KENYA NATIONAL CONGRESS (KNC)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2024

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

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1. Acronyms and Definition of Key Terms

A: Acronyms

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

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The Kenya National Congress (KNC) is a political party established in 1991. The party is committed to establishing a democratic government in Kenya. The party aims to achieve this through fair and transparent elections, nominating candidates from all backgrounds, and promoting national unity, devolution of power, and respect for the rule of law. KNC seeks to create a government accountable to the people of Kenya and reflects the principles of equity and good governance.

(b) Principal Activities

KNC's principal activity is to establishing a democratic government in Kenya. The Kenya National Congress (KNC) is founded on the principles of party supremacy, respect for the constitution and rule of law, democratic governance, social and economic justice, equitable distribution of resources and opportunities, and respect for individual freedoms. These core values guide the party's actions and policies.

(c) Key Management

The *Kenya National Congress (KNC) Party* day-to-day management is under the following key organs:
-National Chairman
-Secretary-General
-Treasurer

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairman	John Otee Imoite
2.	Secretary General	Benjamin Abuga Gisore
3.	Treasurer	Harima Khaliye
4.	Director of Youth & SIGs	Millicent Wambugu
5.	Women League Leader	Lilian Gor

(e) Fiduciary Oversight Arrangements

- ***Audit and Finance committee***

The audit committee, established by the National Executive Committee, assists in overseeing the party's corporate governance. Its members include the Treasurer, two deputies, Internal Auditor, the Finance & Resource Mobilization chairperson, and Strategic Planning Committee chairperson. The committee's primary role is to support the National Executive Committee in its corporate governance responsibilities.

- ***Risk Management Committee***

The Risk Management Committee is responsible for ensuring that the party's resources are allocated effectively to achieve its goals. While its primary focus is on resource allocation, it may also be tasked with addressing specific issues by the National Executive Committee. The party has a detailed risk management policy in place.

- **Risk Management Policy**

Kenya National Congress places a high priority on risk management to ensure the safety and well-being of its employees, volunteers, and clients. Everyone within the organization is responsible for identifying and reporting potential risks that could affect the party's operations, liability, or property. Management will evaluate employee and volunteer performance based on their adherence to risk management policies and procedures. By fostering a culture of risk awareness and prevention, the party aims to create a safer workplace, protect its assets, and maintain a positive reputation.

- **Purpose**

This policy aims to identify, assess, and manage risks to Kenya National Congress to ensure they remain within acceptable levels. It specifically addresses risks to the confidentiality, integrity, and availability of the party's information and assets.

- **KNC Risk Management Mission Statement**

Kenya National Congress has a moral and legal obligation to its members, employees, and assets. To fulfill this obligation, risk management is integrated into our strategic and operational governance.

The National Executive Committee will establish policies and provide overarching guidance for risk management. However, effective risk management requires active participation from all staff and members. The National Executive Committee recognizes its leadership role in ensuring that appropriate measures are implemented.

- **KNC Risk Management Goals Statement**

The National Executive Committee (NEC) hereby authorizes the establishment of a Risk Management Committee (RMC) consisting of five members:

- The party treasurer
- A member with expertise in fire and emergency management
- A member with expertise in public works management
- Two NEC members selected by the NEC for five-year terms

The party treasurer will chair the RMC.

Responsibilities of the Risk Management Committee:

- Risk Identification and Assessment: The RMC will identify and assess potential risks that could impact the party's operations, assets, or reputation.
- Risk Control and Financing Measures: The RMC will select and implement appropriate risk control measures and financing strategies to mitigate identified risks.
- Periodic Review and Reporting: The RMC will regularly review the effectiveness of risk management efforts and report findings to the NEC.

Risk Management Mission and Practices:

The RMC's activities will align with the party's risk management mission, which is to minimize the cost of risk to Kenya National Congress while maximizing the benefits of opportunities. Risk management practices will be implemented to reduce the party's exposure to risks and enhance its overall resilience.

Organizational Commitment to Risk Management:

Kenya National Congress recognizes the importance of risk management and expects all members of the organization to contribute to its efforts. The party is subject to various risks that can affect its operations, services, and assets.

