

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 SEP 2024	DAY: Thursday
TABLED BY:	Hon. Owen Boya MP Deputy leader of Opposition Party
CLERK-AT THE-TABLE:	Ar Shirubuko

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REPORT

OF

THE AUDITOR-GENERAL

ON

CHAMA CHA MASHINANI

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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Revised 30th June 2023



CHAMA CHA MASHINANI

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)

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

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

Chama Cha Mashinani is a political party in Kenya registered under the office of the Registrar of Political Parties. It changed its name from People Patriotic Party of Kenya effective 25th April, 2016. We are committed to the National values and advocate for devolving power and resources to the smallest unit level in the Country.

(b) Principal Activities

The principal activity of Chama Cha Mashinani is to form a Government and serve as a political party with a view of establishing a Constitutional government that unite all the people of Kenya as one people one nation for the complete liberation of the country from all forms of discrimination, oppression, poverty, deprivation and marginalization.

(c) Key Management

The Chama Cha Mashinani day-to-day management is under the following key organs:

No.	Designation	Name
1.	Party Leader	Hon Isaac Ruto
2.	Secretary General	Hon Albert Kochei
3.	Chairman	Hon Mohammed Guleid
4.	Treasurer	Hon Mercy Ntutu

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Executive Director	Kiplangat Bett
2.	Director Finance	Chepkemai Emmy
3.	Procurement Officer	Peris Chepngetich
4.	Administrative Officer	Eric Cheruiyot

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Fiduciary Oversight Arrangements

- *Finance committee*

Ensures proper use of finances in accordance with the relevant laws. The finance department is headed by the Finance Director. Their mandate include; (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 Chama Cha Mashinani party (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

- *Regulatory and legal*

Chama Cha Mashinani code of conduct and the Constitution are in compliance with the government Constitution and the Office of Registrar regulations.

- Risk management.

To ensure that the allocation given to the party are spend towards achieving goals and objectives of the party

- Procurement Committee

Ensures all matters procurement are adhered to as per the existing procurement laws.

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(e) Entity Headquarters

P.O. Box 14009-00800
Maruti Heights Building
5th Floor, Room 5F
Langata Road, Nairobi

(f) Entity Contacts

(g) Corporate Contacts

Telephone +254 724089842
Email: info@ccm.co.ke

(h) Entity Bankers

(i) Corporate Bankers

Cooperative Bank of Kenya
T-Mall Branch
P.O. Box 48231 - 00100,
Nairobi, Kenya

Kenya Commercial Bank,
Langata Branch
P.O BOX
Nairobi.

(j) Independent Auditor

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

(k) 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. National Executive Council, NEC

	<p>Hon Isaac Rutto,EGH</p> <p>Party Leader</p> <p>He is a seasoned leader having been in leadership for more than thirty years, He value and support leadership of good governance across all sectors including the National and County governments He i support for a system of governance that is inclusive in decision making, accessible and empowers all entities, communities and persons to meet their obligations.</p> <p>He has Bachelor of arts in Economic</p>
	<p>Hon. Mohamed Guleid Abdile PARTY CHAIRMAN</p> <p>Academic Qualification:</p> <p>Holding a Master’s degree in Cultural Anthropology. Post Graduate degree in development studies. Has worked for more 27 years in development work, government and also in business.</p>
	<p>Hon. Mercy Ntutu, Treasurer</p> <p><i>Academic Qualification:</i></p> <p>She is ah holder of Degree in Business commerce (Marketing management option). She is well conversant with the governance, administration and leadership. She has been serving as a Member of County Assembly for Narok for the last 15 years.</p>
	<p>Hon. Bett Isaiah Kiplangat</p> <p>Executive Director</p> <p>An holder of degree in ICT. He is the head of CCM Secretariat.</p>

