Parties Act, 2011. The NEC Members are of the opinion that the Muungano Party's financial statements give a true and fair view of the state of Muungano Party's transactions during the financial year ended June 30, 2023, and of the Muungano Party's financial position as at that date. The NEC Members further confirms the


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completeness of the accounting records maintained for the Muungano Party, which have been relied upon in the preparation of the Muungano Party's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the NEC members have assessed Muungano Party's ability to continue as a going concern and nothing has come to the attention of the NEC members to indicate that Muungano Party will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Muungano Party's financial statements were approved by the NEC on **25 March 2024** and signed on its behalf by:



Tito Mutunga Muunda
National Chairman



Jonathan Muoki Mwaniki
Secretary General/Accounting Officer

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON MUUNGANO 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 that the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Muungano Party set out on pages 1 to 29, 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 Muungano 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 Expenditures

The statement of financial performance reflects expenditures of Kshs.1,112,366 and Kshs.180,000 on use of goods and services and employees' costs respectively. However, the expenditures were not supported with ledgers, schedules and payment vouchers.

In the circumstances, the accuracy and completeness of the expenditure totalling Kshs.1,292,366 could not be confirmed.

2. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects a balance of Kshs.3,354 in respect of cash and cash equivalents. However, the balance was not supported with a cash book, certificate of bank balance and bank reconciliation statement.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.3,354 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Muungano 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

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.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter 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

Non-Establishment of Party Offices

During the year under review, the Party had only one (1) County office. This was contrary to the provisions of Section 7(f)(iii) of the Political Parties Act, 2011 which states that a Political Party shall be qualified to be fully registered if it has submitted to the Registrar the location and addresses of the branch offices of the Political Party, which shall be in more than half of the Counties.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(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 the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Party's ability to 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

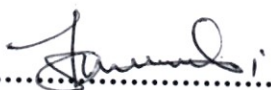
25 June, 2024

MUUNGANO PARTY
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14. Statement of Financial Performance for the year ended 30 June 2023

	Notes	2023	2022
		Kshs	Kshs
Revenue from Non- Exchange Transactions			
Political Parties Fund	6(a)	4,039,554	-
Revenue from Exchange Transactions			
MCA Contributions	6(b)	926,482	743,520
M.P Contributions	6(b)	-	200,000
Membership Fees	6(b)	-	126,900
Nomination Fees	6(b)	-	3,312,050
Total Revenue		4,966,036	4,382,470
Expenses			
Use of goods and services	8	1,112,366	869,625
Employee costs	9	180,000	180,000
Special Interests Groups Programs	10	1,890,000	805,000
Party Policy and Advocacy	11	1,575,000	1,836,000
NEC Expenses	12	111,700	-
Depreciation and amortization expense	13	30,564	2,002
Finance costs	16	6,263	4,201
Total expenses		4,905,893	3,696,828
Other gains/(losses)			
Impairment loss		-	-
Surplus for the year		60,143	685,642

The notes set out on pages 6 to 28 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



Jonathan Muoki Mwaniki
SG/Accounting Officer

15. 4/4/2024
 Date.....



Charles Kihara
Treasurer/ Head of Finance

Date...4/4/2024...



Tito Mutunga Muunda
National Chairman

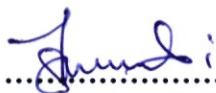
Date...4-4-2024

MUUNGANO PARTY
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15. Statement of Financial Position as at 30 June 2023

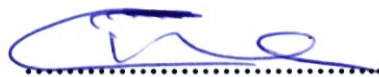
	Notes	2023	2022
		Kshs	Kshs
Assets			
Current Assets			
Accounts Receivables	7	667,908	-
Cash and Cash equivalents	15	3,354	12,911
Total Current Assets		671,262	12,911
Non-Current Assets			
Property, Plant and Equipment	14	96,819	9,385
Total Non- Current Assets		96,819	9,385
Total Assets		768,081	22,296
Liabilities			
Current Liabilities		-	-
Total Current Liabilities		-	-
Non-Current Liabilities			
Total Non- Current Liabilities		-	-
Total Liabilities		-	-
Net Assets			
Reserves		-	-
Accumulated Surplus		768,081	645,642
Capital Fund		-	22,296
Total Net Assets		768,081	707,938
Total Net Assets and Liabilities		768,081	707,938

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



Jonathan Muoki Mwaniki
SG/Accounting Officer

Date... 7/4/24



Charles Kihara
Treasurer/ Head of Finance

Date... 4/4/2024



Tito Mutunga Muunda
National Chairman

Date... 4-4-24

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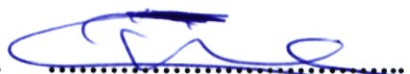
16. Statement of Changes in Net Assets for the year ended 30 June 2023

Description	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	707,938	-	-	707,938
Surplus/ (deficit) for the year	60,143	-	-	60,143
As at June 30, 2023	768,081	-	-	768,081