Risk Control and Employee Participation:

Controlling risks is a shared responsibility. The NEC has the ultimate authority in risk management decisions, but the participation of all employees and volunteers is essential. Each individual is encouraged to identify and report unsafe conditions and suggest ways to improve safety.

Investigations and Performance Evaluation:

Accidents and incidents involving losses or near-losses will be thoroughly investigated to identify underlying causes and inform risk mitigation strategies. Employee and volunteer performance will be evaluated, in part, based on their adherence to risk management policies and procedures.

Continuous Review and Improvement:

This Risk Management Policy document will be regularly reviewed and updated to ensure its relevance and effectiveness in addressing the evolving risk landscape and organizational needs. Input from various stakeholders, including management committees and party members, will be considered in the review process.

(a) Entity Headquarters

Tyme Arcade

2nd Floor, Room 208

Ongata Rongai

(b) Entity Contacts

Telephone: 0711677640

E-mail: info@kncparty.or.ke

Website: www.kncparty.or.ke

(c) Entity Bankers

1. Equity Bank
   Mama Ngina branch,
   Nairobi.

(d) Independent Auditors

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

(e) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

3. National Executive Council

1.	Manson Nyamweya	Party Leader
2.	John Otee Imoite	Chairman
3.	Benjamin Gisore	Secretary General
4.	Harima Khalive	National Treasurer
5.	Lilian Anyango	Women League Leader
6.	Alfred Ongoro	Secretary Information and Publicity
7.	Robert Gor	Secretary Legal Affairs
8.	Enock Onkoba	Youth League Leader

4. Key Management Team

9.	John Otee Imoite	Chairman
10.	Benjamin Gisore	Secretary General
11.	Harima Khalive	National Treasurer

5. Chairman's Statement

We are obliged by the political Parties Act, 2011 to prepare annual financial reports in respect of the state of affairs of our Party including operations at the end of each financial year. The public finance management Act, 2012 at section 81, section 31 of the Political Parties Act, 2011 and public Audit requirements require of us to prepare the said statements and submit to the office of the Auditor General and the Registrar of political Parties not later than September 30th, of each financial year.

In pursuit of the foregoing obligations and exercising its mandate under KNC Constitution, the NEC approved the work-plans and budget for the financial year under review within the work frame of our strategic plan. Accordingly, we have submitted the reports for the year ended June 30th, 2024 to the Auditor General. We have also published in local dailies and Party website the applicable income of the accounts for the year ended in accordance with section 29(1) of the Political Parties Act, 2011.

The year ending June 30th, 2024 was not a very busy one for the Party. The Party majorly prioritised inclusion of PWDs and their Care-givers, Women and youths in the political process. Empowerment of Party grass-root mobilizers was also key in the new membership recruitment.

Voluntary contributions from KNC members and supporters was low thus hindering the full implementation of the projections of the approved work plan.

Our Party slogan; the key to a brighter Kenya has been a guiding light in the manifestation of our members in word and deed in promoting good governance for a more prosperous future.
To our members, I commit to support and be loyal to the Party vision and mission to do everything possible to reciprocate their zeal.

John Otee Imoite.
National Chairman.

6. Report of the Chief Executive Officer

The past year has been marked by significant progress for the Kenya National Congress (KNC). We have successfully increased our membership base by 5% through targeted recruitment efforts and community outreach initiatives. This growth has strengthened our party's grassroots presence and expanded our capacity to represent the interests of a wider segment of the population.

In addition to membership growth, we have made substantial investments in strengthening our party infrastructure. We have opened new branch offices in underserved regions, providing our members with greater access to party services and resources. These new offices have also enabled us to establish stronger connections with local communities and build support for our party's agenda.

One of our most notable achievements this year was the successful passage of a landmark piece of legislation that addresses a critical need in our communities. This victory is a testament to the hard work and dedication of our members, staff, and elected officials.

Financial Performance

While we have made significant strides in achieving our organizational goals, we have also faced challenges related to financial constraints. Limited resources have constrained our ability to expand our programs and services at the desired pace. To address this issue, we have implemented a number of cost-saving measures and are actively exploring new funding opportunities.

Challenges and Way Forward

Despite our financial challenges, we remain committed to our mission of promoting social justice, economic empowerment, and good governance. To achieve these objectives, we must continue to address internal divisions and foster a more cohesive party culture. We are implementing strategies to facilitate open dialogue and conflict resolution among our members and leadership.