**Chama Cha Mashinani
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4. Key Management Team

	<p>Hon. Mohamed Guleid Abdile PARTY CHAIRMAN</p> <p><i>Academic Qualification:</i></p> <p>Holding a Master's degree in Cultural Anthropology. Post Graduate degree in development studies. Has worked for more 27 years in development work, government and also in business.</p>
	<p>Hon. Mercy Ntutu, Treasurer</p> <p><i>Academic Qualification:</i></p> <p>She is ah holder of Degree in Business commerce (Marketing management option). She is well conversant with the governance, administration and leadership. She has been serving as a Member of County Assembly for Narok for the last 15 years.</p>
	<p>Hon. Bett Isaiah Kiplangat</p> <p>Executive Director and head of secretariat.</p> <p>A holder of degree in ICT.</p>
	<p>Hon. Emmy Chepkemoi</p> <p>Finance Director, Ag Secretary General</p> <p>She is an holder of Degree of Business commerce Finance option and is a CPA (K)</p>

**Chama Cha Mashinani
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5. Chairman's Statement

The Chama Cha Mashinani (CCM) continues to grow in an effort to fulfil its constitutional mandate. The period under review, (2022/2023) has been both challenging and productive for Chama Cha Mashinani.

The financial report provides a short historical overview of the financial year 2022/2023 and also sets out the key activities undertaken by the Chama Cha Mashinani in the ninth year of its operation. The progress reported here is, therefore, a culmination of the efforts of many individuals and stakeholders who provided their expertise and capacity in support of the work of the party. During the comparative previous Financial Year 2021/2022, the party did not receive any exchequer allocation, but after the elections of 2022 we qualified for the fund for the Financial Year 2022/2023.

We are committed to ensuring that the CCM envisions a prosperous, Democratic Kenya that espouses equity, justice and peace. To improve the quality of life of Kenyans by promoting people-centred democratic governance thereby ensuring equity, economic and political advancement, social justice, freedom, rule of law, peace and human dignity for sustainable prosperity.

Chama cha Mashinani will work to defend the democratic gains of the people and to advance towards a society in which the government is freely chosen by the people according to the principles of universal suffrage on a common voters' role.

We will work with Kenyans to modernize the Republic of Kenya, for the enjoyment of modern technologies, promote economic development for the benefit of all, while respecting our culture, our tradition and our heritage. Build a Kenyan nation with a common patriotism and loyalty in which the cultural, linguistic and religious diversity of the people is recognized.

We will revolutionize politics and mold it into a noble career to attract talented citizens and professionals with modern terms and conditions of service

**CHAMA CHA
MASHINANI**
P.O. BOX 14009-00800 NAIROBI
Date: Sign:

**Hon. Muhamed Guleid
Party Chairman**

6. Report of the Secretary General

Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a Political Party shall prepare financial statements in respect of that entity. The Accounting Officer is also required to ensure that the party keeps proper accounting records which disclose with reasonable accuracy the financial position of the company. The management is also responsible for safeguarding the assets of the party.

The Accounting Officer in charge of the Chama Cha Mashinani is responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of the Chama cha mashinani party for and as at the end of the financial year (period) ended 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 Chama Cha Mashinani party (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The party shall ensure full participatory democracy by all citizens, free and fair polls, endeavour to achieve universal and world peace devoid of all forms of discrimination, chauvinism, sexism, exploitation, nepotism, social bigotry and war

We will ensure the Special interest groups are well covered and he 2/3 rd. gender rule is adhered to both at the County level and National level.

**CHAMA CHA
MASHINANI**
1457-00800, NAIROBI
PO Box 1457, Nairobi
Date: 25.09.2023
Ag. Secretary General
Chepkemoi Emmy

**Chama Cha Mashinani
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7. Corporate Governance Statement

Chama cha mashinani is committed to work in accordance with existing code and is quidded by the following principles

- Nationalism and Patriotism
- Discipline and the rule of law
- Commitment to absolute fairness and opportunity for all in equal measure
- For the people
- Trusted with integrity and honesty
- Inclusivity
- Social justice and fairness
- Equity, tolerance, equality and inclusivity

Chama Cha Mashinani mission is to improve the quality of life of Kenyans by promoting people-centered democratic governance thereby ensuring equity, economic and political advancement, social justice, freedom, rule of law, peace and human dignity for sustainable prosperity.