Jonathan Muoki Mwaniki
SG/Accounting Officer

Date.....
 7/4/2024



Charles Kihara
Treasurer/ Head of Finance

Date.....
 4/4/2024



Tito Mutunga Muunda
National Chairman

Date.....
 4-4-24

MUUNGANO PARTY
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17. Statement of Cash Flows for the year ended 30 June 2023

	Notes	2023	2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Surplus for the year		60,143	685,642
Non- Cash Movement			
Add: Depreciation	13	30,564	2,002
		90,707	687,644
Less: Receivable Revenue from PPF	7	(667,908)	-
Net Cash generated from operating expenses		(577,201)	687,644
Cash flows from investing activities:			
Purchase of property, plant and equipment	14	(120,000)	-
Changes in Cash and Cash equivalents		(697,201)	687,644
Cash and Cash equivalents, 01 July	15	700,555	12,911
Cash and Cash equivalents, 30 June	15	<u>3,354</u>	<u>700,555</u>



Jonathan Muoki Mwaniki
 SG/Accounting Officer

Date 4/4/2024



Charles Kihara
 Treasurer/ Head of Finance

Date 4/4/2024



Tito Mutunga Muunda
 National Chairman

Date 4-4-2024

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	D	e=(c-d)	f=d/c
Revenue						
Political Parties Fund	6,738,878	(2,699,324)	4,039,554	3,371,646	(667,908)	83%
MCA Contributions	926,482	-	926,482	926,482	-	100%
Total Income	7,665,360	(2,699,324)	4,966,036	4,298,128	(667,908)	87%
Expenses						
Use of goods and services	1,565,360	(597,955)	967,405	1,112,366	(144,961)	115%
Employee costs	600,000	(320,000)	280,000	180,000	100,000	64%
NEC Expenses	300,000	(181,369)	118,631	111,700	6,931	94%
Special Interests Groups Programs	3,000,000	1,000,000	2,000,000	1,890,000	110,000	95%
Party Policy and Advocacy	2,000,000	600,000	1,400,000	1,575,000	25,000	113%
Property Plant and Equipment	200,000	-	200,000	120,000	80,000	60%
Total Expenditure	7,665,360	(2,699,324)	4,966,036	4,989,060	176,970	100%
Surplus for the period	-	-	-	(690,932)		-
Capital Expenditure	-	-	-	-	-	-

19. Notes to the Financial Statements

1. General Information

Muongano Party is established by and derives its authority and accountability from Section 31 of the Political Parties Act, 2011. Muongano Party is regulated and funded by the Government of Kenya and is domiciled in Kenya. Muongano Party's principal activity is leadership and governance through active participation in democracy.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a reducing balance 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 Muongano 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 Muongano Party. The financial statements have been prepared in accordance with the PFM Act, 2012, the Political Parties Act, 2011, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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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 MUUNGANO 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 MUUNGANO PARTY's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<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 MUUNGANO 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>

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Standard	Effective date and impact:
	<p>(a) The nature of such social benefits provided by the MUUNGANO PARTY.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the MUUNGANO PARTY's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.</p>
<p>Other improvements to IPSAS</p>	<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.

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Standard	Effective date and impact:

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 cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Muungano 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 Muungano 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 Muungano 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 Muungano 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.

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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 Muungano 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 Muungano 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 FY was approved by the National Assembly. 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 Muungano Party upon receiving the respective approvals in order to conclude the final budget.

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Budget information (continued)

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

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

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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.

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 Muungano 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 Muungano 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 Muungano Party also recognizes the associated lease liability at the inception of the lease. The liability recognized

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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 Muungano 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 Muungano 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 Muungano Party expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Muungano 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. A financial instrument is any contract that gives rise to a financial asset of one Muungano Party and a financial liability or equity instrument of another Muungano Party. At initial recognition, the Muungano 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 Muungano 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 Muungano 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 cashflows 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 Muungano Party has made irrevocable election at initial recognition for particular investments in equity instruments.

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for the year ended June 30, 2023.

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

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Annual Reports and Financial Statements
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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 Muungano 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.

b) Financial liabilities

Classification

The Muungano 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.

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 Muungano Party.

k) Provisions

Provisions are recognized when the Muungano 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 Muungano Party expects some

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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 Muungano 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 Muungano Party will incur in fulfilling the present obligations represented by the liability.

m)Contingent liabilities

The Muungano 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 Muungano 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 Muungano 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.

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

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

p) Changes in accounting policies and estimates

The Muungano 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) 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.

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

t) Service concession arrangements

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

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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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Muungano 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 Muungano Party based its assumptions and estimates on parameters available when the consolidated financial statements were

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Muungano 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 Muungano 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

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.