Moving forward, we will focus on building stronger relationships with our constituents and advocating for their needs at all levels of government. We will also continue to invest in capacity-building and professional development for our members and staff to ensure that we have the skills and resources necessary to effectively represent our party and our communities.

Conclusion

The past year has been a year of progress and challenges for Kenya National Congress. By addressing our challenges and building on our successes, we are confident in our ability to continue making a positive impact on our communities and the nation as a whole.

Benjamin Abuga Gisore
Secretary General.

7. Statement of Performance against Predetermined Objectives for FY 2023/2024

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government Entity's performance against predetermined objectives. (This guidance statement should be removed in the final set of financial statements).

Kenya National congress has *four* strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2023/2024-1. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Party Constitution and other policy documents

Pillar/theme/issue 2: Leadership structures

Pillar/theme/issue 3: Grassroots engagements

Pillars/theme/issue 4: resource mobilization

KNC develops its annual work plans based on the above *4* pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *KNC* achieved its performance targets set for the *FY 2023/2024* period for its xx strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: **Party constitution and policy other documents**	**Party capacity**	Efficient management of Party concerns	**Policy document review**	**Review of policy documents. Public participation done.**
Pillar/ theme/ issue 2: **Leadership structures**	**Level of adherence to the Constitution**	**1.Number of leadership trainings Leadership trainings**	**1. Training of PWDs and their care givers**	**1. enhanced knowledge of members on matters governance**

		2. Number of leaders trained	**2. Youth league traing** **3. Women league traing**	**2. Increased new membership recruitment**
Pillar/them/issue 3: **Grass roots engagement**	**Promote Party ideology at the grass roots**	**1. Number of people promoting Party ideology on the ground** **2. Number of new members recruited**	**1. Number of Town hall meetings held** **2. Number of road shows held**	**Increased number of new members.**
Pillar/them/issue 4: **Resource mobilization**	**Raise funds for Party activities and operations**	**1. Amount of donor and member funds received** **2. Number of donors**	**Meetings with elected and nominated Party officials.**	**Party has achieved at least 1000 members in 43 counties.**

8. Corporate Governance Statement

Commitment to Corporate Governance and Ethical Practices

Kenya National Congress is dedicated to upholding the highest standards of corporate governance and ethical conduct. The National Executive Committee (NEC) is pleased to report that the party has adhered to the provisions of the Code on Corporate Governance and applied its principles throughout the year.

Corporate Governance Framework

Corporate governance has played a pivotal role in shaping KNC's operations and ensuring alignment with its founding principles. It has provided a structured framework that governs the party's ethical procedures and processes, ensuring compliance with Kenyan statutory requirements and best practices outlined in the Political Parties Act 2011. This framework safeguards the interests of both the public and party members.

Key Elements of Corporate Governance

The responsibility for corporate governance rests with the NEC. The party's constitution, which outlines the following key elements, provides detailed information on corporate governance:

- Identity, Vision, Mission, Aims, Objectives, and Values
- Membership Rights and Duties
- National Officials
- Party Organs and Committees
- Stewardship and Dissolution
- Coalitions, Dispute Settlement, and Amendments
- General Provisions

Corporate Social Responsibility and Sustainability

KNC is committed to contributing to the development of a prosperous, industrialized, and modern nation where citizens enjoy social, economic, and democratic rights. We aim to create an environment where our people can fully realize their potential.

Sporting Concerts and Events

Our sporting concerts and events serve as a platform for ongoing interaction between the party and its members, fostering a sense of community and shared purpose. These initiatives extend beyond purely political campaigns and demonstrate our commitment to contributing to society in a meaningful way.

Social and Environmental Responsibility

We believe that citizens have a duty to interact responsibly from a social and environmental perspective. KNC seeks to address the question of how our activities can improve living standards in our communities. This approach not only aligns with our social responsibility but also has long-term political benefits.