During the financial year 2022/2023. The Party has several organs including ; National Delegates Congress(NDC),National Governing Council (NGC),National Executive Committee (NEC),National Management Committe (NMC),County Executive Committee(CEC),Constituency Executive Committee (CEC),Ward steering Committee,Ward Assembly,Polling center Caucuses,National Elected Members Group, County Elected Members Group ,Women League,Youth League ,National Secretariat and National Elections Board

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The National Executive Committee is the highest decision making organ and its functions includes ; Consider and adopt policy of the party ,Supervise the National Secretariat, Appoint chief agents, returning officers and other election officials during national party elections and general elections. suspend or expel a party member from the party for gross misconduct as may be recommended by the national disciplinary panel, Issue and send directives and instructions to and receive reports from the County executive committees, Appoint an ad hoc disciplinary panel to handle disciplinary matters or disputes within the party and form an ad hoc appeals board where necessary, Appoint a National Elections Board, determine the remuneration of the ad hoc/interim panel, The National Executive Committee shall provide Party policies, political guidance to the Party, Party membership, bodies and committees formed by the Party, communications made to state bodies and others, regional, international cooperation with governments, and Partners,Ensure that relevant constitutional and valid recommendations of NGC are carried out and party policies adhered to,Initiate the amendment to this constitution,Supervise the administration of the party at all levels and direct such activities to further the aims and objectives of the party.

Work with the other organs of the party to ensure harmony and cohesiveness of the activities and decisions of the party.

The Party was able to conduct several NEC meetings which was aimed at improving party's image and training to the party officials. The party has no remuneration to the party officials and only work on volunteering basis as the wait to form the government

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8. Environmental and Sustainability Reporting

The party subscribes to the United Nations International Charter on Human Rights, The African Charter of Human and peoples' Rights and the Convention Against torture and other cruel, inhuman and degrading treatment, protection of habitats and environmental conservation according to the Environmental Management and Co-ordination Act (EMCA) and the provisions of the Ramsar Convention.

Chama Cha Mashinani help build bridges between citizens and government and provide an outlet to amplify the political voices of citizens, civil society, businesses, and parliament. They respond to voter demand, but they also shape public attitudes. CCM changed their discourse to align with a growing concern over climate change, fuelled by climate activists. In societies with low awareness or concern about the environment, CCM is helping to raise public awareness and push environmental concerns higher among the political priorities.

CCM through its members directly influence the level of ambition and policy outputs by shaping strategic direction and content of policies, through legislation. They help strengthen governments' accountability for adoption and implementation of climate change and environmental policies.

Parties can further drive policy actions through party competition to be the most ambitious on environmental policies. Cross-party consensus on climate change can help advance climate policies, as seen in Kenya today where most political parties on both sides of coalitions and outside of the political spectrum are united behind an objective of strengthening climate change action.

This highlights the importance of increasing awareness and understanding among the political parties globally across the political spectrum, on environment and climate change and the means available to them for advancing ambitious action based on experiences of other countries, such as through addressing these issues in the party manifestos, environmental legislation and post-legislative scrutiny, international and national cross-party dialogues, and other activities building political consensus on climate change and environmental issues. It is also important that overseas development programmes consider the role of political parties and include interventions to strengthen their positive influence and minimise potential negative impacts on environmental and climate agenda. Equally, the environmental agenda should be part of democracy assistance programmes targeting political parties.

9. Report of the National Executive Council.

The NEC submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of Chama Cha Mashinani affairs.

i) Principal activities

- to form the Governments both at National and County Level and serve as a political party with a view of establishing a Constitutional government that unite all the people of Kenya as one people one nation,
- Strengthening devolution, people's participation in governance, transfer of all functions that can best be performed at the local level in which resources follow functions.
- Support and advance the cause of national liberation, development, world peace, disarmament and environmentally sustainable development.

ii) Results

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

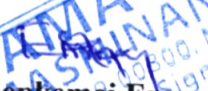
iii) The National Executive Council

The members of the National Executive Committee who served during the year are shown on page viii. During the year 2023 Party Leader (Hon Isaac Rutto) and the Secretary General (Hon Albert Kochei)resigned and Deputy Party Leader and Director Finance were appointed to replace on acting capacity respectively with effect from May 2023.