The assets are recognized and depreciated on the reducing balance method as follows:

	ITEM	RATE
a	Furniture and fittings	20%
b	Computers and related equipment	30%
c	Office Equipment	20%

6. Revenue

a) Revenue from non-exchange transactions

	2023	2022
	Kshs	Kshs
Revenue from non-exchange transactions		
Political Parties Fund	4,039,554	-
Total	4,039,554	-

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b) Revenue from Exchange transactions

	2023	2022
	Kshs	Kshs
Revenue from Exchange transactions		
M.P Contributions	-	200,000
Membership Fees	-	126,900
Nomination Fees	-	3,312,050
MCA Contributions	926,482	743,520
Total	926,482	4,382,470

7. Accounts Receivables

Description	2023	2022
	Kshs	Kshs
Political Parties Fund	667,908	-
Total Accounts Receivable	667,908	-

8. Use of Goods and Services

	2023	2022
	Kshs	Kshs
Office Rent	900,000	360,000
Printing and Stationery	212,366	323,455
General Expenses	-	186,170
Total revenue	1,112,366	869,625

9. Employee Costs

Description	2023	2022
	Kshs	Kshs
Salaries and wages	180,000	180,000
Total	180,000	-

Travel, accommodation, subsistence and other allowances were introduced to cover the employee from the escalating cost of living.

10. Special Interest Groups

Description	2023	2022
	Kshs	Kshs
Women League Workshop	630,000	805,000
Youth League Workshop	630,000	-
Persons Living with Disabilities (PWD) sensitization	630,000	-
Total for Special Interest Groups	1,890,000	805,000

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11. Party Policy and Advocacy

Description	2023	2022
	Kshs	Kshs
Party Campaign Materials	-	750,000
National delegates Conference	-	86,000
Recruitment of Members drives	595,000	-
County Civic and Political Participation	980,000	-
Aspirants Support	-	1,000,000
Total for Policy and Advocacy	1,575,000	1,836,000

12. NEC Expenses

Description	2023	2022
	Kshs	Kshs
Members Travel and Accommodation	111,700	-
Total	111,700	-

13. Depreciation and Amortization Expense

Description	2023	2022
	Kshs	Kshs
Property, Plant and Equipment	30,564	2,002
Total depreciation and amortization	30,564	2,002

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Notes to the Financial Statements (Continued)

14. Property, Plant and Equipment

Cost	Furniture and fittings	Computers and accessories	Office Equipment	Total
	Kshs	Kshs		Kshs
As At 1 July 2022	5,058	874	1,451	7,383
Additions	10,000	50,000 -	60,000	120,000
Disposals	-	-		-
Transfers/Adjustments	-	-		-
As at 30th June 2023	15,058	50,874	61,451	127,383
Depreciation and Impairment				
At 1 July 2022	-	-		-
Depreciation	3,012	15,262	12,290	30,564
Impairment	-	-		-
Transfers/ Adjustments	-	-		-
As at 30th June 2023	3,012	15,262	12,290	30,564
Net Book Values				
As at 30th June 2022	5,058	874	1,451	7,383
As at 30th June 2023	12,046	35,612	49,161	96,819

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15. Detailed Analysis of the Cash and Cash equivalents

Financial Institution	Account number	2023	2022
		Kshs	Kshs
a) Current Account			
Family Bank	019000055271	3,183	-
Equity Bank	0010192999774	171	548,630
Sub- Total		3,354	548,630
Cash in Hand		-	151,925
Sub- Total		-	-
Grand Total		3,354	151,925
		3,354	700,555

16. Finance Costs

Financial Institution	Account number	2023
		Kshs
b) Current Account		
Family Bank	019000055271	4,343
Equity Bank	0010192999774	1,920
Total		6,263

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20. Appendices

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

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:



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Secretary General

Date: 9/9/2024

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Appendix II: Projects implemented by the Muungano Party

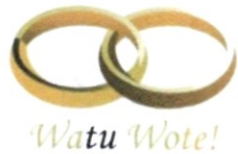
Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

Appendix III- Inter-Entity Confirmation Letter



MUUNGANO PARTY

MUUNGANO PARTY
P.O BOX 19080– 00100 GPO
NAIROBI.

The Muungano Party wishes to confirm the amounts disbursed to us as at 30th June 2023 as indicated in the table below.

Confirmation of amounts received by MUUNGANO PARTY as at 30th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Office of the Registrar of Political Parties (KShs) as at 30th June (Current FY)				Amount Received by Muungano Party (KShs) as at 30 th June (Previous FY)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		

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						(E)	
RTGS RT23037DM3KS- FT2303784VJO10001818420REGISTRA R OF POLITICAL PARTIES :/REC/0020002232	06 FEB- 2023		1,685,823		1,685,823	-	1,685,823
RTGS RT23038RN4HY 1000181842 REGISTRAR OF POLITICAL PARTIES ROC/0020002231	07 FEB- 2023		1,685,823		1,685,823	-	1,685,823
Total			3,371,646		3,371,646	-	3,371,646

Head of Accountants department:

CHARLES KIHARA

Name Sign  Date 4/4/2024