Strategic Goals and Benefits

Effective corporate social responsibility can contribute to achieving strategically important goals for the party. By engaging in project work that tackles real challenges in our communities, we can:

- Increase staff engagement, member loyalty, and pride
- Enhance relationships with members and competitors through collaborative projects
- Improve KNC's reputation among key stakeholders nationally

Conclusion

Kenya National Congress is dedicated to operating in accordance with best practices in corporate governance and ethical conduct. By implementing a robust corporate governance framework and engaging in meaningful corporate social responsibility initiatives, we are committed to serving the interests of our members and contributing to the development of a just and prosperous nation.

9. Management Discussion and Analysis

10. Environmental and Sustainability Reporting

I. Sustainability Strategy and Profile

Kenya National Congress fully accepts the obligations placed upon it by the various Acts of Parliament covering health, safety and Environment Sustainability. The Party requires its Executive Director to ensure that the policy is implemented and to report to the National Executive Committee annually on its effectiveness. The Party recognizes and accepts its responsibility as a Political Party to maintain, so far as is reasonably practicable, the safety and health of its employees, and of other persons who may be affected by its' political activities."

The Party operates a system for recording, analysis, and presentation of information about accidents, hazard situations and untoward occurrences. Advice on systems is provided by the Security/ Safety Officer, in conjunction, where appropriate with specialist advisory bodies for example local Environmental Health Departments, and those responsible for the operation of these systems. Information obtained from the analysis of accident statistics are acted upon and, where necessary, bids for additional expenditure made to the Executive Director.

II. Environmental Performance

The Party has in place a Secretary for Environment Affairs. We are increasing aware of sustainability risks and opportunities ranging from the fiduciary role of the National Executive Committee members and their oversight role on climate change and to the integration of sustainability and strategy on the current Kenyan landscape.

Lest for funding we're considering training our staff and members to provide the essential climate and sustainability skills needed to counter today's rapidly evolving environmental challenges.

III. Employee Welfare

Kenya National Congress believes that consideration of the health, safety and welfare of staff is an integral part of the management process. The provision of the Health and Safety at the party headquarters and the branches is of paramount importance. Responsibility for health, Environment and safety matters are explicitly stated in management job descriptions.

The Party requires managers to approach health and safety in a systematic way, by identifying hazards and problems, planning improvements, taking executive action and monitoring results so that the majority of health and safety needs will be met from locally held budgets as part of day-to-day management, although many health and safety problems can be rectified at little additional cost.

IV. Market Place Practices

We have a detailed Policy in our HR Manual from page 29 – 32

11. Report of the National Executive Commitee

The National Executive committee submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Kenya National Congress affairs.

a. **Principal activities**

   The organization's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

b. **Results**

   The results of the entity for the year ended June 30, 2024, are set out on page 1-2

c. **National Executive Committee Members**

   The National Executive Committee Members who served during the year are shown on page (vi)

d. **Auditors**

   The Auditor General is responsible for the statutory audit of the Kenya National Congress in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Kenya National Congress for the year/period ended June 30, 2024.

   By Order of the National Executive Committee

   ____

12. Statement of National Executive Committee's Responsibilities

Pursuant to Section 81 of the Public Finance Management Act, 2012, the National Executive Committee (NEC) of Kenya National Congress is responsible for preparing financial statements that accurately reflect the party's financial position and performance. The NEC must also ensure that proper accounting records are maintained and that the party's assets are safeguarded.

NEC's Responsibilities

The NEC members are accountable for the preparation and presentation of Kenya National Congress' financial statements, which must provide a true and fair view of the party's financial position and transactions as of June 30, 2024. Their responsibilities include:

- Financial Management Arrangements: Maintaining effective financial management systems throughout the reporting period.
- Accounting Records: Keeping accurate accounting records that reflect the party's financial position at any given time.
- Internal Controls: Designing, implementing, and maintaining internal controls to prevent material misstatements in the financial statements, whether due to errors or fraud.
- Asset Safeguarding: Protecting the party's assets from loss or misuse.
- Accounting Policies: Selecting and applying appropriate accounting policies.
- Accounting Estimates: Making reasonable accounting estimates in accordance with circumstances.

Financial Statement Preparation

The NEC affirms that Kenya National Congress' financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgments and estimates, and in conformity with International Public Sector Accounting Standards (IPSAS) and the requirements of the PFM Act, 2012. The NEC believes that these statements accurately reflect the party's financial position and transactions as of June 30, 2024.