iv) Auditors

The Auditor-General is responsible for the statutory audit of the Chama Cha Mashinani in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of Chama Cha Mashinani for the year/period ended June 30, 2023, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of National Executive Committee


Chepkemoi Emmy
Ag. Secretary General

10. Management discussion and analysis

CCM is a non-discriminative and democratic movement whose ambition is to establish a prosperous, industrialized and modern nation in which citizens enjoys social, economic and democratic rights and live in respectable and dignified ways

Our activities will revolve around educating our members and ensuring there is always a link between our party organs and the people of Kenya.

CCM will ensure

- (1) Policies are determined by the membership and its leadership is accountable to the membership in terms of the procedures laid down in this Constitution.
- (2) The CCM also contests elections as a registered political party drawing its electoral support from all sections of Kenyan society.
- (3) While striving for the maximum unity of purpose and functioning, the CCM will respect the linguistic, cultural and religious diversity of its members.
- (4) Collaborate in projects which will ensure improved dynamism of relationship with our members and competitors.
- (5) The principles of freedom of speech and free circulation of ideas and information will operate within the CCM .
- (6) As a consequence of positive outcomes from our corporate social activity, we can enhance CCM's reputations among the citizens and other ley stakeholders.

11. Statement National Executive Council Responsibilities

Section 81 of the Public Finance Management Act, 2012 and require the Directors to prepare financial statements in respect of Chama *Cha Mashinani*, which give a true and fair view of the state of affairs of *Chama Cha Mashinani* at the end of the financial year/period and the operating results of the *Chama Cha Mashinani* for that year/period 2022/2023. The National Executive Committee are also required to ensure that Chama Cha Mashinani keeps proper accounting records which disclose with reasonable accuracy the financial position of Chama Cha Mashinani. The National Executive Committee are also responsible for safeguarding the assets of Chama Cha Mashinani.

The National Executive Committee are responsible for the preparation and presentation of Chama Cha Mashina financial statements, which give a true and fair view of the state of affairs of Chama Cha Mashina 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 Chama Cha Mashina; (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 Chama Cha Mashina; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The National Executive Committee accept responsibility for Chama Cha Mashina 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 Act. The National Executive Committee are of the opinion that the Chama Cha Mashina financial statements give a true and fair view of the state of Chama Cha Mashina transactions during the financial year ended June 30, 2023, and of the Chama Cha Mashina financial position as at that date.

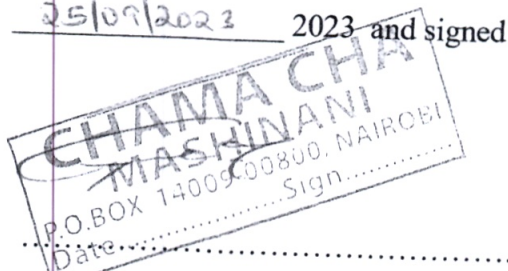
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The National Executive Committee further confirms the completeness of the accounting records maintained for Chama Cha Mashina, which have been relied upon in the preparation of Chama Cha Mashina financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the National Executive Council have assessed Chama Cha Mashinani ability to continue as a going concern and nothing has come to the attention of the Directors to indicate that Chama Cha Mashina 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 Chama Cha Mashinani financial statements were approved by the National Executive Council on 25/09/2023 2023 and signed on its behalf by:



Mohamed Guleid

Chairman, Chama Cha Mashinani


.....
Chepkemoi Emmy
Ag. Secretary General

REPUBLIC OF KENYA

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Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON CHAMA CHA MASHINANI FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Chama Cha Mashinani set out on pages 1 to 25, which comprise of the statement of financial position as at

Report of the Auditor-General on Chama Cha Mashinani for the year ended 30 June, 2023

30 June, 2023, and the statement of financial of performance, statement of changes in net assets and statement of cash flows and statement of comparison of budget and actual amount 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, the financial statements present fairly, in all material respects, the financial position of the Chama Cha Mashinani 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 Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Chama Cha Mashinani Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the 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