Accounting Records and Internal Controls

The NEC confirms that complete and accurate accounting records have been maintained and relied upon in the preparation of the financial statements. Additionally, the party's internal financial control systems are deemed adequate.

Solvency

The NEC has not identified any indications that Kenya National Congress has become insolvent or is likely to become insolvent within the next twelve months from the date of this statement.

Approval of the financial statements

Kenya National Congress financial statements were approved by National Executive Committee on **26th September 2024** and signed on its behalf by:

_________________	_________________	_________________
Secretary General	National Chairman	National Treasurer

13.Report of the Independent Auditor for the Financial Statements of Kenya National Congress Party

12. Statement of Financial Performance for the year ended 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments	6	1,014,519	1,109,977
Public contributions and donations	7	313,398	4,568,559
Total revenue		**1,327,917**	**5,678,536**
Expenses			
Use of goods and services	13	1,248,340	4,263,498
Employee costs	10		965,880
Depreciation expense	11	140,058	107,304
Repairs and maintenance	12	39,500	113,869
Finance Costs	14	4,407	3,596
Total expenses		**1,432,305**	**5,454,147**
Surplus before tax		**(104,388)**	**224,389**
Surplus/(deficit) for the period/year		**(104,388)**	**224,389**
Net Surplus for the year		**(104,388)**	**224,389**

The notes set out on pages 6 to 27 form an integral part of these Financial Statements.
The Financial Statements set out on pages 1 to 5 were signed on behalf of National Executive Committee by:

Secretary General	National Treasurer	National Chairman
Date......................................	Date......................	Date..............................

13. Statement of Financial Position as at 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	15	5,306	16,161
Total Current Assets		**5,306**	**16,161**
Non-Current Assets			
Property, plant, and equipment	18	828,482	968,540
Deposit and Prepayments	17	432,800	432,800
Receivables from Exchange Transactions	17	251,025	-
Total Non- Current Assets		**1,512,307**	**1,401,340**
Total Assets		**1,517,613**	**1,417,501**
Liabilities			
Current Liabilities			
Trade and other payables from Exchange Transactions	14	551,500	347,000
Total Current Liabilities		**551,500**	**347,000**
Total Liabilities		**551,500**	**347,000**
Net Assets			
Reserves			
Accumulated surplus		966,113	1,070,501
Total Net Assets		**1,517,613**	**1,417,501**
Total Net Assets and Liabilities		**1,517,613**	**1,417,501**

The Financial Statements set out on this page was signed on behalf of the National Executive Committee by:

____________________	____________________	____________________
Secretary General	National Treasurer	National Chairman
Date......................................	Date......................	Date...........................

14. Statement of Changes in Net Assets for The Year Ended 30 June 2024

	notes	Reserve	Fair value adjustment reserve	Accumulated Reserves	Net Surplus/Deficit	Capital/ Development Grants/Fund	Total
As at June 30, 2022		**-**	**-**	**-**	**846,112**	**-**	**846,112**
Surplus/ Deficit for the year		**-**	**-**	**-**	224,389	**-**	224,389
As at June 30, 2023		**-**	**-**	**-**	**1,070,501**	**-**	**1,070,501**
Surplus/ Deficit for the year		**-**	**-**	**-**	**(104,388)**	**-**	**(104,388)**
As at June 30, 2024		**-**	**-**	**-**	**966,113**		**966,113**

Note:

1. *For items that are not common in the financial statements, the Entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
2. *Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*

17. Statement of Cash Flows for the year ended 30 June 2024

		2023-2024	2022-2023
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments –Gifts and Survive in kind	6	1,014,519	1,109,977
Public contributions and donations	7	313,398	4,568,559
Total Receipts		**1,327,917**	**5,678,536**
Payments			
Use of goods and services	13	1,432,305	4,388,835
Total Payments		**1,432,305**	**4,388,835**
Net cash flows from/ (used in) operating activities		**(104,388)**	**224,389**
Adjusted for			
Depreciation Written back	18	140,058	107,304
Total cash flow from operating activities		**35,670**	**331,693**
Cash flows from investing activities			
Purchase of Assets	18	-	(205,300)
Purchase of property, (Land $ Buildings)		-	-
Net cash flows from/ (used in) investing activities		**-**	**(205,300)**
Cash flows from financing activities			
Increase in capital funds			
Increase/(Decrease) in Payables		204,500	(103,000)
Decrease / (Increase) in Receivables	17	(251,025)	-
Net cash flow from financing activities		**(46,525)**	**(103,000)**
Net increase/(decrease) in cash and cash equivalents		**21,467**	**23,393**
Cash and cash equivalents at 1 July	15	**16,161**	(7,232)
Cash and cash equivalents at 30 June	15	**5,306**	**16,161**