1. Late Submission of Financial Statements

The financial statements were submitted for audit on 29 January, 2024, four (4) months after the statutory date of 30 September, 2023. This was contrary to Section 68(2)(k) of the Public Finance Management Act, 2012 and Section 47(1) of the Public Audit Act, 2015 which states that the financial statements should be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

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

2. Failure to Open Branch Offices

Physical inspection in 38 Counties revealed that the Party had only five (5) County offices. This was contrary to Section 7(f)(iii) of the Political Parties Act, 2011 which states that a political party shall be qualified to be fully registered if it has submitted to the Registrar the location and addresses of the branch offices of the political party, which shall be in more than half of the Counties.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

28 June, 2024

Chama Cha Mashinani
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for the year ended June 30, 2023

13. Statement of Financial Performance for the year ended 30 June 2023

	Notes	2023
		Kshs
Revenue from non-exchange transactions		
Transfers from other governments entities	6	4,862,391.00
Public contributions and donations	7	407,071.00
Total revenue		5,269,462.00
Expenses		
Use of goods and services	8	3,514,559.00
Depreciation and amortization expense	9	148,806.00
Total expenses		3,663,365.00
Surplus/ (deficit) before tax		1,606,097.00
Tax		
Surplus/(deficit) for the period/year		1,606,097.00

The notes set out on pages 6 to 24 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:

Emmy

Name: Chepkemoi Emmy
Ag. Secretary General

Jana

JOSEK KIANA
Accountant
ICPAK Member Number:
P/1509
Date 25/09/2023

CHAMA CHA MASHINANI
 P.O. BOX 14009-00800, NAIROBI

Name: Mohamed Guleid
Chairman
Date 25/09/2023

14. Statement of Financial Position as at 30 June 2023

	Notes	2023
		Kshs
Assets		
Current Assets		
Cash and Cash equivalents	10	985,057.00
Inventories	11	1,000,000.00
Total Current Assets		1,985,057.00
Non-Current Assets		
Property, Plant and Equipment	12	718,944.00
Total Non- Current Assets		718,944.00
Total Assets		2,704,001.00
Liabilities		
Current Liabilities		
Trade and Other Payables	13	708,980.00
Total Current Liabilities		708,980.00
Non-Current Liabilities		
Total Non- Current Liabilities		0
Total Liabilities		708,980.00
Net Assets		
Accumulated Surplus		1,606,097.00
Capital Fund b/f		388,924.00
Total Net Assets		1,995,021.00
Total Net Assets and Liabilities		2,704,001.00

The financial statements set out on pages 1 to 4 were signed on behalf of National Executive Council (NEC)


EMMY CHEPKEMOI
 Ag. Secretary General


JOSEK KIANA
 Accountant

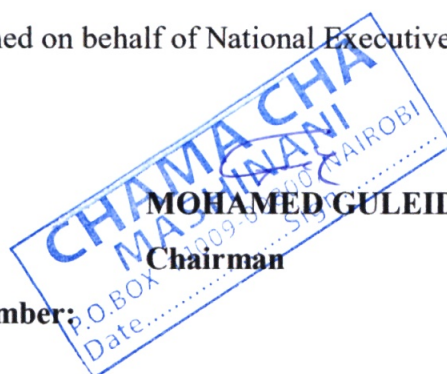
ICPAK Member Number:
 P/1509

Date: 25/09/2023

Date: 25/09/2023


MOHAMED GULEID
 Chairman

Date: 25/09/2023



Chama Cha Mashinani
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15. Statement of Cash Flows for the year ended 30 June 2023

	2023	
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other governments entities	6	4,862,391.00
Public contributions and donations	7	407,071.00
Total receipts		5,269,462.00
Payments		
Use of goods and services	8	3,514,559.00
Total payments		3,514,559.00
Net cash flows from/(used in) operating activities		1,754,903.00
Cash flows from investing activities		
Purchase of PPE	12	(60,000.00)
Acquisition of ballot boxes	11	(1,000,000.00)
Net cash flows from/(used in) investing activities		(1,060,000.00)
Cash flows from financing activities		
(Increase)/Decrease in Accounts Payable		271,200.00
Net cash flows from financing Activities		271,200.00
Net increase/(decrease) in cash & Cash equivalents		966,103.00
Cash and cash equivalents at 1 July 2022		18,954.00
Cash and cash equivalents at 30 June 2023	10	985,057.00