The Financial Statements set out on this page was signed on behalf of the National Executive Committee by:

Secretary General	**National Treasurer**	**National Chairman**
Date......................................	Date......................	Date..............................

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Over/Under
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**%**
Public contributions and donations	2,415,000	-	2,415,000	313,398	2,101,602	13%
Transfers from other government entities	2,400,000	-	2,400,000	1,014,519	1,385,481	42%
Total income	**4,815,000**	**-**	**4,815,000**	**1,327,917**	**3,487,083**	**28%**
Expenses						
Use of Goods and Services	2,865,000	-	2,865,000	1,248,340	1,616,660	44%
Employee costs	1,200,000	-	1,200,000	-	1,200,000	
Depreciation	240,000	-	240,000	140,058	99,942	58%
Repairs and Maintenance	200,000	-	200,000	39,500	160,500	20%
Finance Costs	10,000	-	10,000	4,407	5,593	44%
Total expenditure	**4,515,000**	**-**	**4,515,000**	**1,432,305**	**3,082,695**	**32%**
Surplus for the period	**300,000-**	**-**	**300,000-**	**(104,388)**		

19. Notes to the Financial Statements

1. General Information

Kenya National Congress is established by and derives its authority and accountability from the Constitution and the Political Parties Act 2011. The Party is wholly Kenyan and is domiciled in Kenya. The Party's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

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 judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Kenya National Congress.
The financial statements have been prepared in accordance with the PFM Act, the Political Parties Act 2011and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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 2024.

There were no new and amended standards issued in the financial year.

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

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Standard	Effective date and impact:
IPSAS 43	***Applicable 1st January 2024*** 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard.

Standard	Effective date and impact:
	IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for

Standard	Effective date and impact:
	public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	***Applicable 1st January 2026*** The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

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.

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 Entity.

b) Budget information

The original budget for FY 2023-2024 was approved by the National Assembly on 29th July 2022 Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals to conclude the final budget.

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 as per the statement of financial performance has been presented on page 5 of these financial statements.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 Entity 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.

Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

i) When the vat incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the vat 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. After initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

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 Party recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Other significant accounting principles adopted by the Party are as follows:

Depreciation

Depreciation is provided for on fixed assets using the reducing balance method.
The following are the rates currently in use:

- Lease Hold Structure 10%
- Office Furniture and Fittings 12.5%
- Office Equipment 12.5%
- Computers and Printers 30%
- Motor Vehicles 25%
- Building at 2.5%

f) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

a) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

g) 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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued

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 KNC.

h) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) because 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 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.

i) 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued

j) 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

k) Changes in accounting policies and estimates

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

l) Employee Benefits

Retirement benefit plans

The Party provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Party pays fixed contributions into a separate Provident Fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

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

n) 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

o) Related parties

The Party regards the National Executive Committee as a person or a body with the ability to exert control individually or jointly with other Party Organs, or to exercise significant influence over the Party Management, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO, and senior managers.

p) Service concession arrangements

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

q) 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued

r) Comparative figures

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

s) Subsequent events

There have been no events after the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity'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 e.g.

- **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 the Entity. 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	2023-2024	2022-2023
	KShs	KShs
Unconditional grants		
Government Political Fund	1,014,519	1,109,977
Total Unconditional Grants	**1,014,519**	**1,109,977**

7. Public Contributions and Donations

Description	2023-2024	2022-2023
	KShs	KShs
Members Donations	313,398	4,568,559
Total transfers and sponsorships	**313,398**	**4,568,559**

8. Finance Income

Description	2023-2024	2022-2023
	KShs	KShs
Interest income from Fixed Deposit	-	-
Total finance income	**-**	-

(*Provide brief explanation for this revenue*)

Notes to the Financial Statements (Continued)