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

	Original budget	Final budget	Actual on comparable basis
	Kshs	Kshs	Kshs
Revenue			
Transfers from Other Governments entities	4,862,391.00	4,862,391.00	4,862,391.00
Public Contributions and Donations	407,071.00	407,071.00	407,071.00
Total Income	5,269,462.00	5,269,462.00	5,269,462.00
Expenses			
Use of Goods and Services	3,514,559.00	3,514,559.00	3,514,559.00
Total Expenditure	3,514,559.00	3,514,559.00	3,514,559.00
Surplus for the period	1,754,903.00	1,754,903.00	1,754,903.00
Acquisition of Assets	1,060,000.00	1,060,000.00	1,060,000.00

17. Statement of Changes of Net Assets for the year June 2023

Description	Retained earnings/deficit	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs
Surplus/ (deficit) for the year	1,606,097.00	-	1,606,097.00
Capital fund during the year	-	388,924.00	388,924.00
Proposed final dividends	-	-	-
As at June 30, 2023	1,606,097.00	388,924.00	1,995,021.00

18. Notes to the Financial Statements

1. General Information

Chama Cha Mashinani is established by and derives its authority and accountability from Political parties Act. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is to form government.

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

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Annual Report 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 Entity'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 Entity'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 Entity 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>

Standard	Effective date and impact:
	<p>(a) The nature of such social benefits provided by Chama Cha Mashinani.</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 Chama Cha Mashinani'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"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> 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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- 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><i>Applicable 1st January 2025</i></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 Chama Cha Mashinani.</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><i>Applicable 1st January 2025</i></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>

- iii. *Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year as it was the first receipt of the exchequer from Government. *or the entity adopted the following standards early .*

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

Chama Cha Mashinani.

recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to Chama Cha Mashinani.

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 Entity 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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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 Chama Cha Mashinani.

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 Chama Cha Mashinani 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 2023/2024 was approved by the National Assembly through Office of Registra of Political parties, 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 Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, Chama Cha Mashinani recorded additional appropriations of *kshs* 400,240.00 on the 2023 budget following the governing body's approval.

Chama Cha Mashinani 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 under section xxx of these financial statements.

c) 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 Entity 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.

a) Financial assets

Classification of financial assets

The entity 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 entity'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

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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 entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity 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.

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 entity 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 entity 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 entity 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 xx*.

b) Financial liabilities

Classification

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

d) 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 Chama Cha Mashinani.

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e) Provisions

Provisions are recognized when the *Entity* 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 *Entity* 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.

f) 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 entity 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 entity will incur in fulfilling the present obligations represented by the liability.

g) Contingent liabilities

The Entity 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.

h) Contingent assets

The Entity 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 Entity 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)

i) Changes in accounting policies and estimates

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

j) 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.

k) Comparative figures

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

l) 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.

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Annual Report and 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 Chama Cha Mashinani 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 Entity 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 Chama Cha Mashinani. 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 Entity.
- 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.

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2023
	KShs
Unconditional Grants	
Operational Grant/ Political parties fund	4,862,391.00
Total Unconditional Grants	4,862,391.00

The funds are meant to promote Democracy by funding political Party activities.