9. Other Income

Description	**2023-2024**	**2022-2023**
	KShs	**KShs**
Life Membership Fees	-	-
Nomination Fees	-	-
Tender Purchase	-	-
Assets Disposals	-	-
Total other income	**-**	**-**

10. Employee Costs

	2023-2024	**2022-2023**
	KShs	**KShs**
Salaries and wages	-	965,880
Employee costs	**-**	**965,880**

11. Depreciation and Amortization Expense

Description	**2023-2024**	**2022-2023**
	KShs	**KShs**
Property, plant, and equipment	140,058	107,304
Total depreciation and amortization	**140,058**	**107,304**

12. Repairs and Maintenance

Description	**2023-2024**	**2022-2023**
	KShs	**KShs**
Equipment and machinery	39,500	113,869
Total repairs and maintenance	**39,500**	**113,869**

Notes to the Financial Statements (Continued)

13. Use of Goods and services

Description	2023-2024	2022-2023
	KShs	KShs
Electricity & Water	4,340	72,327
Admin Fees		75,290
Consulting Fees		40,000
Legal Expenses		33,950
Printing and Stationery		86,508
Rent expenses	160,000	1,310,560
Party rebranding & launching	311,500	260,330
Branch training & Support	275,500	560,811
Regional trainings and conference	272,000	451,338
Centre for Multiparty democracy	225,000	442,970
Security		313,619
Mobilization		296,005
Telecommunication		79,205
Travel, Subsistence & Other Allowances*		240,585
Total General Expenses	**1,248,340**	**4,263,498**

14. Finance Costs

Description	2023-2024	2022-2023
	KShs	KShs
Bank Charges	4,407	3,596
Total finance costs	**4,407**	**3,596**

15. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	KShs	KShs
Bank Balances	5,306	4,977
Cash on hand and in transit	-	11,184
Total cash and cash equivalents	**5,306**	**16,161**

16. Detailed Analysis of the Cash and Cash Equivalents

		2023-2024	2022-2023
Financial institution	**Account number**	**KShs**	**KShs**
a) **Current account**			
Equity Bank (Office)	0150271226498	4,918	-
Equity Bank (PF)	0150284069250	388	4,977
Sub- total		**5,306**	**4,977**
b) Cash-on-hand and in transit			
Cash in hand		-	11,184
Sub- total		**-**	**11,184**
Grand total		**5,306**	**16,161**

17. Receivables from Exchange Transactions

	2023-2024	2022-2023
	KShs	**KShs**
Current receivables		
Refundable Deposits	432,800	432.800
Prepaid Rent	-	-
Total receivables	**432,800**	**432,800**
Accrued transfers owing from Government	**251,025**	**-**
Total Current Receivables 30-6-2024	**683,825**	**432800**

Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

	Computers & Printers	Office Equipment	Furniture and fittings	Total
Cost	**KShs**	**KShs**	**KShs**	**KShs**
At 30th June 2022	**565,160**	**314,995**	**2,319,813**	**3,200,028**
Additions	45,000	96,800	160,300	302,100
Disposals	-	-	-	-
At 30th June 2023	**610,160**	**411,795**	**4,480,174**	**3,502,129**
Additions	-	-	-	-
Disposals	-	-	-	-
At 30th June 2024	**610,160**	**411,795**	**4,480,174**	**3,502,129**
Depreciation and impairment				
At 30th June 2022	**480,469**	**244,630**	**1,701,185**	**2,426,284**
Depreciation	21,173	8,796	77,336	107,304
Disposals	-	-	-	-
At 30th June 2023	**501,642**	**253,426**	**1,778,521**	**2,533,589**
Depreciation	32,555	19,796	87,707	140,058
Disposals	-	-	-	-
At 30th June 2024	**534,197**	**273,222**	**1,866,228**	**2,673,647**
Net book values				
At 30th June 2023	**108,518**	**158,369**	**701,652**	**968,540**
At 30th June 2024	**75,963**	**138,573**	**613,946**	**828,482**

18 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Computers And Related Equipment	610,160	534,197	75,963
Furniture and Fittings	2,480,174	1,866,228	613,946
Office Equipment	411,795	273,222	138,573
Total	**3,502,129**	**2,673,647**	**828,482**