7. Public Contributions and Donations

Description	2023
	Kshs
Contribution from members subscription	400,240
Contribution from Public	6,831
Total Transfers and Sponsorships	407,071.00
Reconciliation Of Public Contributions and Donations	
Balance Unspent at Beginning of The Year	0
Current Year Receipts	0
Conditions Met - Transferred to Revenue	0
Conditions To Be Met - Remain Liabilities	0

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8. Use of Goods and Services

Description	2023
	Kshs
Airtime Allowances	150,000.00
Bank Service Charge	10,259.00
Branding & Merchandizing	180,000.00
Civic Education & Training	145,000.00
Fuel Allowances	20,000.00
Office Expense	18,800.00
Rent and Rates	626,400.00
Sensitization Expenses	300,000.00
Sitting Allowances	89,000.00
Training Expenses	1,652,000.00
Travel and Meetings	323,100.00
	3,514,559.00

**Travel, accommodation, subsistence and other allowances- Where this cost has been budgeted under employee costs, please report it under note 17. (Provide brief explanation expenditure variations compared to the previous year)*

9. Depreciation and Amortization Expense

Description	2023
	Kshs
Property, plant and equipment	148,806.00
Intangible assets	0
Investment property carried at cost	0
Total depreciation and amortization	148,806.00

10. Cash and Cash Equivalents

Description	2023
	Kshs
Current Accounts	985,057.00
Others (Specify)	0
Total Cash and Cash Equivalents	985,057.00

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2023
		Kshs
a) Current Account		
Kenya Commercial Bank	1200697618	120,688.00
Co-op Bank	01134649228300	864,369.00
Sub- Total		985,057.00
Grand Total		985,057.00

11. Inventory

Description	2023
	Kshs
Ballot boxes	1,000,000.00
Total	1,000,000.00

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Notes to the Financial Statements (Continued)

12. Property, Plant and Equipment

	Furniture and fittings	Computers	Total
	Kshs	Kshs	Kshs
As At 30th June 2021	637,250.00	170,500	807,750
Additions	0	0	0
Disposals	0	0	0
Transfers/Adjustments	0	0	0
As at 30th June 2022	637,250.00	170,500.00	807,750.00
Additions	0	60,000.00	0
Disposals	0	0	0
Transfer/Adjustments	0	0	0
As at 30th June 2023	637,250.00	230,500.00	867,750.00
Depreciation And Impairment			
At 1 July 2021	0	0	0
Depreciation	0	0	0
Impairment	0	0	0
Transfers/ Adjustments	0	0	0
As At 30th June 2023	0	0	0
Depreciation	79,656.00	69,150.00	148,806.00
Disposals	0	0	0
Impairment	0	0	0
Transfer/Adjustment	0	0	0
As at 30th June 2023	79,656.00	69,150.00	148,806.00
Net Book Values			
As at 30th June 2022	637,250.00	170,500	867,750.00
As at 30th June 2023	557,594.00	161,350.00	718,944.00

Notes to the Financial Statements (Continued)

13. Trade and Other Payables

Description	2022/2023	
	Kshs	
Trade payables	708,980.00	
Payments received in advance	0	
Employee payables	0	
Third-party payments	0	
Other payables	0	
Total trade and other payables	708,980.00	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total
Under one year	708,980	100%
1-2 years	0	0
2-3 years	0	0
Over 3 years	0	0
Total (tie to above total)	708,980.00	100

14. Cash Generated from Operations

Description	2023
	Kshs
Surplus for the year before tax	1,604,337
Adjusted for:	
Depreciation	148,806.00
Non-cash grants received	0
Contributed assets	0
Impairment	0
Gains and losses on disposal of assets	0
Contribution to provisions	0
Contribution to impairment allowance	0
Working capital adjustments	
Increase in inventory/Fixed Assets	(1,060,000.00)
Increase in receivables	0
Increase in deferred income	0
Increase in payables	271,660.00
Increase in payments received in advance	18,594.00
Net cash flow from operating activities	985,057.00

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Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from xxx. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2023				
Trade payables	0	708,980.00	0	708,980.00
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	708,980.00	0	708,980.00
As at 30th June (Previous FY)				
Trade payables	0	437,780.00	0	437,780.00
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	437,780.00	0	437,780.00

15. Events after the Reporting Period

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

16. Ultimate And Holding Entity

The Entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of xxx. Its ultimate parent is the Government of Kenya.

17. Currency

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

**Chama Cha Mashinani
Annual Report and Financial Statements
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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: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4:1:1				

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Emmy
Chepkemoi Emmy
Ag. Secretary General
Date: 25/09/2023

Appendix I: Implementation Status of Auditor General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)