Notes to the Financial Statements (Continued)

19. Trade and Other Payables from Exchange transactions

Description	2023-2024	2022-2023
	KShs	KShs
Trade Payables	511,500	12,000
Accrued Rent	40,000	335,000
Total trade and other payables at 30 June 2024	**551,500**	**347,000**

20. Employee Benefit Obligations

Retirement benefit Asset/ Liability

The Kenya National Congress operates a defined benefit scheme for all full-time employees from July 1, 2019. The scheme is administered by Britam Life Assurance {K} while Kingsland Court Trustee Service Limited are the custodians of the scheme. The scheme is based on 7.5 percentage of salary of an employee at the time of retirement. The Kenya National Congress also contributes to the statutory National Social Security Fund {NSSF]. is a defines contribution scheme registered under the National Social security Act. The Kenya National Congress obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs 720 per employee per month.

Notes To the Financial Statements (Continued)

21. Cash Generated from Operations

	2023-2024	2022-2023
	KShs	KShs
Surplus for the year before tax	**(104,388)**	**224,389**
Adjusted for:		
Depreciation	140,058	107,304
Working Capital adjustments		
Purchase of assets (Land and buildings/Motor Vehicles)	-	(205,300)
Increase in payables	204,500	(103,000)
Increase in receivables	(251,025)	-
Net cash flow from operating activities	**21,467**	**23,393**

22. Financial Risk Management

The Kenya National Congress overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

Notes To the Financial Statements (Continued)

The entity's financial risk management objectives and policies are detailed below:

i) Credit risk

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

Financial Risk Management

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

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.

ii) 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.

iii) Market risk

Kenya National Congress has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Party's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

iv) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on Surplus or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase.

Fair value of financial assets and liabilities

iv. **Financial instruments measured at fair value.**

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect

market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

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

23. Events after the Reporting Period

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

24. Currency

The financial statements are presented in Kenya Shillings (Kshs)

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)*
OAG/GJL/KNC/Political Parties/Audit/2022/2023(6) - 4.1	Late Submission of Financial Statements	To be filing the financials before the due date	Resolved	Immediate
OAG/GJL/KNC/Political Parties/Audit/2022/2023(6) 4.2	Revenue	We developed a policy to have donations deposited directly to the party bank account	Resolved	Immediate
OAG/GJL/KNC/Political Parties/Audit/2022/2023(6) 4.3	Lack of Personnel Documents	The Party to work with volunteers until such a time it can employ	Resolved	Immediate
OAG/GJL/KNC/Political Parties/Audit/2022/2023(6) 4.4	Lack of Lease Agreements	The party to sign lease agreements	Resolved	Immediate
OAG/GJL/KNC/Political Parties/Audit/2022/2023(6) 4.5	Unsupported Expenditure	The party to only report on its actual expenditure	Resolved	Immediate

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)***
OAG/GJL/KNC/Political Parties/Audit/2022/2023(6) 4.6	Variance of Ledger balances and Financial Statements	Donations to be registered	Resolved	Immediate
OAG/GJL/KNC/Political Parties/Audit/2022/2023(6) 4.7	Unsupported Debtors and Prepayments	To recover the funds	Not Resolved	By June 2026
OAG/GJL/KNC/Political Parties/Audit/2022/2023(6) 4.7.2	Asset Identification/Tagging	The Party to Tag its Assets	Resolved	Immediate
OAG/GJL/KNC/Political Parties/Audit/2022/2023(6) 4.8	Unsupported Balance	The Party to avail confirmation certificate and board of survey certificate	Resolved	Immediate
OAG/GJL/KNC/Political Parties/Audit/2022/2023(6) 4.8.1	Failure to support Creditors and Accruals	The Party to Collect Suppliers Statements	Resolved	Immediate
OAG/GJL/KNC/Political Parties/Audit/2022/2023(6) 4.8.2	Presentation and Disclosure of Financial statements	The Party to conform to the recommended reporting template	Resolved	Immediate
OAG/GJL/KNC/Political	Lack of Internal Controls	The Party to review and implement	Resolved	On-going

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)***
Parties/Audit/2022/2023(6) 4.9				

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 the implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to the National Treasury.

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Director General/C.E.O/M.D (enter title of head of Entity)

Date: